Sales Leadership Management

SALES LEADERSHIP MANAGEMENT

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ABOUT THIS BOOK

This textbook was complied for students in the Sales Leadership and Management course at Fanshawe College. This text introduces students to sales and the sales process along with a strategic and consultative sales model to develop and manage customer relationships effectively. Topics include: careers in sales, customer buying behaviour, the selling process, recruiting and leading a sales team, sales budgets and forecasting, sales analytics, and channel sales partners.

In the Spirt of Openness

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- Addition of graphics and images to break-up text and increase engagement.
- Formatting of content for consistency through the use of headings and text-boxes.
- All references updated to APA 7th edition, and the removal of content where references no longer exist.
- Updates for accessibility. Use of Table Press for accessible tables, and updating of images for accessibility.

CHAPTER 1: INTRODUCTION & CAREERS IN SALES

Chapter Outline

1.0 LEARNING OUTCOMES

Learning Outcomes

- Define Sales Management.
- Outline the types of selling
- Recognize the characteristics required to be successful in a career in sales.
- Compare the different types of selling approaches, selling channels, and selling environments.
- Identify the different types of sales positions.
- Discuss what you can expect from a career in sales.
- Discuss the characteristics required to be successful in a career in sales.
- Describe how the social style matrix can help you be more effective in sales.
- Examine how relationships and networking impact your job search.
- Discuss how to make your FAB message memorable in an interview.

1.1 WHAT IS SALES MANAGEMENT

What is Sales Management?

Sales management is the art of influencing someone else's thinking and mind in a way that they will eventually end up buying your product or offering. The committee of American Marketing Association has defined it as- "Selling is the personal or impersonal process of assisting and or persuading a prospective customer to buy a commodity or a service or to act favourably upon an idea that has commercial significance to the seller" (Helmold, 2022). We can also say that Sales Management is the act of planning, organizing, directing, and controlling all the components involved in selling the product or the offering (Shruti, 2019). It covers all activities like recruiting, procuring and selecting, training and equipping, assigning, routing, supervising, motivating of all the resources of all kinds involved in the Sales function. In the words of Ferdinand F. Mauser,

> *"Selling is the process of inducting and assisting a prospective customer to buy goods or services or act favorably on an idea that has commercial significance for the seller" (Sujan, 2022).*

Here "inducting" means "providing general knowledge of activities that the seller has", "assisting" means "helping" and "prospective customer" means "a person who can buy and who possesses buying decision-making capacity".

Role of Sales Management

"Sales Management" by Freddy Vale CC BY-NC-SA 4.0

One very important role of Sales Management is that it should be able to create and organize a system which facilitates sales-related actions of any kind for any organization (Sujan, 2022). That may require a proper structure with properly defined communication channels. This structure should effectively and regularly be able to integrate its functions with other departments like operations, HR, IT, and other stakeholders. It should also provide insights which will help the organization take more effective marketing decisions related to product development, distribution channels and other things. Also, it should be kept in mind that the Sales Management structure is dependent on the needs and wants, expectations of the customers which would change with a change in geographies, demographics, psychographics and behaviours. Hence, it is dynamic in nature and has to constantly adjust itself to these factors. Sales is very important as it is primarily concerned with generation of revenue for the organization. Therefore, the performance of this department is very critical.

What is Selling?

Selling is the act of persuading and convincing anyone to buy products or offerings of any kind with a view to satisfy their expectations in exchange of some payment or revenue. Usually the exchange happens for money (Sujan, 2022). Almost all the business in today's world are involved in selling, without which they will not survive and even exist. Important to note here that sales can happen anywhere, on a floor of your shop or a showroom, or a virtual setting like a web-page.

WHAT SALESPEOPLE DO

Salespeople act on behalf of their companies by doing the following:

- Creating value for their firms' customers
- Managing relationships
- Relaying customer and market information back to their organizations

"Salespeople Actions" by Freddy Vale CC BY-NC-SA 4.0

In addition to acting on behalf of their firms, sales representatives also act on behalf of their customers. Whenever a salesperson goes back to her company with a customer's request, be it for quicker delivery, a change in a product feature, or a negotiated price, she is voicing the customer's needs. Her goal is to help the buyer purchase what serves his or her needs the best. Like Ted Schulte, the salesperson is the expert but, in this case, an expert representing the customer's needs back to the company.

From society's perspective, selling is wonderful when professional salespeople act on behalf of both buyers and sellers. The salesperson has a fiduciary responsibility (in this case meaning something needs to be sold) to the company and an ethical responsibility to the buyer. At times, however, the two responsibilities conflict with one another. For example, what should a salesperson do if the product meets only most of a buyer's needs, while a competitor's product is a perfect fit?

Salespeople also face conflicts within their companies. When a salesperson tells a customer a product will be delivered in three days, she has made a promise that will either be kept or broken by her company's shipping department. When the salesperson accepts a contract with certain terms, she has made a promise to the customer that will either be kept or broken by her company's credit department. What if the credit department and shipping department can't agree on the shipping terms the customer should receive? Which group should the salesperson side with? What if managers want the salesperson to sell a product that's unreliable and will swamp the company's customer service representatives with buyers' complaints? Should she nonetheless work hard to sell the offering?

Situations such as these create role conflict. **Role conflict** occurs when the expectations people set for you differ from one another. Now couple the situation we just mentioned with the fact that the salesperson has a personal interest in whether the sale is made or not. Perhaps her income or job depends on it. Can you understand how role conflict might result in a person using questionable tactics to sell a product?

So are salespeople dishonest? Many people think so in part because certain types of salespeople have earned poor reputations that have tarnished the entire profession. As a result, some business students avoid sales despite the very high earnings potential and personal growth opportunities. You might be surprised to learn, however, that one study found that salespeople are less likely to exaggerate in order to get what they want than politicians, preachers, and professors. Another study looked at how business students responded to ethical dilemmas versus how professional salespeople responded. What did the study find? That salespeople were more likely to respond ethically than students were.

In general, salespeople handle these conflicting expectations well. Society benefits because salespeople help buyers make more informed decisions and help their companies succeed, which, in turn, creates jobs for people and products they can use. Most salespeople also truly believe in the effectiveness of their company's offerings. Schulte, for example, is convinced that the pacemakers he sells are the best there are. When this belief is coupled with a genuine concern for the welfare of the customer—a concern that most salespeople share—society can't lose.

Most marketing majors begin their career in sales. While a growing number of universities are offering a major in sales, the demand for professional salespeople often outstrips supply, creating opportunities for marketing majors. Sales is a great place to start a career not only because the earnings are at the top of any business major but because sales is the only place to really learn what is happening in the market.

CREATING VALUE

Consider the following situations:

- A cardiac surgeon with a high-risk patient is wondering what to do. The physician calls Ted Schulte at Guidant to get his input on how to handle the situation. Schulte recommends the appropriate pacemaker and offers to drive one hundred miles early in the morning in order to be able to answer any questions that might arise during the surgery.
- A food wholesaler is working overtime to prepare invoices. Unfortunately, one out of five has a mistake. The result is that customers don't get their invoices in a timely fashion, so they don't pay quickly and don't pay the correct amounts. Consequently, the company has to borrow money fulfill its payroll obligations. Jay King, a salesperson from DG Vault, recommends the wholesaler purchase an electronic invoicing system. The wholesaler does. Subsequently, it takes the wholesaler just days to get invoices ready, instead of weeks. And instead of the invoices being only 80 percent accurate, they are close to being 100 percent accurate. The wholesaler no longer has trouble meeting its payroll because customers are paying more quickly.
- Sanderson Farms, a chicken processor, wants to build a new plant near Waco, Texas. The chambers of commerce for several towns in the area vie for the project. The chamber representative from Waco, though, locates an enterprise zone that reduces the company's taxes for a period of time, and then works with a local banker to get the company better financing. In addition, the rep gets a local technical college involved so Sanderson will have enough trained employees. These factors create a unique package that sells the company on setting up shop in Waco.

All these are true stories of how salespeople create value by understanding the needs of their customers and then create solutions to meet those needs. Salespeople can adapt the offering, such as in the Sanderson Farms example, or they can adapt how they present the offering so that it is easier for the client to understand and make the right decision.

Adapting a message or product on the fly isn't something that can be easily accomplished with other types of marketing communication. Granted, some web sites are designed to adapt the information and products they display based on what a customer appears to be interested in while he or she is looking at the sites. But unless the site has a "chat with a representative" feature, there is no real dialogue occurring. The ability to engage in dialogue helps salespeople better understand their customers and their needs and then create valuable solutions for them.

Note also that creating value means making sales. Salespeople sell—that's the bulk of the value they deliver to their employers. There are other ways in which they deliver value, but it is how much they sell that determines most of the value they deliver to their companies. Salespeople aren't appropriate channels for companies in all situations, however. Some purchases don't require the salesperson's expertise. Or the need to sell at a very low cost may make retail stores or online selling more attractive. But in situations requiring adaptation, customer education, and other value-adding activities, salespeople can be the best channel to reach customers.

MANAGING RELATIONSHIPS

Because their time is limited, sales representatives have to decide which accounts they have the best shot at winning and which are the most lucrative. Once a salesperson has decided to pursue an account, a strategy is devised and implemented, and if a sale happens, the salesperson is also responsible for ensuring that the offering is implemented properly and to the customer's satisfaction.

We've already emphasized the notion of "customers for life" in this book. Salespeople recognize that business is not about making friends, but about making and retaining customers. Although buyers tend to purchase products from salespeople they like, being liked is not enough. Salespeople have to ensure that they close the deal with the customer. They also have to recognize that the goal is not to just close one deal, but as many deals as possible in the future.

GATHERING INFORMATION

Salespeople are **boundary spanners,** in that they operate outside the boundaries of the firm and in the field. As such, they are the first to learn about what competitors are doing. An important function for them, then, is to report back to headquarters about their competitors' new offerings and strategies.

Similarly, salespeople interact directly with customers and, in so doing, gather a great deal of useful information about their needs. The salespeople then pass the information along to their firms, which use it to create new offerings, adjust their current offerings, and reformulate their marketing tactics. The trick is getting the information to the right decision makers in firms. Many companies use customer relationship management (CRM) software like Netsuite or Salesforce.com to provide a mechanism for salespeople to enter customer data and others to retrieve it. A company's marketing department, for example, can then use that data to pinpoint segments of customers with which to communicate directly. In addition to using the data to improve and create and marketing strategies, the information can also help marketing decision makers understand who makes buying decisions, resulting in such decisions as targeting trade shows where potential buyers are likely to be. In other words, marketing managers don't have to ask salespeople directly what customers want; they can pull that information from a customer database.

1.2 NATURE AND TYPES OF SELLING

Nature of Selling

Selling is dependent on what you sell, how you sell, why you sell and where it is sold. The different products can be consumer products, business products which can be resold or even products of industrial use. Places of sales refers to the location of customers or where the delivery of the products is made (Sujan, 2022).

Table 1.2.1: Nature of Selling Process

Products	Place for Buying	Activities
A shoe	A footwear store	Permitting wear
Pack of sugar or Milk powder	Someone's house or a kiosk at the store	Having a taste
A bike	A bike store	Test-riding the bike
Ice-cream	An ice-cream store.	Permitting to have a taste
A new drug	A doctor's clinic/ chemist's store	Requesting recommendation
A new heavy machine	The manufacturing company	Presentation and demonstration of the machine
Source: Sujan, 2022.		

From the above table, you can see, as the product changes, so does the category and along with it the place, nature of selling.

Sales Channels and Environments: Where You Can Put Your Selling Skills to Work

If you had an accident and broke your leg, you would go to an orthopaedic 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. 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 (Weitz et al., 2005). **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.

Example: B2B

Epson sells printers to Staples and makes them to the specifications determined by Staples or Levis sells to the Bay or other big box stores certain types of their jeans specific to that big box store (you can only get those product lines in those 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 consumers quickly identify these products even though the products are only sold to businesses.

"Staples, Office Supplies Store" by Mike Mozart, CC BY 2.0

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.

Example: B2C

In the example above, when Staples sell the Epson printers 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, Costco and Geek Squad, since they serve business customers as well as the ultimate consumer. Many manufacturers such as Dove, Coke, and Oscar Meyer do not 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 Safeway, CVS, and Sam's Club (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 because of the size of the purchase, and in many companies, there are multiple people involved in the purchasing decision.

Table 1.2.2: Business-to-Business versus Business-to-Consumer

Business to Business (B2B)	Business to Consumer (B2C)
Usually a larger geographical area	Usually a more compact sales area (unless strictly online sales)
Dealing with multiple buying organizations and buyers	Dealing directly with purchaser or user
Need to understand the customer's business and application to the product or service	Usually easier to understand how or why the customer buys product
Likely to have a longer sales lead time or sale cycle	Shorter lead time or even immediate decisions
Might have to sell to a buying team	Usually sell directly to one purchaser or user
Relatively large purchase	Relatively small purchase size or amount (single or family use)

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 selling situation matches the needs of the buyer efficiently with the operation, but it does not require a personal relationship or detailed product information to consummate the sale (Manning et al., 2010). 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 (Futrell, 2008).

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 behaviour during a customer call to improve the exchange or outcome (Manning et al., 2010). A consultant salesperson brings a personal connection to solving problems for their customers through active listening (Quain, 2018). Consultative selling takes place in both B2B and B2C environments.

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. They would adapt to your needs based on your feedback. If you told them, "I don't want to be in such high-risk investments," this would prompt them to adapt their selling behaviour 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 would not exist without the relationship (Weitz et al., 2010). 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.

Example: Strategic Alliance

Before introducing the iPhone, Apple contracted AT&T to be the exclusive service provider. Each company had something to contribute to the relationship, and each one had something to gain. In this case, AT&T pays Apple for each new customer it receives. Apple increases its revenues, and AT&T gains new customers. Both companies had to invest in research and development to make the relationship happen. Both companies "had skin in the game," so both worked hard to ensure success through public relations, advertising, personal selling, and follow-up customer service. As a result, the relationship has been extremely successful for both parties, as a strategic alliance should be (Cauley, 2008).

"iPhone First Generation 8GB" by Carl Berkeley , CC BY-SA 2.0

It is important to note that not all strategic alliances are exclusive deals like the iPhone with AT&T, which eventually expanded and became non-exclusive. In terms of customer satisfaction with sales, it varies by industry. Looking at Customer Satisfaction Benchmarks from 2019, Government had the lowest satisfaction scores (66.7%) by consumers! (American Customer Satisfaction Index, 2023) Is it safe to say we do not form a relationship with our government service providers?

Is It Inside or Outside Sales? Focus on the relationship.

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 do not meet face-to-face with customers. Outside salespeople connect with customers in different 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. 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, Webinars, wikis, and more. 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.

Putting Adaptive Selling to Work

Adaptive selling – a situation in which the salesperson adapts or customizes her selling style based on the behaviour of the customer occurs when a salesperson adapts, changes, and customizes her selling style based on the situation and the behaviour of the customer (Weitz et al., 2010). 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 selling presentation that is exactly the same for every customer, 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? 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.

1.3 OTHER TYPES OF SELLING

1. Transactional Selling

Transactional selling is one of the simpler types of selling; this focuses more on the short term sales (Sweeney, 2023). The main objective here is to make a sale quickly. Here, the buyer and seller are not interested in creating a relationship but the only concern is the transaction and the exchange. Even thought it sounds to be pretty outdated, transactional selling is still relevant today when used in the right context. In situations where the buyer is in need of a quick option to buy and the product itself is of low-cost or generic in nature where profits are dependent on the quantities of sale this is selling is most appropriate. This type of selling also give a good insights and feedback in terms of the most common needs and focus on giving the consumers everything they need to make a decision quickly without any obstacles on the way.

2. Solution Selling

Solution selling focuses on selling outcomes rather than the products and features (Sweeney, 2023). In this type of selling, the sales person will highlight a problem and how that problem can be a hindrance in the life of the buyer. Of course, the solution includes what the seller is selling. To be effective, a solution sales strategy must:

- Create and build strong rapport with the buyers.
- Provide innovative solutions and unique value propositions to the buyers.
- Seller should be able to point a clear and lucrative picture of the whole business i.e. not just the product or offering but also the service and experience.
- Salesperson should be ready to invest considerable time and efforts to be successful here.

3. Consultative Selling

Even though the consultative and solution selling appear to be same, they are different (Sweeney, 2023). Solution selling does not talk about the features and benefits but focus on a problem and solving it for the buyer. However **consultative selling** will go a step further and incorporates solution selling in a way that it makes the buyers capable of identifying potential solutions to their problems on their own and the sales person is just a consultant who uses data from market research, conversations with the buyers, other user data and creates a narrative based on these to offer a clear context for the buyer. This approach requires a skilled sales team that understands how to interpret data, ask questions, and unearth important insights during conversations.

Because this type of selling requires a lot of work on the part of the seller, it's best suited for big-ticket deals, long sales cycles, and a high-touch, multi-platform buyer's journey.

4. Provocative selling

Provocative selling method involves provoking the buyers to see a different viewpoint, bring about a sense of urgency and awareness to solving the problems the face (Sweeney, 2023). Similar to the consultative selling, provocation selling tries to uncover the needs and wants of the buyers through research, data analysis and interactions (past and present). The salesperson will try to create a sense of crisis and drive action by showing them opportunities of implementing the solution and threat of missing it out in the moment. It is opportunistic in nature i.e. by creating an impression that the customer is missing out on something if they do not take the opportunity at the moment, you are pushing the customer to take action. However it is a difficult act to pull off because it needs a lot of expertise and the salesperson must be very conversant with the market and the industry insights and loaded with all facts and figures which will make his/her recommendation a believable solution for the buyer. Also it requires soft skills and understanding of the situation which comes with time.

5. Collaborative selling

Collaborative selling is similar to consultative selling (Sweeney, 2023). Here the focus is on building and nurturing the relationships. These relationships are based on how well you understand the buyers life, his/her challenges and situations. The customer is the centre focal point here. The buyer may play a very active role here and the sales person will work collaboratively to identify and implement solutions for the buyer.

Gartner calls this process "sense-making" in a 2019 report that called attention to the need for sellers to help overwhelmed buyers navigate the buying process by reducing skepticism and helping them build confidence. According to the report, 89% of buyers say that most of the information they encounter throughout the sales process is generally "high quality." Meanwhile, 44% of buyers say that they struggle with the fact that multiple suppliers provide seemingly credible, fact-based information that is often contradictory (Blum, & Omale, 2019).

The goal of collaborative selling is setting the stage for lasting relationships that look more like strategic alliances than traditional one-and-done transactions.

6. Partnership Selling

Partnership Selling in today's world is becoming quite popular (Sweeney, 2023). It is an approach where you consider the buyer as a partner rather than anything else and helping him/her achieve what he/she wants. This selling is often found in SaaS industry where startups or small companies are expanding and exploring new markets to grow.

There are two main types of partnership selling:

- Technology/integration partnership that combines two partners – Software vendors who provide different solutions to the same potential customers at the same time. (for instance, data visualization tool and data warehouse)
- Channel partners who build an alliance (VMS) to sell to a buyer. (for instance a reseller and a supplier working together). The sales unit here will combine the strengths already at the stage of identifying potential customers and work together to close the deals.

Table 1.3.1: Advantages and Disadvantages of Partnership Selling

Advantages	Disadvantages
• The size of sales • Quickens the sales cycle • Sharing of information about customers • New perspective and directions for business growth • Trust and reliability • Cost reduction • Overall improvement in customer retention • Higher sales and better support network • Competitive advantage	• Share profit • Disagreements and conflicts between the selling partners • Sometimes because of the partnerships, you stray away from the actual focus

Source: Sweeney, 2023.

7. High-Pressure Selling

High-pressure selling is also known as Hard selling. This involves playing with the emotional aspect and creating a psychological pressure on the buyer by touching upon points he/she fears, or takes pride in (Sweeney, 2023). This pressure is then used to quickly close the deal by cornering him and forcing him to put an end to the situation. This is a very successful approach, but not always looks ethical. One major argument sellers use in favour of this method is that buyers often postpone their purchase even if they like a product or offering.

Table 1.3.2: Advantages and Disadvantages of High-Pressure Selling

Advantages	Disadvantages
• Incentives for sales team • Company's growth strategy and outlook • Better inventory control	• It's unethical/provoking and implies forced decision making • You may drive away many buyers who do not like being pressured

Source: Sweeney, 2023.

8. Insight Selling

Insight Selling relies on creating a deeper understanding of the customers and using this understanding to create trust and mutual respect, thereby creating a deeper connect with the customer (Sweeney, 2023). This approach involves collecting key customer insights from sales and various sales analytics and metrics, sales calls and understanding the trends over time. This analysis is then used to align the solution and benefits together and create value thereby increasing sales effectiveness.

Sellers can use either one of two types of insight selling, which often work in parallel:

- Opportunity Insight: salespeople proactively put forward a specific idea to a potential buyer, involve and guide him through the process of realizing that their solution meets his needs;
- Interaction Insight: reps proactively ask questions and encourage prospects to leave their comfort zone. As a result, potential buyers can understand which of their proposed solutions best suits their needs, while the seller is there to guide them through.

Table 1.3.3: Advantages and Disadvantages of Insight Selling

Advantages	Disadvantages
• Helps to create a better and more convincing pitch • More detailed data about competition • Clarifying about wrong beliefs that the buyer may have and thereby prompting more sales • More customer focus which helps build strong trust and relationship	• Big dependence on prospect data (past, present and future) • Dependence on technology and software tools • Approach is based on assumptions made from research data which may not be correct

Source: Sweeney, 2023.

1.4 WHAT DOES IT TAKE TO BE IN SALES?

Example: Success in Sales – Steve Jobs

"Steve Jobs" by Matthew Yohe (talk), CC BY-SA 3.0

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" (Jobs, 2005). But life at Apple wasn't always so perfect. When he was thirty, just one year after the launch of the Macintosh, he was fired from the company he founded. Although he was publicly humiliated and frustrated and didn't know what to do next, he realized that he indeed loved what he did. From there he went on to start Pixar, the company that created *Toy Story*, the world's first full-length computer-animated feature film.

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" (Jobs, 2005). 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) (Wisdom, 2019b). 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.

The Ability to Connect

The most successful salespeople know how to engage their customers in a way that helps the customers identify for themselves the way the product or service offered can deliver value. A good salesperson will use his personal skills to connect with a customer, so that their conversation prompts and echoes the customer's own internal thought process. It is ultimately this ability to connect that allows the salesperson to build relationships and trust.

Listening Skills

Contrary to popular belief, speaking is not the most important aspect of selling—listening is, because "salespeople are communicators, not manipulators (Porter, 2011). 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 (Holland & Brody, 2009). 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 (Atlas, 2010). 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.

The Ability to Ask the Right Questions

The power of asking the *right* questions can only be found by listening and having the ability to connect. Paul Blake believes that asking the right questions is vital to the success of his sales force. That's why he leads by example and always asks one key question when he is interviewing candidates for sales positions: "Do you believe you have the right to change someone's opinion?" That single question tells him all he needs to know about the candidate and how she would perform on his sales team (P. Blake, Greater Media Philadelphia, Philadelphia, PA, personal communication, December 11, 2009).

The Willingness to Learn

You might think that just because you are in school, you are learning everything you need to know for your career. Although you are building a strong foundation, you will continue to learn new things every day when you are working. 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. For example, in one study on salespeople, executives mentioned that salespeople must be willing to learn more than what appears to be required. Financial skills, negotiating skills, and even speed-reading courses were mentioned as additional training needs (Tanner et al., 2008, p. 193). It's 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. So it stands to reason that salespeople are not "made" simply because they have the title. Just as it takes seven years to become a doctor, three years to become a lawyer, and a thousand hours to become a barber, a great salesperson develops over time (Norton, 2008). If you're 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 (Robertson, 2015). 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. While Phelps has had some recent public relations (PR) challenges about his behaviour out of the pool, it doesn't diminish his hard work, drive to succeed, and accomplishments.

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 (Wisdom, 2019b). 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 (Wisdom, 2019a).

The Secret to Success: Failure

"No risk, no reward" is a familiar saying. But best-selling author Jeffrey Gitomer says, "No risk, no nothing." He believes the only way to succeed is to take risks and sometimes fail. It's the failures that can lead to success. He talks about the importance of taking risks and failing in this video.

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=223#oembed-1

Video: "No Risk No Reward" By Jeffrey Gitomer's Sales Training Channel [1:28] *transcript available*

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 debit?" 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 (Porter, 2011). 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. Besides having an independent streak, salespeople must be focused and hardworking in the long term, or they will not enjoy consistent success over time.

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 travelling 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 gruelling 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're not passionate about what you're 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's 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.

Bringing It All Together

If this seems like a lot of traits, think about the list of traits that might be required to be a doctor, lawyer, or college professor. Every profession requires a lot of those who pursue it. To make it easier, you may want to think about how these traits come together. Mahan Khalsa, founder of FranklinCovey Sales Performance Group and author of *Let's Get Real or Let's Not Play: The Demise of Dysfunctional Selling and the Advent of Helping Clients Succeed*, sums up the traits of a successful salesperson this way: "There are three traits that define a successful salesperson: business intelligence (IQ or intelligence quotient), the ability to create rapport and build trust (EQ or emotional intelligence), and a good way to approach and to follow up sales (XQ or executional intelligence; the ability to execute the sale)" (McCue, 2008).

Example: "Power Player: Lessons in Selling from Successful Salespeople"

It's All about *Their* Stuff Mark Bozzini, CEO of Infinite Spirits, learned a powerful selling lesson early in his career. His job was to sell more bottles of wine than were sold the previous year, which seemed easy enough. But when he called on a wine and spirits retailer, the storeowner told him that his products didn't sell and he would rather not have them on his shelves. So much for selling more bottles of wine. An average salesperson might become pushy, or even leave and seek a sale elsewhere. But Bozzini, an intuitive and passionate salesman, was determined to make the sale. He spent an hour rearranging the store display and asked the storeowner to give it a chance to see if the product sold better. The new display worked, and the storeowner became one of Bozzini's best customers. The moral of the story: always remember that "the customer doesn't care about your stuff. They care about *their* stuff" (Muoio, 1998).

Creating Value Is the Name of the Game

The role of a salesperson can be summed up in one sentence: "Salespeople are value creators" (Tanner et al., 2008, p. 193). 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, iPods, 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's important to you so that they can let you try the product that not only fits your basic computing needs, but 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 to 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 lined up to buy their products.

WII-FM

While a job in sales can be demanding, it can also be very rewarding in many ways. Even in these days of iPods and Pandora, WII-FM (The acronym for What's In It For Me – WII-FM) is a radio station that everyone listens to. It's not a bad thing to think about what's in it for you. After all, if you are considering investing your career in the selling profession, you should know what's in it for you.

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 neighbourhood, 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.

A job in selling can be a gateway to wherever you want to go. Stanley Marcus, the ninety-three-year-old chairman emeritus of Neiman Marcus, started as a messenger boy, then as a junior salesperson in his father's store before working his way to the top. Michael Dell started by selling computers from his dorm room (Muoio, 1998). Selling could eventually give you fame and fortune, but more immediately it can also give you the satisfaction of providing solutions to people, financial opportunity, and even financial independence. Even in today's challenging economy, these goals are possible.

Sales drive every company's growth. When you are in sales, you are responsible for the future of the company. That's why many sales positions offer unlimited income potential. Sales is considered a pay-for-performance profession, where the earnings are based on how the salesperson performs. Your income is commensurate with the amount of sales you generate; simply put, you can make as much money as you want. This is a major difference between sales and most other disciplines. In most sales positions, you earn a salary and perhaps some other elements of compensation, such as a bonus. In sales, you can determine your income because it is usually not limited to a specific number; it is based on the amount you sell. It's worth noting here that you have the power to determine how much you want to earn when you have a successful career in sales.

If you want to check out base salaries for sales positions in your area or the area in which you would like to work, go to Salary.com and use the Salary Wizard. You'll be able to see the average salary, bonuses, benefits, and more.

Salary Information

This is a resource to research salary and other compensation elements for different positions in areas across the country.

1.5 WHAT KIND OF JOB CAN I GET IN SALES?

You have the power to choose your career. Do you want to travel across the country or around the world to meet with customers, understand their needs, and develop new business opportunities for your company? Or would you rather be a technical specialist, or a subject matter expert, and talk to customers about exactly how your product or service works? No matter what you want to do, chances are there is a sales role that you will enjoy.

It is important to understand the different industries as "*the skills to work in either (B2B or B2C) industries are quite different and moving between the two can be difficult so it's well worth doing some research up front to ensure you make the right choice*" (Walters, 2020, para 2).

The main differences are that the majority of B2B sales jobs tend to be technical with complex products or services (hospital medical equipment or industrial car parts for example). The complexity of B2B sales jobs usually means that sales professionals in B2B tend to earn a higher income than B2C sales people and this is often justified with the requirement for more education or training with a B2B sales job (Walters, 2020).

Lastly, "*When choosing between a career in B2B or B2C sales comes down to where the sales person feels most passionate and where they can achieve the most fulfilment. Professionals who enjoy dealing with people on a professional level will do well in a B2B sale environment. Professionals who are typically a "people persons" would flourish dealing directly with people in a B2C environment*" (Walters, 2020, para 8).

Direct Selling

Example: Direct Selling

You may have been invited to a "party" at a friend's or relatives' 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 did not 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.

The **direct selling** process is "the sale of a consumer product or service away from a fixed retail location." (Direct Selling Association, 2023). Some of the most well-known direct selling companies are Amway, Mary Kay Cosmetics, Avon, and Pampered Chef. It is an industry that employs many sales people! In Canada, there were 1.2 million independent sales consultants with $3.5 billion in annual sales (yes, billions) (Direct Sellers Association, 2022). 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 are not surprised to learn that direct selling is growing because of the uncertain job market. Recent graduates, retirees, and everyone in between are turning to direct selling as a way to safeguard them during the recession. It is 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 is 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 web sites such as Facebook, it is 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 Alex to be an IBO, and they recruited their friend Devon to be an IBO, you would not only make commission on your product sales, but also on the product sales of Alex and Devon. You can see how being a part of an MLM company can offer significant earning potential (Inc., 2009). 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. The concept of MLM sales will be explored further in the chapter on ethics.

You have now seen how B2B, B2C, and direct selling work. Still, there are some other selling environments that you may also want to explore.

Entrepreneurial Selling

Mark Zuckerberg (Facebook) and Jeff Bezos (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 is why successful entrepreneurs, like successful salespeople, plan, do their homework, listen to customers, and make ideas and solutions come alive. It is 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.

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 (McNamara, 2023). In May 2020, Idealist (a nonprofit job and volunteer portal) had over 135,000 charities in North America looking to hire and Work for Good (job board for mission driven careers) has matched candidates with more than 30,000 organizations. There is work in the non-profit arena for mission driven folk.

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.

TYPES OF SALES POSITIONS

There are different ways to categorize salespeople. They can be categorized by the customers they work with, such as whether they are consumers, other businesses, or government institutions. Another way to categorize salespeople is by the size of their customers. Most professional sales positions involve selling to other businesses, but many also sell to consumers like you. For the purposes of this book, we will categorize salespeople by their activities. Using activities as a basis, there are four basic types of salespeople: missionary salespeople, trade salespeople, prospectors, and account managers. In some discussions, you'll hear that there are three types: **order getters**, **order takers**, and **sales support**. The four we describe in the following are all types of order getters; that is, they actively seek to make sales by calling on customers. We'll also discuss order takers and sales support after we discuss the four types of order getters.

MISSIONARY SALESPEOPLE

A **missionary salesperson** calls on people who make decisions about products but don't actually buy them, and while they call on individuals, the relationship is business-to-business. For example, a pharmaceutical representative might call on a physician to provide the doctor with clinical information about a medication's effectiveness. The salesperson hopes the doctor will prescribe the drug. Patients, not doctors, actually purchase the medication. Similarly, salespeople call on your professors urging them to use certain textbooks. But you, the student, choose whether or not to actually buy the books.

There are salespeople who also work with "market influencers." Mary Gros works at Teradata, a company that develops data warehousing solutions. Gros calls on college faculty who have the power to influence decision makers when it comes to the data warehouses they use, either by consulting for them, writing research papers about data warehousing products, or offering opinions to students on the software. In an effort to influence what they write about Teradata's offerings, Gros also visits with analysts who write reviews of products.

TRADE SALESPEOPLE

A **trade salesperson** is someone who calls on retailers and helps them display, advertise, and sell products to consumers.

Example: Trade Salesperson

Eddy Patterson is a trade salesperson. Patterson calls on major supermarket chains for Stubb's Bar-B-Q, a company that makes barbecue sauces, rubs, marinades, and other barbecuing products. Patterson makes suggestions about how Stubb's products should be priced and where they should be placed in store so they will sell faster. Patterson also works with his clients' advertising departments in order to create effective ads and fliers featuring Stubb's products.Trade salespeople like Eddy Patterson for Stubb's help retailers promote and sell products to consumers.

"Stubb's Bar-B-Q Sauce" by Joshua Bousel, CC BY-NC-SA 2.0

Prospectors

A **prospector** is a salesperson whose primary function is to find prospects, or potential customers. The potential customers have a need, but for any number of reasons, they are not actively looking for products to meet those needs—perhaps because they lack information about where to look for them or simply haven't had the time to do so. Prospectors often knock on a lot of doors and make a lot of phone calls, which is called *cold calling* because they do not know the potential accounts and are therefore talking to them "cold." Their primary job is to sell, but the activity that drives their success is prospecting. Many salespeople who sell to consumers would be considered prospectors, including salespeople such as insurance or financial services salespeople, or cosmetic salespeople such as those working for Avon or Mary Kay.

In some B2B situations, the prospector finds a prospect and then turns it over to another salesperson to close the deal. Or the prospector may take the prospect all the way through the sales process and close the sale. The primary responsibility is to make sales, but the activity that drives the salesperson's success is prospecting.

ACCOUNT MANAGERS

Account managers are responsible for ongoing business with a customer who uses a product. A new customer may be found by a prospector and then turned over to an account manager, or new accounts may be so rare that the account manager is directly responsible for identifying and closing them. For example, if you sold beds to hospitals, new hospital organizations are rare. A new hospital may be built, but chances are good that it is replacing an existing hospital or is part of an existing hospital chain, so the account would already have coverage.

Example: Account Manager

Taylor Bergstrom, a Baylor University graduate, began his career as a sales representative prospecting for the Texas Rangers baseball team. Bergstrom spent a lot of time calling people who had purchased single game tickets in an effort to sell them fifteen-game packages or other special-ticket packages. Today, Bergstrom is an account manager for the club. He works with season ticket holders to ensure that they have a great experience over the course of a season, regardless of whether the Rangers win or lose. His sales goals include upgrading season ticket holders to more expensive seats, identifying referral opportunities for new season-ticket sales, and selling special-event packages, such as party packages to box-seat holders. While most account managers sell to businesses, some, like Bergstrom, sell to individual consumers.

Account managers also have to identify lead users (people or organizations likely to use new, cutting-edge products) and build relationships with them. Lead users are in a good position to help improve a company's offerings or develop new ones. Account managers work closely with these lead users and build relationships across both their companies so that the two organizations can innovate together.

OTHER TYPES OF SALES POSITIONS

Earlier, we stated that there are also order takers and sales support. These other types of salespeople do not actively solicit business. Order takers, though, do close sales while sales support do not. Order takers include retail sales clerks and salespeople for distributors of products, like plumbing supplies or electrical products, who sell to plumbers and electricians. Other order takers may work in a call centre, taking customer sales calls over the phone or Internet when customers initiate contact. Such salespeople carry sales quotas and are expected to hit those sales numbers.

Sales support work with salespeople to help make a sale and to take care of the customer after the sale. At ResearchNow, a marketing research company headquartered in Dallas, sales support help salespeople price projects and prepare bids. At Oracle, an information systems provider, sales support assist by engineering solutions and, like at ResearchNow, pricing offerings and preparing proposals. At ResearchNow, the sales support staff also helps deliver the project, whereas at Oracle, another team takes over when the sale is made.

1.6 SALES: A GREAT CAREER

As you can see from the different positions and designations available in the previous section, sales is a fantastic field that offers ample opportunities for anyone who is hard-working, persistent and has the flair and motivation to achieve. It can offer a nice career growth path for success.

Photo by Yan Krukau, Pexels License

Despite the concerns with a sales career: the performance-based compensation system, continual rejection, and monotonous work of the lead-chasing function, the positives are huge. It offers handsome financial rewards as well as recognition, promotions, good will, respect from peers and customers, and the overall satisfaction of being able to touch the customers' lives positively. Sales is, no doubt, an envious field for many.

The following are some additional reasons why someone would choose sales as their career path:

Accessible

Most of the sales positions do not require a degree or education. The field is accessible to anyone who is beginning their career or is wanting to change their profession. All it requires is passion and commitment to learn about the clients, and persistence to succeed.

Compensation

Sales is imperative to any business as it brings in revenue and new customers. It is the most commonly accepted function which would most of the times initiate and bring in new business, thus contributing heavily towards growth of the company. Your income is effort based. The best things about Sales is its objectivity. It follows a golden rule "Work hard, earn hard". Add to that the huge potential to income, it is absolutely simple and lucrative to fall for it. You have to make sure you are able to achieve your targets and goals. Just think about the bonuses, commissions, trips, prizes, and the respect you get along the way.

In-Demand Skills

Working in Sales offers you a great opportunity to sharpen your skills like communication, creativity, smart thinking, flexibility, time management, customer service etc. These skills definitely help you achieve a edge in any career which you may choose to pursue at any point of your life.

Remote Work Opportunities

Sales is flexible. It allows salespeople to work remotely and independently. More and more sales jobs and organizations are now allowing people to work remotely and salespeople are now easily cracking deals from the comfort of their homes or offices.

Travel Opportunities

If you are in Sales, you may need to travel and explore different places and markets. You may need to network with new businesses and customers. Salespeople build and strengthen relationships with the clients during the course of their work, and hence you get a chance to travel to new places, get to learn new cultures and things, meet new people and experience local entertainment.

Competition

Sales is always dynamic and challenging. It pushes people to think out-of-the-box all the time and work smart. It backs up the rewards with bonuses and creates an environment of healthy rivalry between the sales staff which pushes everyone to do their best and at the same time, enjoy it as well.

Variety

Sales is very much dependent on the client's needs and wants, expectations, situations, and requirements. Hence the salespeople have to constantly adjust and customize their solutions to match the client's requirement in the best possible way. That gives them a chance to mix-and-match different solutions for the clients and creates a wonderful variety of initiatives that they can suggest and use for the clients.

1.7 THE SOCIAL STYLE MATRIX

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 an established method of identifying patterns of communication and behaviour. It helps you understand how people behave so you can adapt your selling style accordingly. The matrix is based on patterns of communication behaviour identified by David Merril and Roger Reid (Castleberry & Tanner, 2022, p. 155). It plots social behaviour based on two dimensions: assertiveness and responsiveness. In the figure below, the x axis is assertiveness, which indicates the degree to which a person wants to dominate or control the thoughts of others. The y axis represents responsiveness, which is the degree to which a person outwardly displays emotions or feelings in a relationship. Each quadrant represents one of four social styles:

1. **Analyticals** – a social style that describes people who focus on facts, details, and analysis to make decisions;
2. **Drivers** – social style that describes people who like to have all the facts and make decisions quickly;
3. **Amiables** – social style that describes people who focus on personal relationships in their decision making;
4. **Expressives** -social style that describes people who rely on their feelings to make decisions. Each of these styles describes a different type of behaviour (Castleberry & Tanner, 2022, p. 151).

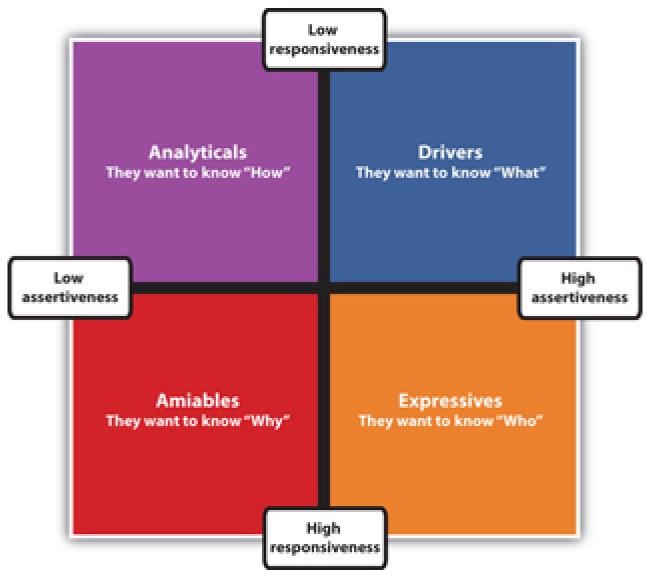

Figure 1.8.1 Social Style Matrix Credit: Todd Duncan, "Your Sales Style," Incentive, December 1, 1999, 64–66. 9C(Click to Enlarge)

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. 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 mother 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 (Castleberry & Tanner, 2022, p. 158).

You might have some visual cues that will help you identify an analytical. They probably dress conservatively and have achievement awards proudly displayed on the office wall (Castleberry & Tanner, 2022, p. 159).

If you are selling to a customer who is an analytical, they will ask you very specific questions about all the details, and they will respond positively if you make them feel right. In other words, don't challenge their facts and point of view. Rather, provide history, data, financial details, and other facts in an organized, structured format. They will ask many questions so that they clearly understands the product or service. Since it's important for them to make the right decision, they will take the time to gather all the facts. Because they put so much effort into making the right decision, they tend to be loyal, believing they don't need to reevaluate the same facts. Adapt your style to an analytical by focusing on the "how." Don't rush the customer and provide all the information they need to make a decision.

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. These are the people who are "control freaks"; they are decisive and controlling. They work with people because they have to; they see other people only as a means to their end of achievement. They are smart, focused, independent, and competitive. They have little regard for the opinions of others; a driver is rarely described as a "people person." They are high achievers who are in a hurry to meet their goals. 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 (Castleberry & Tanner, 2022, p. 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 (Castleberry & Tanner, 2022, p. 159).

When you are presenting to an amiable, establish a personal relationship. When you demonstrate your personal commitment, they 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 (Castleberry & Tanner, 2022, p. 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 1.7.1 Selling Style Summary

Social Style You're Selling To	How to Adapt
Analyticals	• Focus on "how" • Include facts • Communicate the pros and cons • Provide history, data, financial details • Don't challenge her facts • Demonstrate results • Mention guarantees and warranties • Give her time to decide
Drivers	• Focus on "what" • Get to the point quickly • Provide options • Use facts • Focus on results • Provide timelines • Make him feel as if he is in control
Amiables	• Focus on "why" • Establish a personal relationship • Demonstrate personal commitment • Work as a team
Expressives	• Focus on "who" • Take extra time to discuss everything • Give her recognition and approval • Ask her how they feel about the product or service • Focus on the big picture • Use facts and figures to demonstrate what is possible

Source: Duncan, 1999, pp. 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; visit your campus career center as it most likely offers several assessment tools that can help you identify your social style.

Take the Keirsey Temperament Sorter to Determine Your Social 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 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 behaviours of each style and how to adapt, you can increase your chances for success (Duncan, 1999, pp. 64–66).

1.8 SELLING U: NETWORKING – THE HIDDEN JOB MARKET

Did you know that more than 80 percent of jobs are filled through networking? (Adler, 2016).

Networking is sometimes referred to as the "hidden job market" because many jobs are filled before they are ever posted. This is true now more than ever because of the challenging economy. Companies are using more networking—traditional and online—to fill their open jobs. In fact, 30 percent of all hires overall in 2016 and 45 percent of internal hires were from employee referrals (Maurer, 2017). So now you can see why networking can be a very effective method to potentially learn about or land the job you want. But you might be wondering where you start and exactly how you network effectively. Like everything else in selling, you need to develop a plan.

Create a Networking Plan

Before you start, it's a good idea to review exactly what networking is and what it isn't. Just as in selling, networking is about building relationships that are mutually beneficial; it is about the exchange of value between people, usually over the course of time. Someone might help you now, and you might help that same person or someone else later. It requires a relationship and ongoing commitment. Networking isn't a quick, easy way to get a job. Although it can be instrumental in helping you get a job, it isn't easy, and it might not be quick. You should approach networking for the long term and realize that you will help some people and some people will help you. You have the power to help other people and to ask for help; that's how networking works. To help guide you, here are six power networking tips.

Power Networking Tip #1: Network with Confidence

Don't think of networking as begging for a job. Start building relationships with people—family, friends, professors, and executives—now. That will give you the opportunity to build relationships and potentially help someone even before you begin your job search. When you do begin networking to find a job, be yourself and get to know as many people as possible using the methods described earlier in the chapter (e.g., professional organizations, events). You will be surprised at how many people are willing to help you because you ask. The fact is people *want* to help you; they want to see you succeed.

Power Networking Tip #2: Join Professional Organizations

There's no better place to meet people you want to work with than to go where they go. Professional organizations such as your local chapter of Sales & Marketing Executives International, American Marketing Association, Entrepreneurs Organization, Public Relations Society of America, and others provide the perfect environment to meet people in the industry in which you want to work. Start by exploring the professional organizations on campus. Many are local chapters of national organizations designed to encourage students to get involved. If you don't know which organization is best for you, ask a professor; she will be happy to provide some insight. Or go to a meeting and check it out; most organizations allow nonmembers to attend at least one meeting or event at no charge. A good number of professional organizations offer student membership rates that are designed for student budgets. Besides providing an excellent method to network, being a member of a professional organization also enhances your résumé.

But don't just join—get involved. You can impress people with your skills, drive, and work ethic by getting involved in a committee, planning an event, working on the organization's web site, or other project. It's a great way to build your experience and your résumé and impress prospective employers. At the same time, you can be developing professional references to speak on your behalf.

Power Networking Tip #3: Create Your Networking List

Networking, like selling, is personal. So make a list of all the people you know with whom you can network. Don't disqualify anyone because you think they can't help. You never know who knows someone who might be the link to your next job. Follow the same strategy for your personal networking as you would use for networking for selling: write down the four Fs—friends, family, friends' family, and family's friends using a format like the example shown in Table 1.8.1 (HowCast, 2009). But don't stop there; include your manicurist, insurance agent, hairstylist, and anyone else with whom you have a relationship. Don't forget to visit your school alumni office. It's always easier to start networking with people with whom you already have a relationship.

Table 1.8.1 Sample Networking List

Name	Relationship	E-Mail	Phone	Date of Contact	Follow-Up Date
Manny Romeo	Dad's friend at Crane, Inc.	mromeo@craneinc.com	616-787-9121	March 4	Need to touch base again at end of the month
Marie Jennings	Mom's friend	mmjennings@comcast.net	616-231-0098	March 6	Early April (April 6)
Jamal Isper	Dad's friend at Polk & Polk	jasper@polk.com	791-887-9091	March 10	March 17
Shalee Johnson	Hairstylist	Not available; will talk to her on my next appointment	616-765-0120	April 7	To be determined based on first contact
Rajesh Sumar	Director of Alumni Relations at school	Rajesh.sumar@university.edu	891-222-5555 ext. 2187	March 12	To be determined based on first contact
Annette Roberts	General Sales Manager, Castle Controls	Annette.roberts@castle.com	888-989-0000 ext. 908	March 12	To be determined based on first contact

Source: HowCast, 2009.

Networking Made Easy

Watch the HowCast video *How to Network*.

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=229#oembed-1

Video: "How to Network" By Howcast – TED [5:04] *Transcript Available*

Power Networking Tip #4: Know What to Say

Everyone tells you to do networking, but after you create your list, what do you say? You will be delivering your brand message to everyone with whom you are networking, so be specific about what you are looking for. Always take the opportunity to expand your network by asking for the names of other people whom you might contact. For example, assume you are networking with Vera, a friend of the family:

You:
I really enjoy marketing and advertising. In fact, I'm looking for an internship at an advertising agency in account management. Do you know of anyone who might be looking for an intern for the summer?

Vera:
I don't really know anyone at an advertising agency.

You:
Thanks. I was wondering if you might know anyone who might know someone who works at an advertising agency.

You will be surprised at how many people may be able to give you the name of someone you can contact. Not everyone will give you a name, but if you don't ask, most people won't think about whom they might know.

You might also network with someone who gives you the name of someone to contact. For example,

You:
I'm going to graduate from State College in May with a degree in business administration. I really enjoy the idea of helping people increase their company's sales, so I'm looking for a job in selling. Do you know of anyone who might have an opportunity in sales?

Jon:
Have you talked to anyone at Universal Parts? They have a great training program, and the sales reps get a company car. You might want to touch base with Chris Reddy, who is one of the sales managers. I can give you his contact information.

You:
Jon, I really appreciate your help. Can I mention your name when I contact him?

Jon:
Sure. Chris is a great leader and is always looking for good people.

When you contact Chris Reddy, it's best to make contact by phone, if possible. That way you have an opportunity to create a relationship (remember how important relationships are in selling, especially when you are selling yourself). A phone call might start like this:

You:
Hello, Chris. My name is Rakeem Bateman. Jon Keller suggested I give you a call.

Chris:
Hello Rakeem. Jon and I have known each other for several years. How do you know Jon?

You:
I met him at a Sales & Marketing Executives International event last week. He was one of the speakers. I enjoyed hearing what he had to say so much that I stayed to talk to him after the event. I'm going to graduate from State College in May with a degree in business administration. I really enjoy the idea of helping people increase their company's sales, so I'm looking for a job in selling. Jon suggested that I touch base with you to find out if Universal Parts might be looking to expand their sales organization.

If someone has referred you, always include that as part of your introduction. If your networking takes place via e-mail, you should do the same thing. When you send your résumé to someone with whom you are networking via e-mail, it's best to include your three bullet points from your cover letter as the body of the e-mail. That allows the person to whom you are sending the letter to see at a glance that he wants to open your résumé. In most cases the person to whom you are sending your résumé is forwarding it to someone else. Writing a short, easy-to-skim note helps tell every recipient what you have to offer. You can see that when you are networking you want to focus on being specific about what you are looking for, asking for names of people with whom you might network, and creating a relationship with those people.

Power Networking Tip #5: Online Professional Social Networking

Social networking sites can be a more powerful job search tool than most people realize, and their power can go both ways: The sites can work in your favour, but they can also work against you. When you're preparing to apply for jobs, keep in mind that a growing number of employers search social networking sites to weed out applicants who might not fit with their company culture. You can find out all kinds of things about a person from his/her different social media profiles like Facebook, Twitter, Instagram, Snapchat, or TikTok that you couldn't necessarily learn from his cover letter or résumé! As social networking expert Patrice-Anne Rutledge says, before you go on the job market, make sure you "get rid of your digital dirt." In particular, look through any videos or photographs you may have uploaded to your profile, any web sites you may have linked to, and any personal information you reveal that may be controversial or reflect on you in a negative light (Hargis, 2008)

You've Got the Power: Tips for Your Job Search

Clean Up Your Pages

"Get rid of your digital dirt" now (Hargis, 2008), before you even start applying for jobs. Your Facebook, Twitter, Instagram, Snapchat, or TikTok could negatively impact your chances of getting a job at your chosen company. Gauge the appropriateness of the videos, photographs, and comments on your pages and decide whether it would be a problem if a potential employer saw them. Many employers *will* search your social networking profiles to learn the things your résumé and cover letter don't reveal.

On the other hand, professional social networking sites are tools you can leverage to great advantage in your job search if you use them proactively. LinkedIn is the biggest and most frequently used networking site that allows you to create a profile and find contacts in your target industry or at target companies. Although it's easy to create an account on these sites, you won't get the full benefit unless you do two things: make the effort to keep your profile up-to-date and make the effort to grow your network. Here are a few social networking tips to keep in mind:

Make Yourself Stand Out

Think about the skills and qualities that make you unique. What sets you apart as your own distinctive brand? Your online networking profile should reflect this. Don't just reproduce your résumé; make your profile into your "elevator speech," highlighting your interests and using power words to describe your experience and talents. Your network profile is searchable on Google, so give some thought to the keywords you use to describe yourself (Dietzschold Bourgeois, 2009).

Publicize Your Profile

LinkedIn allows you to search your e-mail address book for contacts that also have accounts, so you can easily grow your network. You should also be willing to ask people you know in your industry, including professors and mentors, to join your network. These people are well connected and want to see you succeed. In addition, you can start using your LinkedIn profile badge on outgoing e-mails, and, if you have one, on your web site. When you publicize yourself this way, people will start linking to you (Dietzschold Bourgeois, 2009).

Ask for Recommendations

As you begin to build a professional network online, you can use it the same way you would use a regular social network. Ask people for recommendations of your work and for referrals to new contacts. Maybe a former professor knows the marketing manager at a company where you want to work; ask her to introduce you. Making a request like this can be terrifying at first, but have confidence. Keep in mind that your professors, mentors, and fellow professionals *want* to help you, and when they can help you, they *will*. But you won't get the help if you don't ask for it.

Join Groups

Start by joining *The Power of Selling* group on LinkedIn. Sites like LinkedIn have thousands of groups that are specific to interest, location, hobbies, and industry. Join your local professional group—the Chicago Sales and Marketing Executives group, for instance—and join your school's alumni association. Your alumni group is an extremely important connection to make because people are almost always eager to help their fellow alumni succeed. But don't stop there; search for other groups that are in the industry you want to pursue. You can just listen to the conversation and then jump in when you feel comfortable.

Create Content

Think about when you are considering making a major purchase. What do you do? You probably conduct research online to determine the pros and cons of each alternative. Employers do the same thing, so be sure your profile is compelling and up-to-date. In addition, use your social networking pages to create content to demonstrate your skills. For example, write a blog and link it to your social networking profiles or post about a project on which you are working, a topic about which you are passionate, or even your job search. Get people to follow you and engage in the dialogue. Direct them to your personal web site, samples of your work, or the content you have created. Social networking gives you the opportunity to show and sell with content that you create.

Search the Social Networking Job Boards

More and more employers are using professional social networking sites to post jobs and seek out prospective employees.

Learn How to Use LinkedIn

The Linkedin Learning course Networking for Sales Professionals provides step-by-step instructions as to how to use LinkedIn for networking.

Power Networking Tip #6: Follow-Up

It might seem like networking doesn't always work. It's good to keep in mind that networking is all about exchange of value. Sometimes, you may not find people who want the value you have to offer at the time you are offering it. Don't be discouraged. Follow-up is important in every part of your job search, so follow up with everyone with whom you network. Sometimes, people are simply distracted or overwhelmed at the time you first contacted them. Or sometimes their situation has changed, even in just a few days; you won't know this unless you follow up.

It's best to follow up by phone within one week of a contact. It may seem easier to follow up by e-mail, but you increase your likelihood of being successful and building a relationship when you follow up by phone. Don't simply leave a voice mail message as it is unlikely that someone will return your call. Continue to call until your contact answers the phone, or leave a voice mail and tell her when you will call back along with your e-mail address. Then, call back when you say you will. You will be pleasantly surprised at the results.

Keep in mind that networking is an ongoing process, whether you are looking for a job or not. When you establish a relationship with someone, keep in touch with her. You should touch base with people in your network at least once every four to six weeks. It's good to call to catch up, but an e-mail can be just as powerful. Send a link to an article or video that you think she will like. It's a perfect reason for keeping in touch and helps establish you as someone who delivers value, even when you are not looking for something.

1.9 SELLING U: DEVELOPING AND COMMUNICATING YOUR PERSONAL FAB

Some people know exactly what they want to do in life. Madonna, Venus and Serena Williams, Steve Jobs, and countless others have been preparing for their chosen careers since they were young. Dylan Lauren, daughter of designer Ralph Lauren and chief executive of Dylan's Candy Bar, could see her path even when she was young. With a father who was a fashion designer and her mother a photographer, she said, "I always knew I wanted to be a leader and do something creative as a career" (Olsen, 2009). Katy Thorbahn, senior vice president and general manager at Razorfish, one of the largest interactive marketing and advertising agencies in the world, always knew she wanted to be in advertising. Her father was in advertising, her uncle was in advertising, and she had an internship at an advertising agency, so it was no surprise that she pursued a career in advertising. You probably know some people like this. They know exactly the direction they want to take and how they want to get there.

It's not that way for everyone, however. In fact, most people don't really know what they want to do for a career or even what types of jobs are available. It's a good idea to use the three steps outlined below to help you begin your career search. These steps can be most effective if you complete them even before you put together your résumé.

Step 1: Explore the Possibilities

Whether you know your direction or are trying to figure out what you want to do "when you grow up," there are some excellent tools available to you. The best place to start is at your campus career centre. (If your school does not have a career centre, visit the library.) The people who work there are trained professionals with working knowledge of the challenges to overcome, as well as the resources needed to conduct a career search. People find that visiting the career centre in person to meet the staff is a great way to learn firsthand about what is available. Also, most campus career centres have a web site that includes valuable information and job postings.

At this stage in your career search, you might consider taking a career assessment survey, skills inventory, and/or aptitude test. If you're unsure about your direction, these tools can help you discover exactly what you like (and don't like) to do and which industries and positions might be best for you. In addition, there are many resources that provide information about industries, position descriptions, required training and education, job prospects, and more. These are especially helpful in learning about position descriptions and job opportunities within a specific industry.

STEP 2: CREATE YOUR PERSONAL MISSION STATEMENT

You might be thinking that you just want to get a simple job; you don't need an elaborate personal mission statement. Although you may not be asked about your personal mission statement during an interview, it is nonetheless important, because it provides you with a concrete sense of direction and purpose, summarized in relatable words.

Example: Mission Statements

Great brands have clear, concise mission statements to help the company chart its path. For example, Google's mission statement is "To organize the world's information and make it universally accessible and useful" (Google, 2023). The mission statement for Starbucks is "With every *cup*, with every *conversation*, with every *community*–we nurture the limitless possibilities of human connection" (Starbucks Corporation, 2023).

It's worth your time to write a personal mission statement. You might be surprised to discover that people who have a personal mission statement find it easier to get an enjoyable job. This is precisely because a personal mission statement helps provide framework for what's important to you and what you want to do and accomplish.

STEP 3: DEFINE YOUR PERSONAL BRAND

Choosing a career direction and writing a personal mission statement are not things that can be done in one day. They require research, evaluation, consideration, and a lot of soul searching. The same is true for defining your personal brand.

You've learned about the power of a brand in the selling process and that a brand can be a product, service, concept, cause, or even a person. Truly, the most important product, brand, or idea you will ever sell is yourself (Richmond et al., 2008, p. 1). You're not just a person, you're a brand. When you begin your job search, you will need to sell yourself to prospective employers. When you sell yourself effectively, you will be able to sell your ideas, your value, your experience, and your skills to get the job you want.

It's easy to talk about brands. It's harder to define one, especially when the brand is *you*. Many people feel uncomfortable talking about themselves. Others feel as if they are bragging if they are forced to put themselves in a positive light. The fact of the matter is, to be successful and stand apart from the competition, you have to know yourself and carefully craft your brand story (Klaus, 2008, p. 3). For the purposes of finding a career, it is important to carefully consider what you believe defines you—what makes you unique, consistent, and relevant—and how to tell your brand story to create an emotional connection with prospective employers.

If you identify three "brand points" you can tell a much more powerful brand story. Brand points are like platforms that you can use to demonstrate your skills and experience.

Examples of Powerful Brand Points

- *Leadership skills.* This provides a platform to describe your roles in leadership positions at school, work, professional, or volunteer or community service organizations.

- *Academic achievement.* This provides a platform to highlight your scholarships, awards, honours (e.g., dean's list), and more. A prospective employer wants to hire the best and the brightest (if academic achievement isn't your strong suit, don't use this as one of your brand points).
- *Sales (or other) experience.* This provides a platform to underscore your contributions and accomplishments in your current and past positions. Past achievements are the best predictor of future success for a prospective employer so you can focus on results that you have delivered.

You can you see how specific brand points can make a big difference in how you might answer the question above; they help define your brand as being unique (no one else has this combination of education, skills, and experience), consistent (each one demonstrates that you are constantly striving to achieve more), and relevant (prospective employers want people who have these characteristics). Finally, the ability to communicate your brand story in a cover letter, a résumé, and an interview will help you establish an emotional connection with your prospective employer because he or she will be able to identify with components of your personality.

Building an emotional connection with the customer is very important and an excellent way to stand out to a prospective employer in an interview. The more you think about it, the more you will discover your personal FAB (feature, advantage, benefit) message. Your FAB message will help you tell the details about your brand and will help you tell your "stories" about your experience and accomplishments during your interviews.

Stories Paint Pictures

If getting the job or internship you want were only about the facts, you would only need to present your résumé on a job interview. But prospective employers are looking for that "certain something," an emotional connection that helps them know that you are *the* one (Eisenberg, 2001). Every candidate comes into an interview trying to impress the interviewee and saying how much he wants the job. Why not stand out, show, and sell?

Table 1.9.1: Personal FAB Example

Brand Positioning Point	Feature	Advantage	Benefit
Marketing Experience	Had an internship at an advertising agency	I worked on the Limited, Too account developing Twitter conversations with target customers.	I can help SpitFire engage its customers directly and learn about shopping preferences using social networking.
Customer Service Experience	Worked as a server at Olive Garden	I interacted with customers and provided excellent customer service under pressure.	I understand how to handle multiple tasks under pressure without losing my cool.
Leadership Experience	President of Young Entrepreneurs Club	I developed a forum for local investors to regularly hear pitches from student entrepreneurs, which led to the launch of three new products.	I understand the process it takes to turn ideas into profitable businesses, and I'm able to be the driving force behind bringing people, ideas, and money together.

Every Picture Tells a Story

Take your FAB one step up and create a portfolio. A collection of work samples from class projects, internship, volunteer projects, and any other work that demonstrates your skills. that you can show during job interviews. When you *tell* someone about your experience and accomplishments, that's good, but *showing* them really helps you stand out in the crowd. If you are lucky enough to get an interview, capitalize on the opportunity to sell yourself. Keep in mind that most companies interview at least two or three people, and sometimes more, before they make their hiring decision.

A portfolio isn't just for creative or advertising people; everyone should have a portfolio. It is simply a collection of samples of your work from class projects, internships, volunteer projects, and any other work that demonstrates your skills (Indeed Editorial Team, 2023). Creating a portfolio is as simple as putting samples of your work in a three-ring binder. You might find it helpful to view this video about how to create a portfolio.

How to Create Your Portfolio

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=249#oembed-1

Video: "Job Interview – Creating a Portfolio" By MonkeySee [4:28] *Transcript Available*

You probably have more samples of your work than you think. And each sample is an excellent way to show and tell your FAB. Here are some ideas about what to put in your portfolio:

- *Class projects.* Choose those projects that demonstrate your skills, especially in your major. For example, if you did a sales presentation, include a video clip along with your selling aids. Or if you created a PR plan, include the plan along with the exhibits. Group projects are acceptable as long as the group names are included on the title page. A team project allows you to talk about how you provided leadership to the team or helped the team get focused.
- *Internship projects.* If you had an internship or multiple internships, include samples of the projects on which you worked. For example, include copies of web pages, brochures, flyers, graphs, presentations, or other samples of your work.
- *Volunteer projects.* If you have been involved in a student group, community service, or other service organization, include samples of the projects on which you worked. For example, if your group did a fundraiser for breast cancer, include the flyer for the event along with photos and a summary of the contributions.

You've Got the Power: Tips for Your Job Search

- *Keep a Copy.* Whenever you work on a class project, internship, volunteer project, or any other type of project that demonstrates your skills, keep a copy for your portfolio. The same is true when you begin working; keep copies of all your projects to continue to build your portfolio throughout your career. You never know when you will need to show samples of your work. It's best to avoid including any confidential or proprietary information from companies or organizations.

- *Other work samples.* If you enjoy photography, writing, design, selling on eBay, or other activity that has application to the position for which you are seeking, include that work. In other words, print the web page for your eBay store along with the feedback you have received, include photographs or other projects on which you have worked to show your work. If you don't have samples of your work for your portfolio, consider starting a blog and print copies of your entries.
- *Letters of recommendation.* Ask for a letter of recommendation from former supervisors, colleagues, team leaders, professors, and other people who will be happy to write a letter about your skills (Indeed Editorial Team, 2023). If you have had a summer job or internship, ask your former boss and other people with whom you worked to write a letter of recommendation. Keep the copies of the letters in your portfolio and show them to prospective employers during your interview. Although these letters are different from references, they serve the purpose of *showing* your prospective employer how highly people regard you and your work. You will be asked for references after the interview process if you are one of the final candidates.

Tips to Make Your Portfolio Even More Powerful

After you gather all of your work samples, here are a few tips that will help you organize them for an effective visual story.

- *Choose a few work samples.* Select samples (no more than five or six) that reflect your brand positioning points. If leadership is important, be sure to include projects, results, pictures, and other visual elements that will demonstrate your leadership story.
- *Create a summary page for each work sample.* Include bullet points for the project name, objective, approach or strategy, and results. A sample is provided in Figure 1.9.2 "Sample Summary Page". This will help you quickly summarize the key points when you are showing your portfolio.

Table 1.9.2: Sample Summary Page

Project Name:	Rold Gold Pretzels Integrated Marketing Communication Plan
Project Objective:	Create an integrated marketing communication plan that will reverse the negative sales and market share trends
Project Strategy:	Reposition Rold Gold and the cool, must-have treat for college students
Project Results:	The three-person agency team presented the plan and won the class competition as judged by four advertising executives

- *Use clean copies, in colour where appropriate.* Avoid using papers that include comments or grades. Use fresh, clean copies of all samples. If you need to make a copy of an original document that was in colour, splurge and pay for colour copies; it's worth it.
- *Include extra copies of your résumé.* Your portfolio is a great place to keep at least three or four extra copies of your most current résumé printed on twenty-four-pound paper. Although your interviewer may have already received your résumé before the interview, he may not have it handy when you come in. Or you may be asked to meet with some people that were not on the original interview schedule. If this is the case, you can be the consummate professional and offer your interviewer a reference copy of your résumé. It's also the perfect time to mention your portfolio.
- *Use a professional binder or portfolio.* Visit a local or online art supply or office supply store and get a professional three-ring binder or portfolio. You can include your work samples in plastic sleeves, but it is not required. Many portfolios include plastic sleeves for your samples. Ask if the store offers a student discount.

Make It Memorable

As you develop your FAB and portfolio, think about the stories you want to tell about each one. Stories are much more powerful than facts. For example, "I can really appreciate what it takes to go the extra mile for a customer. When I worked at J&J Catering, they needed someone to mix the giant vats of cookie dough. Needless to say, I spent hours working with the dough, but I wanted to make it interesting, so I learned how ingredients work together, and I created a new recipe for lemon cookies that became the signature dessert of the company."

www.You.com

A portfolio is a must to bring on a job interview. You might be wondering if it's a good idea to also create an online portfolio. The answer is "yes." Creating your own professional web site as a way to showcase your résumé, samples of your work, awards, and letter of recommendation is a perfect way to build your brand and demonstrate to your prospective employer that you have additional technology skills.

Your online portfolio, or web site, should include all the elements that are included in your offline portfolio. Since space is not an issue, you may want to include even more samples of your work, especially if you have writing or design samples. This is also an ideal place to include a link to your blog.

A word of caution: Your professional web site should be exactly that—professional. That means no personal photos, comments, or casual blog posts from friends. In other words, your Facebook page is not an appropriate place for your professional web site. Use a business-like domain name (http://www.yourname.com); if you don't already have one, you can get one at Google or GoDaddy.com, for a minimal annual fee. The following article provides six steps to set up a domain name and your own web site.

Steps to Set Up a Domain Name and Personal Web Site

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=249#oembed-2

Video: "How to Create a Free Website" By Create a Pro Website [33:48] *Transcript Available*

Use your online portfolio as a way to sell yourself on your résumé: add your web site address to your contact information and mention it in your cover letter.

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=249#oembed-3

Video: "What Is a Portfolio and How Can I Use One to Get a Job?" By resumemic09 [7:42] *Transcript Available*

How to Use Your Portfolio in an Interview

It's always best to bring your portfolio to every interview, even if it's an informational interview. In most cases, the interviewer will not ask you about your portfolio so you will have to bring it up in the conversation. The following video provides some tips about how to introduce your portfolio during an interview.

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=249#oembed-4

Video: "Professional Interview using a Portfolio Presentation" By Alex Cullison [16:45] *Transcript Available*

Be proud of showing your work samples. The *Financial Times*, in reference to Peggy Klaus' book *Brag: The Art of Tooting Your Own Horn Without Blowing It*, wrote, "Start bragging…if you don't speak up for yourself, who will?" (Klaus, 2008, front cover) To ensure that you are getting all of your FAB points across, it's best to rehearse how you will review your portfolio in an interview. Keep in mind that time is short so it's best to be concise and underscore the FAB points you want your interviewer to remember. A portfolio is an excellent visual tool that makes your FAB message come alive for your prospective employer.

1.10 KEY TAKEAWAYS & TERMS

Key Takeaways

- A good salesperson does more than sell; they build a relationship and trust with the customer and offers solutions.
- 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 they sell, it's unlikely that their customers will be motivated to buy.
- The primary role of a salesperson is to create value for the customer and the company. Salespeople create value for their customers, manage relationships, and gather information for their firms.
- A job in sales can be very rewarding on both a personal and a financial level.
- 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.
- There are four types of salespeople: missionary salespeople, trade salespeople, prospectors, and account managers.
- Creating a networking plan will help make your networking efforts more effective.
- Practice what you want to say when you network with people. It's best to be specific about what you are looking for and always ask for another person with whom you can network.
- Your social networking pages represent your personal brand. Be sure that all words, pictures, and videos are appropriate for prospective employers to view.
- Follow-up is the key to making networking work; don't assume that because you haven't heard back from someone that he doesn't want to talk to you. Take the time to follow up within one week of every contact.
- Develop your FAB message using your brand positioning points as a foundation. Develop one or more FAB messages for each point.
- Create a portfolio to bring on job interviews to visually tell your FAB messages. Include extra copies of your résumé, samples of your work from class projects, internships, volunteer work, and relevant hobbies in a professional three-ring binder. Be sure all samples are clean and are in color where appropriate.

Key Terms

Account managers are responsible for ongoing business with a customer who uses a product.

Adaptive selling occurs when you adapt and customize your selling style based on the behavior of the customer.

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."

Analyticals focus on facts, details, and analysis to decide but are reserved in their interactions with people. They want to know the "how."

Boundary spanners: salespeople who operate outside the boundaries of the firm and in the field.

Business-to-business (also referred to as B2B) is when businesses sell products or services to other businesses for consumption by the ultimate consumer.

Business-to-consumer (also called B2C) is when a company sells a product or service directly to you as the ultimate consumer.

Character—the combination of your beliefs, tendencies, and actions that you take.

Collaborative selling is similar to consultative selling but it focuses more on building and nurturing the relationships.

Consultative selling goes a step further and incorporates solution selling in a way that it makes the buyers capable of identifying potential solutions to their problems on their own and the sales person is just a consultant who uses data from market research, conversations with the buyers, other user data and creates a narrative based on these to offer a clear context for the buyer.

Direct selling (independent sales agents).

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."

Entrepreneurial selling (a business started by an individual).

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."

High-pressure selling (also known as Hard selling) involves playing with the emotional aspect and creating a psychological pressure on the buyer by touching upon points they fear, or take pride in.

Independent Business Owners [IBOs]: those who sell or distribute the products.

Inside salespeople rarely, if ever, meet face-to-face with customers.

Insight Selling relies on creating a deeper understanding of the customers and using this understanding to create trust and mutual respect, thereby creating a deeper connect with the customer.

Missionary salesperson: a salesperson that calls on people who make decisions about products but don't actually buy them, and while they call on individuals, the relationship is business-to-business.

Networking is about exchanging value, not collecting business cards. It's best to begin networking even before you are looking for a job so you can get to know people and provide value to them; it will help you when you begin your job search.

Nonprofit organizations are those that use their proceeds to reinvest in the cause and are granted "tax-exempt" status from federal and other taxes.

Nonprofit selling (also called fund-raising or development).

Order takers include retail sales clerks and salespeople for distributors of products, like plumbing supplies or electrical products, who sell to plumbers and electricians; others may work in a call centre, taking customer sales calls over the phone or Internet when customers initiate contact.

Order getters actively seek to make sales by calling on customers.

Outside salespeople communicate with customers in a variety of ways, including in-person meetings.

Partnership Selling is an approach where you consider the buyer as a partner rather than anything else and helping them achieve what they want

Personal selling involves communication between a customer and a salesperson with the intention of providing information for the customer to make a buying decision.

Prospector: a salesperson whose primary function is to find prospects, or potential customers.

Provocative selling method involves provoking the buyers to see a different viewpoint, bring about a sense of urgency and awareness to solving the problems the face.

Relationship selling is when you build a relationship and tailor solutions according to your customers' needs.

Role conflict occurs when the expectations people set for you differ from one another.

Sales management is the art of influencing someone else's thinking and mind in a way that they will eventually end up buying your product or offering.

Sales support work with salespeople to help make a sale and to take care of the customer after the sale.

Selling is the act of persuading and convincing anyone to buy products or offerings of any kind with a view to satisfy their expectations in exchange of some payment or revenue.

Solution selling is when a salesperson highlights a problem and how that problem can be a hindrance in the life of the buyer.

Social style matrix: a matrix based on patterns of communication that characterize communication behaviours based on two dimensions: assertiveness and responsiveness.

Strategic alliance when the selling relationship goes beyond consultative selling and establishes a true method for mutual benefit.

Trade salesperson: someone who calls on retailers and helps them display, advertise, and sell products to consumers.

Transactional selling is when you are focused on a single sale or transaction.

1.11 TEST YOUR KNOWLEDGE

Question 1

Name at least four of the traits of successful salespeople that are discussed in the chapter.

Solution
Character and ability to build trust, ability to connect, listening skills, ability to ask the right questions, willingness to learn, drive to succeed, resilience and positive attitude, risk taking, ability to ask for the order, independence and discipline, flexibility, and passion.

Question 2

What does pay-for-performance mean in selling?

Solution
Pay-for-performance is a term that describes the fact that you make more money based on selling more. Many sales positions include a pay-for-performance compensation structure, which means that the more you sell, the more money you make. Conversely, if you do not meet your objectives, your paycheck will be smaller.

Question 3

Which is better, a job that pays more or a job that you enjoy?

Solution
Although compensation is important, it is not the only measure of a good job. Choosing a job that you enjoy with

opportunities to achieve what you want and working in the environment that you like with people you like are important elements in evaluating a position.

Question 4

Are there selling opportunities in a nonprofit organization?

Solution
Yes, fund-raising and developing (as in creating and building endowments and growing membership) are some of the selling opportunities available in the nonprofit sector.

Question 5

Identify where each of the following is a B2B or B2c selling channel:

a. Selling a fence to a small business owner.
b. Selling business cards to a small business owner.
c. Selling food to a school for the cafeteria.
d. Selling energy drinks to spectators at a race.

Solution
a. B2B
b. B2B
c. B2B
d. B2C

1.12 EXERCISES

Exercises (1.5)

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 their background and then describe yours for five minutes each. Write a summary of their background based on what they 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 via Skype) to discuss his career in sales, what they think is most rewarding, and what they find most challenging.

Exercises (1.7)

- Think about your professor for this course. What social style would you use if you went to see them about your grade on the midterm exam? Discuss why you would choose this style.
- 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.
- 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.

Exercises (1.8)

1. Choose one of your classmates. Review their social networking pages and do a search on major search engines to see what their personal brand communicates online. Is it appropriate for a prospective employer? What changes would you recommend?
2. Create your networking list. Identify at least fifteen people that you can contact about your internship or job search. How can you expand your network to include twenty-five people?
3. Assume you were at a campus networking event and met someone who works at a company where you would like to work. What would you say to them to try to learn about potential opportunities with the company? If they said nothing was available, what would you say to be able to contact them at a later time?
4. Review your LinkedIn profile and identify ways that you can stand out. Ask a professor or other professional to give you some feedback on your profile and other professionals you can add to your network.

Exercises (1.9)

1. Write down your FAB using the chart below. What examples or stories can you tell about each one?

Brand Positioning Point	Feature	Advantage	Benefit

2. Identify at least four samples of your work that you can include in your portfolio. Discuss which FAB message each

sample demonstrates. Create a summary sheet for each sample.

3. Shop online or in a local art supply or office supply store and identify a professional binder or portfolio for your samples.
4. Review your portfolio with a professor, supervisor, or other professional. Ask for feedback on your portfolio and presentation.

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CHAPTER 2: WHY AND HOW PEOPLE AND ORGANIZATIONS BUY

Chapter Outline

2.0 LEARNING OUTCOMES

Learning Outcomes

- Describe the different types of customers and their needs.
- Discuss the implications of Maslow's hierarchy of needs for selling.
- Differentiate the types of buyers and buying situations in the business-to-business (B2B) environment.
- List the steps in the buying process.
- Identify how to use FAB for effective selling.

2.1 BUYING 101

Example: Shopping

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 model in the larger-than-life photo. Before you know it, one of the salespeople dressed in Abercrombie from head to toe approaches you with a smile. "These hoodies are awesome," they say as you pick up the pale blue one.

"Abercrombie & Fitch Dadeland Mall Miami" by Phillip Pessar, CC BY 2.0

Shopping. It's the national pastime for some but a detested necessity for others. Whether you love shopping or do everything to avoid it, it is a major source of spending in North America. In fact, the retail industry generated $14.795 trillion in sales in 2019 (yes, trillion) (Bureau of economic analysis, 2020). That's a lot of selling—and a lot of buying. But 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 (Consumers usually spend more than they planned) (Petro, 2019).

Inside Consumer Behaviour

The **science of consumer behaviour** 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 cannot exist without them. Now think about something you want: a new pair of jeans, an iPhone, and 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.

To avoid appearing forceful and thoughtless, which may not lead to a successful sale, it is crucial to comprehend your customers' wants and needs before promoting your product. Adopting a customer-focused approach can enhance your efficacy and help you secure more deals (Martinello, 2021).

Why This Matters

It will be more likely that your customer will end up purchasing your product if it meets a core need, but more importantly, satisfies their wants (Martinello, 2021). Remember the last purchase you made? Whatever it was, it had something you always "wanted". Be it shoes with a fabulous design or any body-wash with a specific fragrance, you consciously chose to reject similar products that didn't possess the specific qualities you most wanted. Having a thorough comprehension of your customers' wants not only simplifies the process of selling them what they require but also enhances your effectiveness in doing so.

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 (Biekkola, 2009). 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" by Freddy Vale, CC BY-NC-SA 4.0

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 et al., 2018). So, if those were your only needs, you might choose a Smart Fortwo, 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 et al., 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.

Additionally there also needs to be a proper alignment between needs and wants and this understanding needs to align with the customers' pain points and their business context (Martinello, 2021). This enables you to gauge their buying intent and assist them throughout their decision-making process (Martinello, 2021). As a result, you will be highly valued and wield greater influence in the buying process. Having a comprehensive understanding of your customers' wants and needs grants you a presence in the decision-making room, even when you're not physically present. This is where the purchasing decisions are made. By fulfilling both the wants and needs of your customers, you increase your chances of closing the sale and simultaneously initiate a positive relationship built on mutual understanding.

2.2 MASLOW'S HIERARCHY OF NEEDS

Example: Natural Disasters

When Hurricane Katrina hit the United States on August 28, 2005, the Gulf Coast was devastated; the 2011 tsunami affected the entire Pacific Rim, and the Gorkha earthquake that hit Nepal in April 25, 2015 left 3.5 million homeless. With natural disasters like the three examples above, people are stranded for days, some without food, water, or shelter due to overwhelming flooding and destruction. During the horrible days and in the aftermath, those who were affected by any of these catastrophes do 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.

"A weather satellite image of Hurricane Katrina " from Defense Visual Information Distribution Service, Public Domain

Tragedies like these are 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 behaviour in simple terms: a hierarchy of needs that begins with the most basic of physiological needs (e.g., food, water, warmth, rest) motivates people, and when the lowest-level needs are satisfied, they are no longer motivators (Mcleod, 2020). Maslow (1954) in his popular "Hierarchy of Needs" theory suggested that needs could be categorized into two sets. The first set comprising of the four levels can be called the deficiency needs and the top level can be referred to ask growth or being needs.

Deficiency Needs

Deficiency needs, as the name suggest generally come into force in case of some deficiency of any kind. The basic needs like food, sex, sleep, and also some needs for safety like security (of all kinds), freedom etc would be included here. When these needs are activated (generally due to the lack of something) they act like a means to an end. Deficiency arises when there is some need that is not fulfilled and that acts as a motivation for people to do something to fulfill that need. E.g. if a person who is hungry is does not get food, he/she will become hungrier. That will generally push him/her to do something to to be able to eat so that the hunger is satisfied.

Growth Needs

Growth needs are more concerned with the concepts of realization of one's potential and "self actualization." These needs are more intellectual in nature. These needs do not arise because of some deficiency or lack thereof, but because of the desire of a person to grow or improve. Once these needs are satisfied, one may be able to achieve satisfaction or contentment which can be called a state of "self actualization". Every person, in some way or other, has the capability and the desire to reach the level of self actualization. However for that, he/she has to overcome the lower-level needs first. Experiences of loss like the loss of a job, or a close friend or family member leads a person to fluctuate between the different levels of needs. This fluctuation between the levels of needs can lead to non-achievement of the actual self actualization level for any person unless he/she is highly focused.

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, 2005). 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.

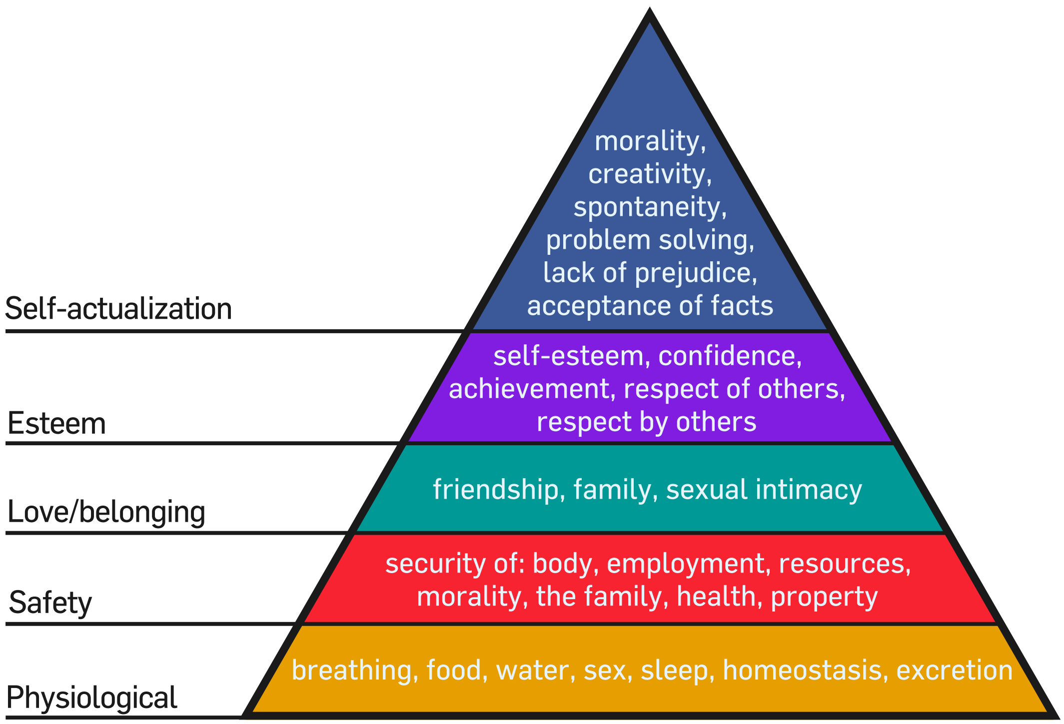

Figure 2.2.1: "Maslow's hierarchy of needs" by User:Factoryjoe CC BY-SA 3.0 demonstrates that humans fill higher needs only after lower needs are met.

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. At this point, people were motivated by social needs such as belongingness and love (Mcleod, 2020). 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 in New Orleans or the earthquake in Nepal or the Tsunami in Japan wanted to help. 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.

This all comes together at the point of sale, whether you are selling in business-to-consumer (B2C) or business-to-business (B2B) environments. When you understand the motivation of your customer, you can customize your solution and your message to meet their needs, emotions, and motivations. Consider the Hurricane Katrina example; would you attempt to sell fine jewellery, pitch the benefits of a landscaping service, or suggest a home theatre system to someone in New Orleans on August 29, 2005? Probably not. People were focused on their most basic needs at that time, and none of these products or services would have been appropriate to sell. Although this may seem like an extreme example, it is a good way to remember to look at the world through your customer's eyes, as you will see a completely different view.

Now that you can see what motivates people to buy, it is time to learn who is buying. Although the buying process is similar for B2C and B2B, there are some distinct differences that can make a difference in the way you sell.

2.3 BUSINESS-TO-BUSINESS (B2B) BUYING

Think back to your visit to the Abercrombie & Fitch store. It is pretty obvious that you are the customer and 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 Spotify, or a burger and fries at Burger King, you are buying in the B2C arena.

With B2B customers, sometimes referred to as organizational (or institutional) markets, there are several different types of situations that define needs and purchasing behaviour. Some companies buy products to sell directly to consumers, whereas others purchase products as ingredients or components to produce their product. Still other companies lease products or services, while others serve the public, such as government or nonprofit organizations. All of these businesses have unique needs and this will be important to a salesperson as it has impact on the buying process. Business buyers can be divided into Producers, Resellers, and Organizations and are laid out in Figure 2.3.1 which shows the types of buyers in a B2B environment.

Figure 2.3.1: Types of B2B Buyers

Producer	Reseller	Organization
A B2B company that purchases parts, products, or ingredients for the production of other goods or services to sell to other companies or consumers.	A B2B company that buys finished goods to sell, lease, or rent to other companies or consumers.	A government (federal, local, municipal) agency or nonprofit group that purchases products or services to serve or sell to its constituents.

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.

Table 2.3.2: Comparison of B2C and B2B Buying Decisions

B2C Buying Decision	B2B Buying Decision
Emotions and aspirations	Rational
Buy same day to weeks	Can take months or years
Simple	Complex - usually evaluating at least three different suppliers
May or may not be budgeted	Budgeted
Low risk	High risk
Individual decision	Purchasing manager or senior manager usually
May or may not include some research	Analytical including cost-benefit analysis
Source: Nussbaum, 2017; Scotter, 2020.	

However, in a B2B buying decision, the buying decision is complex, and there is significant risk because a single decision can affect the quality of a product or service offered by a company to its customers, safety of consumers, or even profitability of the company. Forming a relationship is especially important in a B2B environment (Nussbaum, 2017).

Size of Purchases

Because B2C buyers are purchasing only for their consumption or for the consumption of a limited number of people, the size of the purchases is relatively small. By contrast, B2B purchases are significant because the companies are purchasing to sell to other companies or to many consumers. Consider the concept that you may buy one phone every few years but Telus and Bell and the other mobile phone providers bought over 30 million phones to sell in 2015 (eMarketer, 2015). The size of B2B purchases is always significantly larger than B2C purchases simply because a company is buying for more than one consumer.

Multiple Buyers

If you think it's difficult to keep everyone in your apartment happy with the food purchases you make at the supermarket, that's easy compared to the number of people involved in a B2B purchasing decision. In most B2B transactions, there are multiple decision makers involved in each purchase. Think about your trip to the supermarket from the B2B buyer's perspective. The decision about which products to stock on the shelves was ultimately made by someone who holds the title of "buyer" in the company. However, they could not decide unilaterally what to carry in the bottled water section. They have to understand which bottled water their customers want, consult with the general merchandise manager, who is responsible for the shelf space, and the vice president of merchandising, who oversees all product choices. They may even need to make a presentation to a buying committee before they make the decision to carry another flavor of Vitaminwater. They will need to get approval for the money to invest in the inventory and shelf space. Depending on the organization and the size and impact of the decision, several people from several different departments may be involved in a B2B buying decision.

Number of Customers

There are over 37 million people who live in Canada and approximately 12 million households (Families, households and housing, 2018). However, there are less than two million employer businesses (Ward, 2019). Because B2B buyers are making decisions that may ultimately impact the sale of a product or service to millions of consumers, there are naturally fewer businesses.

Geographic Concentration

Since there are many fewer businesses and organizations compared to the number of ultimate consumers, it makes sense that there is a geographic concentration of B2B customers.

Example: Geographic Concentration

In the United States, the fashion industry is primarily located in New York, filmmaking in Los Angeles, and technology in Silicon Valley.

Figure 2.3.1 "Sax Fifth Avenue" by ajay_suresh, CC BY 2.0

Figure 2.3.2: "Hollywood Sign" by Gnaphron, CC BY-SA 2.0

Figure 2.3.3 "Apple Park in Silicon Valley" by Arne Müseler, CC BY-SA 3.0

Business-to-Business Means Person-to-Person

Although B2C buying behaviour is very complicated, B2B buying behaviour 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 behaviours 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 (B2B purchasing decisions, n.d.). When many people are involved in the decision making in the B2B environment, they usually form a buying centre—a bunch of people who have varying influences on the B2B decision (Understanding the buying centre can help B2B markets and supply chain innovation, 2020). For example, hospitals use buying centres to make decisions on new equipment or a retail company might use a buying centre to determine which point-of-sale register system to purchase. The buying centre 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 centre:

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 the people who initiate the need (Understanding the buying centre can help B2B markets and supply chain innovation, 2020). 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 or a machine operator may initiate the process for a specific tool. However, they 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.

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 their decision-making process to make the best choice. 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 do not 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 is important to build a relationship with them. Having a relationship with the director of training is critical, but a successful salesperson would not stop there; they would work to secure a relationship at the power level, which is the vice president.

Types of B2B Buying Situations

There is 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. When a company purchases a good or service for the first time, this could be considered as a **new-task buy** (Clow & Baack, 2005). 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 them make the best possible decision.

Straight Rebuy

What if your customer is already purchasing the product or service regularly? Although they may currently be purchasing the product from you, they already know about the product or service, how to use it, and how much they are currently paying for it. This is called a **straight rebuy** (Clow & Baack, 2005)—when the buyer routinely repurchases 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 does not 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 them 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 terms, prices, suppliers, or product specifications — this is called a **modified rebuy** (Spacey, 2017). For example, let's say a manager reviews their budge and finds that their costs on printer supplies is too high. They request that the purchasing team cut cost. The team reviews the cost of printer cartridges and find their supplier is charging a premium over other stores so they push the supplier for a lower price. 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 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**. For instance, Starbucks teamed up with Spotify where the stores received a premium membership from Spotify so they could create playlists customized for each store (and employee). This gave Starbucks access to Spotify's music. Starbucks customers could access the playlist through the Starbucks's app allowing Spotify to reach new audiences. The strategic alliance represents a way for both companies to prosper without sacrificing their brand.

2.4 HOW THE BUYING PROCESS WORKS

For years, the buying process was considered to be linear; scholars and researchers who closely monitored buying behaviour identified several steps that the B2B customer goes through before they make a purchase. It is helpful to understand these steps to appreciate the changes that are taking place.

The Traditional View of the Seven Steps of the B2B Buying Process

You are probably familiar with buying as a consumer. But did you ever think about how a clothing store decides what products will be in their stores for the spring season, how a restaurant determines which beverages it will offer? The buying process outlines the steps that the B2B customer goes through when they are making a purchasing decision on behalf of the company. This process applies whether the buying decision is being made by an individual or by a buying centre.

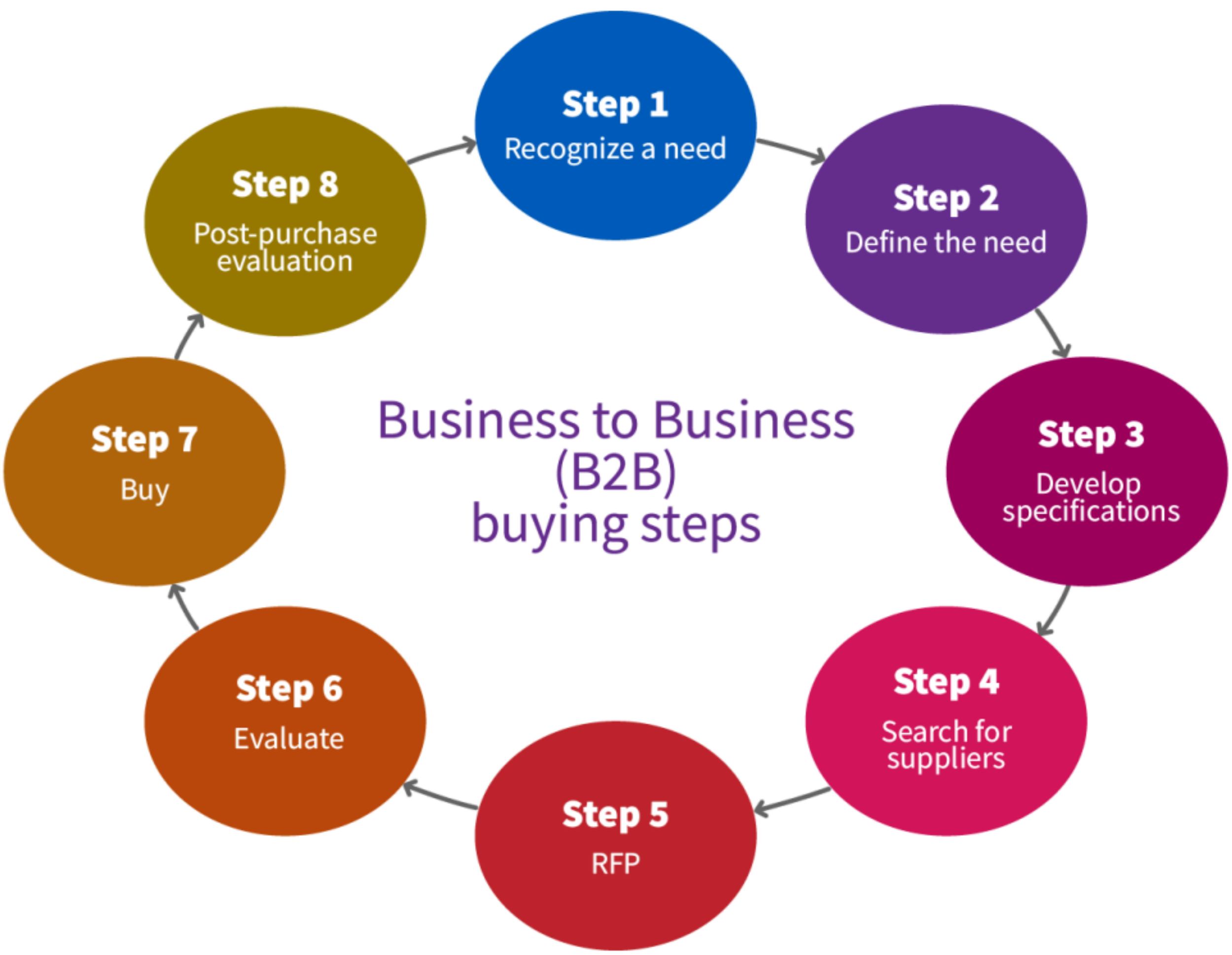

Figure 2.4.1 "B2B Buying Steps" by Freddy Vale CC BY-NC-SA 4.0

1. *Recognizing the need.* The buyer realizes there is a need for the product or service (Eisenberg, 2001). In the B2B environment, this might occur because of an internal need (e.g., the company needs more office space) or because of a customer need (e.g., green tea is becoming more popular, and so we want to offer it on our menu). This is the ideal opportunity for you to learn about your customers' needs, although it may be difficult to know exactly when a customer or prospective customer is beginning this step. That is why it is important to engage your customer in dialogue to understand their current and future needs. Sometimes, you can help your customer see an opportunity that they did not realize.
2. *Defining the need.* This step usually involves users as well as initiators to put more definition around the type of product or service that will help meet the need (Eisenberg, 2001). For example, in the case of office space, the head of facilities would ask the head of human resources about the types of new positions that will be needed and the type of workspace each requires. They might also ask for insight from each hiring manager or department head in the company, such as the head of operations, marketing, finance, and other areas. Salespeople can play a role in this step of the buying process by sharing information and insights from other customers, without divulging any confidential information.
3. *Developing the specifications.* This is the step at which the exact needs are outlined (Eisenberg, 2001). For example, if Walmart identified the need to create its own brand of DVD player, the appropriate people in the company would determine the exact specifications of the product: what functions it will have, how large it will be, what materials it will be made of, how many colours will be offered, and all other attributes of the product. When a salesperson has a good relationship with a customer, the buyer might ask the salesperson for insights and advice on different features, functionality, and production costs to finalize the product or service specifications.
4. *Searching for appropriate suppliers.* This step is focused on researching potential suppliers. This research can be conducted online by doing a Google search for suppliers or looking through the Yellow pages or checking out Trade associations. Industry trade shows can be an excellent source of information about prospective suppliers. One of the best ways to identify suppliers is by referrals; use your business network, including LinkedIn, to get feedback about reliable suppliers that might be able to meet your needs.
5. *Requesting proposals.* This is when the buyer or buying centre develops a formal request for proposal, often called an RFP, and they identify several potential vendors that could produce the product or service (Eisenberg, 2001). For example, if Home Depot decided that it wanted to upgrade its bags, the buyer would have determined the specification, quantity, shipping points, usage, and other requirements (e.g., being environmentally friendly), and put the information into a formal document that is sent to several bag manufacturers along with questions about the history of the company, key customers, locations, manufacturing capacity, turnaround time, and other relevant information. Each manufacturer would have the opportunity to respond to the RFP with a formal proposal, which means that each company would provide information about their company, capabilities, delivery, and pricing to manufacture the bags. This is an opportunity for a salesperson to respond with a complete proposal that addresses the customer's needs and concerns.
6. *Evaluating proposals.* After the proposals are submitted, the buyer or buying centre reviews each one and determines whether the company would be a good fit for the project. At this point, the number of potential vendor choices is narrowed to a select few. Usually, salespeople from each of the chosen companies are invited to meet with the buyer or buying centre to discuss the proposal, capabilities, and pricing. This is the step where a salesperson may need to overcome objections, or the reasons why the customer may not want to choose

them as the company of choice (Eisenberg, 2005).

7. *Making the buying decision*. The buyer or buying centre chooses one (or the necessary number) of companies to execute the project, finalizes details, negotiates all aspects of the arrangement, and signs a contract. This step requires perseverance and attention to detail on the part of the salesperson. Once the decision is made, the real business of selling begins: delivering the product or service as agreed upon and building the relationship.
8. *Post-purchase evaluation*. Throughout the buying process, the buyer is provided all the good news: how the new product or service will solve their company's problems, increase demand, reduce costs, or improve profitability. It is the post-purchase evaluation that tells the tale. Did the product or service perform as promised? Was the delivery and installation done correctly and on time? Are the business results in line with expectations? Is the relationship growing? Do the salesperson and their company really care about the performance of the buyer's company? Does the salesperson add value to the buyer's company? The process makes sense and is a flow of systematic steps that leads a B2B buyer through a logical buying process. There are two factors that can impact this traditional model though: the Internet and the impact of emotions.

Emotions Dominate B2B Buying

Whether you look at the traditional buying process or the role the Internet plays in providing information, it appears that the B2B buying process is logical and rational, but appearances can be deceiving. Despite the implication and belief that companies make purchasing decisions based on facts, it's a good idea to remember one of the key tenets of B2B buying mentioned earlier: business-to-business means person-to- person. That means that although a B2B buyer is making a decision on behalf of their company, they still behaves like a consumer and is subject to emotions and feelings.

Fear and Trust

You learned earlier how important trust is in a relationship. People will not buy from someone they don't trust, which is why some salespeople are more successful than others; they work to establish and develop trust with the customer. People buy when they feel comfortable with the product and the salesperson and when they believe it is the best decision they can make. Moreover, because the B2B purchasing process usually includes multiple people, it means that the salesperson needs to develop a relationship and establish trust with as many people involved in the purchasing process as possible. Although trust is a positive emotion that can influence a sale, an even stronger emotion in B2B buying is fear. Fear is prevalent in almost 90% of B2B (Cash, 2017). The best way to overcome this fear is to demonstrate that you are trustworthy. That means something as simple as returning a phone call when you say you will, or following up with information as promised. Fear is a strong motivator in a B2B buying decision, and it can't simply be addressed in one meeting or conversation.

2.5 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 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; or maybe a company puts in a gym so that they are perceived as a healthy place to work. The same types of motivations apply to B2C purchases: a person purchases makeup in the hopes of looking as beautiful as the model in the ads, someone else buys a sports car in the hopes of turning heads, or a student buys a microwave for the convenience of having food when they want it.F

Features, Advantages, and Benefits (FAB)

Emotions are the driving force in so many B2C and B2B purchases that you might not even realize it. So how do you create the same type of emotional appeal with your customers? The answer is simple: FAB-**F**eatures, **A**dvantages, & **B**enefits. Consider this information that was on the home page of Amazon recently:

> *Meet the all-new Kindle, now with a built-in adjustable front light so you can read indoors and outdoors and at more times of day. Purpose-built for reading, Kindle features a glare-free touchscreen display that reads like real paper, even in direct sunlight* (Amazon, 2020).

Amazon truly understands how to use FAB, a selling technique that focuses on **F**eatures, **A**dvantages, and **B**enefits, to sell its Kindle electronic reader. FAB is more than a way of selling; it's a way of thinking like your customers. Using the Kindle as an example, here are the details about how to use the FAB approach for effective selling.

Features

- A *feature* is a "physical characteristic" of the product (Vechten, 2020).
- The inclusion of product features plays a vital role in influencing customer purchasing decisions (Ghenaiet, 2023). These features are easily noticeable and represent the physical attributes that become evident upon observing the product, such as its size and appearance.
- Features hold significant importance in the overall effectiveness and impact of a product as they differentiate it from competing offerings in the market (Ghenaiet, 2023). They help customers comprehend the advantages and benefits of the product. Since features are easily recognizable, there is no extensive need to create a mental picture or impression of the product.
- In the Kindle example above, the *feature* is the adjustable light or glare free screen.

Advantages

- A product *advantage* is the "performance characteristic" of the product, or what the feature does (Vechten, 2020).
- An advantage is the factor that elevates a product above its competitors, highlighting its positive features and attributes (Ghenaiet, 2023). It represents a factual and descriptive portrayal of the product's strengths, without necessarily indicating how it will impact the user's life. For example, a large-sized product may be advantageous for a customer seeking an item that can fit a spacious area, but may not be ideal for those looking for a smaller product.
- The advantage of a product is a comprehensive account of its features, providing potential customers with a deeper understanding of what the product has to offer (Ghenaiet, 2023). Advantages highlight the circumstances and conditions that render a product superior or more favourable than its competitors, and serve as the starting point for the sales process – guiding prospects through their decision-making journey.
- For the Kindle, the *advantages* of the adjustable light is that you can read in different settings –night or day; inside or outside—with or without your sunglasses.

Benefits

- The *benefit* is what the features and advantages will bring to the buyer. Benefits connect the facts of product with a solution to the buyer (Clark, 2012).
- The benefit of a product refers to the value it provides to customers, representing the primary reason why they would choose it over other alternatives (Ghenaiet, 2023). As your business progresses, it becomes essential to monitor customers and gain an understanding of their motivations for purchasing your product.
- While prospects may initially be attracted to a product based on its features and advantages, the benefits they derive from it become an additional incentive for them to continue using and repurchasing it (Ghenaiet, 2023). When crafting your FAB (Features, Advantages, Benefits) statement, the benefit should be the most appealing aspect to potential customers. It should be so compelling that it entices the potential customer to be willing to pay for the product.
- The *benefit* of the Kindle is the fact that you can read it anywhere and anytime

Amazon skillfully reinforces the benefit of portability by showing someone reading on a beach or a bus. 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 behaviour 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 probably use FAB sometimes without even realizing it. "My new Lucky Brand jeans have a dirty wash, fit great, and make me look taller. 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 tall 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."

If you want to be able to use FAB in conversation, simply think in terms of the following *(Vechten, 2010):*

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

Table 2.5.1: 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 favourite music and still have space for your homework projects.
Caribbean Vacation	4 all-inclusive nights with airfare for only $599 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.
2010 Honda Insight	40 mpg highway/43 mpg city	Lower your gas prices with a fuel-efficient Insight.	Be kind to the environment and travel in comfort for less with an Insight.

Selling features can work for a few businesses and product lines but identifying and highlighting how a product or service can improve the life of a customer is often a much more powerful strategy.

2.6 KEY TAKEAWAYS & TERMS

Key Takeaways

- 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 centre, a cross-functional team that makes buying decisions on behalf of the company.
- 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 post purchase evaluation.
- Emotions such as comfort, security, convenience, pleasure, and vanity are major motivations for buying decisions. Trust and fear are especially important in B2B buying.

Key Terms

Advantage is what the feature *does*.

B2B purchaser, also called an organizational or institutional purchaser, buys a product or service to sell to another company or to the ultimate consumer.

Benefit is what the features *mean* to the customer.

Buying centre is a cross-functional team that makes buying decisions on behalf of the company

Consumer: someone who purchases in a B2C environment is the end user of the product or service.

Deficiency needs, as the name suggests, generally come into force in case of some deficiency of any kind. The basic needs like food, sex, sleep and also some needs for safety like security (of all kinds), freedom etc., would be included here.

Decision makers could be anyone who holds the responsibility or accountability for making buying decisions for the company.

FAB (a.k.a. *f*eatures, *a*dvantages, *b*enefits) is the way to appeal to your customer's emotions with factual and emotional appeals.

Feature is what a product *has*.

Growth needs are more concerned with the concepts of realization of one's potential and "self actualization."

Initiators are the people who initiate the need.

Modified rebuy: when your customer is already purchasing the product but wants to change the terms, prices, suppliers, or product specifications.

Needs are essentials, those products and services you literally cannot live without. Food, shelter, clothing, transportation, and health care are all examples of needs.

New-task buy: when a company purchases a good or service for the first time.

Organization: A government (federal, local, municipal) agency or nonprofit group that purchases products or services to serve or sell to its constituents.

Power Level: the level in the organization that is making the buying decision.

Producer: A B2B company that purchases parts, products, or ingredients for the production of other goods or services to sell to other companies or consumers.

Reseller: A B2B company that buys finished goods to sell, lease, or rent to other companies or consumers.

Science of consumer behaviour describes and even defines how you shop and, more importantly, why you buy.

Straight rebuy: when the buyer routinely repurchases a product or service.

Strategic alliance: relationships that go to the next level and actually create a partnership that puts both parties at risk and provides opportunities for all parties to gain

Users are the people who are actually using the product or service.

Wants 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.

2.7 TEST YOUR KNOWLEDGE

Question 1

Describe the three types of B2B customers and what makes them different.

Solution

Producers are companies or organizations that buy parts or ingredients to make a product or service.

Resellers are companies or organizations that buy finished products or services to sell them to other companies or consumers.

Organizations are government or nonprofit groups that buy products or services for consumption or to be sold to companies or consumers.

Question 2

Name at least three differences between a B2C and a B2B purchase.

Solution

Size of purchases, multiple buyers, number of customers, and geographic concentration.

Question 3

Describe two products or services a B2B purchaser would buy to meet esteem needs.

Solution

A building that bears the company name; doing business with only those companies that have the best reputations, such as McKinsey & Company; hiring only people who have an Ivy League education.

Question 4

True or false: B2B buying decisions are rational.
Solution
False. B2B decisions are dominated by emotions, especially trust and fear.

Question 5

True or false: The initiator in a B2B buying situation is also the decision maker.
Solution
False. Although the initiator may be the decision maker, that is not always the case, especially in complex B2B buying decisions.

Question 6

Describe the first step in the buying process.
Solution
Need recognition includes the realization that there is a need for the product or service. The need might be identified by a user or anyone else inside the organization or by a customer.

Question 7

What is an RFP, and at which stage in the buying process is it used?
Solution
The request for proposal is part of step four: searching for appropriate suppliers.

Question 8

Describe FAB and how it is used in the selling process.

Solution

Feature, advantage, benefit is used in B2B and B2C selling and is used to appeal to a customer's emotions as in "what will this product or service do for me."

2.8 CHAPTER REFERENCES

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CHAPTER 3: INTRODUCTION TO THE SELLING PROCESS: PROSPECTING AND QUALIFYING

Chapter Outline

3.0 LEARNING OUTCOMES

Learning Outcomes

- Explain the role of the seven steps of the selling process.
- Identify needs and opportunities.
- Discuss the role prospecting plays in the selling process.
- Identify resources to use when prospecting.
- Explain how to research a qualified prospect and list resources to conduct prospect research.
- List the questions to ask to meet qualifying objectives.

3.1 IT'S A PROCESS: SEVEN STEPS TO SUCCESSFUL SELLING

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 (King, 2001). 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 (Montcreif & Marshall, 2005). 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: 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.


Seven-Step
Selling Process
Prospect and Quality
Preapproach
Approach
Presentation
Overcome Objections
Close the sale
Follow-up

"Selling Steps" by Freddy Vale, CC BY-NC-SA 4.0

Seven-Step Selling Process (Solomon et al., 2008)

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

When the Seven-Step Selling Process Is Used

Up to this point, you have learned that 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 but in order for a salesperson to use adaptive selling, they must thoroughly understand the steps in the selling process.

Example: The Seven-Step Selling Process in the B2C Market

Figure 3.1.1 "Hibiscus Sports Complex gym" by Brisbane City Council, CC BY 2.0

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, they tell you about the gym's amenities and give 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 they 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 they will say that while they don't have kickboxing classes, they offer Zumba, which is a fun aerobic alternative. If you're satisfied with their 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 in the selling process will follow the same pattern.

The process isn't only limited to business-to-consumer sales; it works in the B2B world. It is 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.

Example: The Seven-Step Selling Process in the B2B Market

Imagine you manage a new restaurant. You get a call from a salesperson who compliments you on the roasted chicken they had at your restaurant last weekend. After some conversation, they ask 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 their company is rated as one of the best oven manufacturers, so you tell them: 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," they say. "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 the they arrive, you are impressed that they know so much about your business. They visited your restaurant, reviewed your menu, spoke with some of the wait staff, read reviews on the city magazine web site, and even had some conversations with some of your patrons on Chef's Blog. They explain that the ovens they sell heat up quickly and use energy more efficiently. They give you an estimate of your annual savings on energy costs if you switched over to their product line.

Figure 3.1.2 "Industrial hearth deck oven and rotary rack oven" by Turaids, CC BY-SA 4.0

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 they show you reviews from other customers on their 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 they offer 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.

3.2 SOLVING, NOT SELLING

Imagine yourself lying on the couch, you just had a full 5 course meal and you are watching your favourite TV series with nothing to bother you and no work left to do. It's relaxation time and you are absolutely satisfied and content with everything at the moment. Will you get up and walk to the refrigerator to get something more to eat or drink (even if you do not need it)? It's a no, because there is absolutely no need. Why bother?

But maybe, after a couple of hours you feel thirsty so you have to get up and get a drink from the refrigerator. You did that because you encountered a problem because of your physiological needs (thirst) and hence you had to get up from the comforts of your couch and find a solution to the problem (of thirst). The solution was maybe water or some drink in the refrigerator for which you took some corrective action. Apply this same concept to selling. Imagine if you can offer a solution to your customers, they would most readily buy it. What you must do is to understand the problem of your customers. This is the tricky part because the problems will vary from person to person. You must identify the cause of problems. The major reasons for dissatisfaction are:

1. Needs, wants, and requirements.
2. Peer pressure, jealousy, and need to be socially recognized and accepted.
3. Whims and fantasies.

All the above have the potential to create a problem (feeling that something is missing in our life and we need/want it). The more ability your product has to solve the problem, the more probable it is to be sold. You just need to identify the exact cause of the problem and explain to the customers how your product has the potential to solve their problems.

Now, 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 colours." 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 preapproach. 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, which is one of the traits of a successful salesperson. 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 their problems are (Cherry, 2018).

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 (James, 2007)? 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.

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. When Joel Ronning, CEO of e-commerce company Digital River, wants to solve customer problems and generate ideas, he sits down with the senior employees of his company for a brainstorming session. The technique has boosted sales, earned the company hundreds of thousands of dollars, and led to a small business award for "best idea" (Wellner, 2003). 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?" (Stein Wellner, 2003)
- *Generate; don't evaluate.* Brainstorming isn't about coming up with the best, most carefully polished solutions. As Gary Kopervas, chief creative strategist at Backe Digital Brand Marketing, says, "When you're brainstorming, don't be perfect; be prolific." 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. In fact, Kopervas has devised the Five Fs of Brainstorming to guide a more effective process (2008). They are outlined in Table 3.2.1 "Five Fs of Brainstorming."

Table 3.2.1: Five F's of Brainstorming

Element	Description
Focus	Start with an objective; identify the problem you want to solve.
Flow	Invite a diverse group of people to participate to get a mix of ideas.
Freshness	Use critical customer insights to ignite idea generation.
Follow-through	Appoint a scribe for each brainstorming session to take notes, then prioritize and digitize.
Frequency	Incorporate brainstorming into as many activities as frequently as possible; the more often you brainstorm, the better you will get at it.

- *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 (Stein Wellner, 2003).
- *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—moulding clay, for instance—can often be a surprising way to unlock ideas in your subconscious that your rational mind might otherwise block off.

Example: How To Spot a Great Idea

"Mikes Famous" by Ehud Kenan, CC BY-NC 2.0

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 (Fenn, 2006).

Power Selling: Lessons in Selling from Successful Brands

They Practice What They Preach

Ideo, a premier product development company, believes that innovation is the only path to success. Collaboration and idea generation are a way of life at the company that invented the Apple mouse, Polaroid I-Zone pocket camera, and Palm V.

Read the article Seven Secrets to Good Brainstorming by Linda Tischler, in *Fast Company*, published in December 19, 2007,

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 your professional social network by using the discussion feature on LinkedIn, getting ideas from your followers on Twitter, or creating a wiki, a collaborative web site that allows multiple people to share information, documents, videos, and pictures. 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 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 preapproach, 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.

Example: Using a General Benefit Statement

Photo by jeffreyw, CC BY 2.0

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 (Natenberg, n.d.). Begin by drafting a general benefit statement. An opening statement for a sales call that gives the big picture of how your solution meets your prospect's need., 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** identifies the way a solution addresses a prospect's particular situation and needs, 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 $2.99. Would that be something you would be interested in?" If you've done your research and brainstormed an effective solution, your benefits statements are the tools that will give you the power to convey that information clearly and effectively.

Table 3.2.2: Benefit Statement Examples

General Benefit Statement	Specific Benefit Statement
I have an idea that can help you lower your labour costs. Is that something you might be interested in?	If I can prove that I can help you reduce your labour 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?

3.3 THE SEVEN STEPS OF SELLING

Let's do a quick review of the 7 steps in the selling process (but each step will be covered in detail in the next chapters).


Seven-Step
Selling Process
Prospect and Quality
Preapproach
Approach
Presentation
Overcome Objections

Step 1: Prospecting and Qualifying

Before planning a sale, a salesperson conducts research to identify the people or companies that might be interested in their product. In the B2B example, before the salesperson called the company, they 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* and is described later in this chapter. 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 their ovens, they asked some questions to qualify the prospect. **Qualifying** is the other component to step one. What happens if the customer is not interested in the salesperson's product, or they are interested but their business is struggling financially and doesn't have the resources for a big purchase? Perhaps they are only an employee, not the manager, and they do not have the authority to make the purchasing decision. In this case, they are 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 – Chapter 5

The **pre-approach** is the "doing your homework" part of the process and is outlined in Chapter 5. A good salesperson researches their prospect, the market, familiarizing themselves with the customer's needs, and learning all the relevant information regarding the product and service (Lucidchart, 2020). Remember that in the B2B example, the salesperson knew important information about the restaurant beforehand. They came prepared with a specific idea as to how their service could help the prospect and gave a tailored presentation.

Step 3: Approach – Chapter 5

First impressions (e.g., the first few minutes of a sales call) are crucial to building the client's trust (Brudner, 2017). If you've ever asked someone out on a first date (yes, this is a selling situation), chances are you didn't first meet 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. Similarly, as a professional salesperson, you would almost never make a pitch right away; instead, you would 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 (Cherry, 2006; Rackham, 1996). This is called the **approach**.

Step 4: Presentation – Chapter 6

There's a good deal of preparation involved before a salesperson ever makes their pitch or presentation, but the presentation is where the research pays off and their idea for the prospect comes alive. By the time they present their product, a salesperson will understand their customer's needs well enough to be sure they are 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. Presentation specifics are covered in Chapter 6.

Step 5: Handling Objections – Chapter 6

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 or as a good thing to* further understand and respond to customers' needs (Boyette, 2015). 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?" The objection was not a roadblock to camping but an opportunity to create a solution which is covered in Chapter 6.

Step 6: Closing the Sale – Chapter 7

Eventually, if your customer is convinced your product will meet their needs, you close by agreeing on the terms of the sale and finishing up the transaction (Freese, 2003). This is the point where the potential gym member signs their membership agreement, the restaurant owner decides to purchase the ovens, or your friend says, "Sure, let's go camping next weekend!" Sometimes a salesperson may have to try several trial closes before the prospect is ready to close (Cardone, 2017). Different closing techniques are covered in Chapter 7.

Step 7: Following Up – Chapter 7

OK, so you've completed a landscaping job for your customer or sold them a car or installed the software that meets their needs. While it might seem like you have 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. 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, follow-up is the implementation step in the buying process. Good follow-up helps build trust and more sales, customer referrals, positive word of mouth 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 (close and follow-up, 2009).

3.4 PROSPECTING: A VITAL ROLE 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 (Futrell, 2008). 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.

Figure 3.4.1 Prospecting and qualifying are the foundation for a solid selling process. Photo via Wikimedia Commons, CC0

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 over two-thirds of shoppers who give the "just looking" response end up purchasing the product shortly afterwards. 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 (Coe, 2004). 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 counsellor 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**. An illustration of the way the sales process begins with a large pool of prospects and ends with a more focused number of buyers. It 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 3.4.2 "Traditional Sales Funnel" by Freddy Vale CC BY-NC-SA 4.0

You might think that it is 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.

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.

Prioritizing Leads

Understand how to use the sales funnel to maximize leads.

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=253#oembed-1

Video: "[The Sales Funnel](#)" By Selling Power [4:21] *Transcript Available*

Now that you understand the concept of prospecting and why it's important, you'll find the next sections helpful as they will provide you with tools to help you find prospects and qualify prospects.

3.5 GO FISH: RESOURCES TO HELP YOU FIND YOUR PROSPECTS

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.

Tips for Identifying New Customers

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=257#oembed-1

Video: "Lisa Peskin – Prospecting" By thepowerofselling [5:42] *transcript available*

Where to Find Prospects

Knowing your ideal customer 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 account so you can let students in local schools know about your services. (Stone, 2009). 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 Ten Power Prospecting List

1. Existing customers
2. Referrals
3. Networking and social networking
4. Business directories in print

5. Online databases and directories
6. Newspapers, trade publications, and business journals
7. Trade shows and events
8. Advertising and direct mail
9. Cold calling
10. Being a subject matter expert

Power Prospecting Source #1: Existing Customers

It costs anywhere from five to 25 times more to attract a new customer than to keep an existing customer (Gallo, 2014). 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.

Example: Turning an Existing Customer Into a New Customer

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 Twitter (in 140 characters or less). 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 web site. 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 online, the power of your message gets even stronger, and new referrals find you.

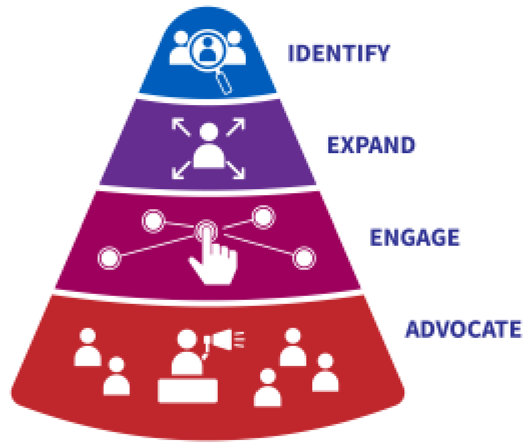


Figure 3.5.1 " Flipped Funnel" by Freddy Vale CC BY-NC-SA 4.0

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=257#oembed-2

Video: "How to Flip the Sales Funnel" By Selling Power [3:42] *Transcript Available*

Example: Flipping the Funnel

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" (Leach, 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!

Whether you sell pizza or insurance, if your existing customers are happy, they're usually happy to refer you to their friends, online or offline. Consider Flycaster & Company, a Florida-based branding and advertising agency for businesses. For a number of years now, almost 100 percent of the firm's new customers have been referred to them by friends and colleagues. According to John Spence, one of the company's managers, referrals are the best possible source of prospects for any B2B business (Spence, 2022).

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

You probably use social media frequently to keep in touch with your friends. Whether you realize it or not, you are networking.

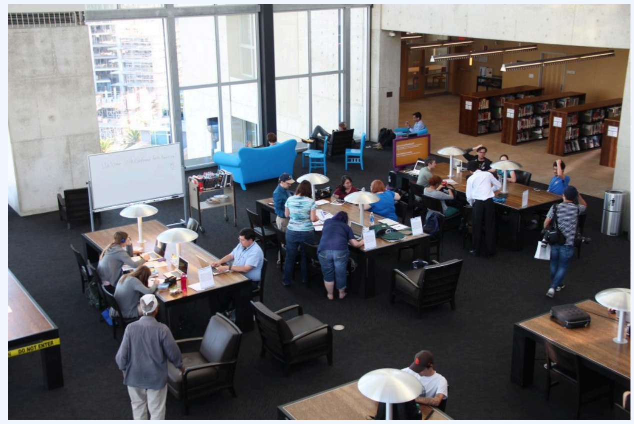
Networking is the art of building alliances or mutually beneficial relationships. In fact, networking is all about relationships and exchange. In the example above, while you are looking for feedback on a class from someone you know, someone else may be considering seeing a movie and wants to know if you've seen it and if you thought it was good. This is a value exchange. Although networking isn't exactly quid pro quo (something for something), it does include the element of exchange: if someone is looking for something, someone else can provide the information. What makes the network function is the fact that people in the network at some point have a need and at some point may be able to help someone else with his need. Said another way, networking is based on mutual generosity.

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.

Networking is an important part of the business world and an even more vital part of sales. It's no longer a question of "if" you should network; it's a requirement to stay competitive because it's virtually impossible to do your job alone. Just as in social networking, professional networking allows you to leverage the people you know to expand your relationship to people you don't know. Building strong relationships with customers is an excellent way to build your network. Satisfied customers will refer you to other people who might become potential customers.

Example: Finding Prospects in Your Network

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.



"American Chemical Society" by Avery Jensen, CC BY-SA 4.0

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.

Networking Tips of the Trade

Today, networking can be done in person as well as online. Don't limit yourself to just one method. Networking is best done both in person and online to be truly effective. Here are a few tips for networking *in person*.

Start with People You Know

Make a list of all the people you know, starting with your current customers, family, friends, friends' family, and others. Include people such as your hair stylist, car mechanic, and others. Get to know everyone in your extended network as each can be a lead for a potential sale or even a job.

Join and Get Involved in Professional Organizations

If you want to meet people who are in the same business or profession as you, professional organizations such as Sales & Marketing Executives International, Advertising Club of New York, Home Builder's Association, and so on are the best places to be. Joining is good, but getting involved in one of the committees is even better. It helps demonstrate your skills and knowledge to the other people in the organization. Since most professional organizations are made up of volunteers, it's usually easy to be invited to participate on a committee.

Attend Industry Events

Make an effort to attend industry or other professional events. Arrive early and work the room. If you come with someone, be sure to branch out to meet and mingle with other people. Set a time and a place to meet the person with whom you came so you can both maximize your networking. According to Peter Handel, the chairman and CEO of Dale Carnegie & Associates, a smile can be your greatest asset when networking in person. He suggests always asking questions of the people you meet; it helps keep conversation going and gives you more insight into their background and how you might work together in the future. But the other side of asking questions is listening; that's how you will learn. And always have your business cards handy. Give out your business card to those you talk to, and don't forget to get their business cards, too.

Keep in Touch

Many people think that networking is just about collecting business cards. Networking is so much more than that. Networking is about creating mutually beneficial relationships. It's best to use one of the basic practices for building relationships when networking: keeping in touch. That means dropping an e-mail to someone with whom you have networked just to find out how their big project is going, how their twins' birthday celebration went, or even just to say hi. Go beyond the e-mail by inviting someone to lunch. It's the perfect way to build a relationship, share common ground, and learn more about the person. Many people are gung ho about networking and meeting people, but rarely keep in touch. It almost defeats the purpose of networking if you don't keep in touch.

Online Professional Social Networking

Online professional social networking can be an equally powerful tool to build your contacts. But just like networking in person, you can't be passive and expect to expand your network. Consider a situation that Austin Hill, Internet entrepreneur and founder of the angel investment firm Brudder Ventures, encountered when his firm was trying to get access to someone in a specific department at a vendor. It was a large company, and he kept getting the runaround. But after going onto LinkedIn and getting introductions to the right people, within two days they were able to start doing business with the company.

Create a Profile on the Major Professional Social Networks

Professional networking sites like LinkedIn are increasingly important as well. And there are many industry-specific networking sites you can join, like Sermo for doctors or INmobile.org for people in the wireless industry (Vascellaro, 2007). 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 (Shih, 2011).

What about social networking? You're probably well acquainted with online social networking sites 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 that even though it's called business-to-business, buying decisions are made person-to-person, so relationships matter). (Shih, 2011) 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.

Power Prospecting Source #4: Business Directories in Print

American City Business Journals publish the *Book of Lists* in cities across the country. The book includes lists of local companies by category including fastest-growing privately held companies, women-owned companies, nonprofit organizations, and more. The book is also available online from the Business Journal website.

Forget Google for a minute. It might surprise you to know that your local library can actually be a potential goldmine for finding prospects in B2B sales. If you spend even twenty minutes with a knowledgeable librarian, they can point you to business lists, journals, and business directories that will help you generate a pool of leads to contact. Your ideal customer profile is an important guiding tool here.

If you want customer information that's location specific, check out your local chamber of commerce listing. It's one of the best sources for finding local businesses. If the listing is not at the local library, chances are the librarian will have the contact information for the chamber office.

You can also review business lists and directories published by local newspapers and regional business journals. Local newspapers and their web sites often provide listings of local businesses along with key information about the company. Also, the *Book of Lists* is published locally by the American City Business Journals in several cities—for example, the *Philadelphia Business Journal* publishes the *Book of Lists* for the Philadelphia, South Jersey, and Delaware area. It is a book that includes lists of companies organized by groupings. For instance, the fastest-growing companies, minority-owned businesses, and lists of companies by industry such as video production companies, health care companies, public relations agencies, law firms, and more are included with the contact information, profiles, and key facts for specific businesses in your state or city. You can generally find these books at your local library, and they're an excellent source for digging up prospects that most closely match your ideal profile. Business lists are also published by other business journals such as *Crain's* in some key cities or are available online (also see Power Prospecting Source #6: Trade Journals and Business Journals below).

If you want to search businesses by industry, ask a reference librarian to help you look up the North American Industry Classification System (NAICS) System that classifies businesses by sector and industry. NAICS and SIC codes are helpful ways to search directories for businesses that fit your ideal prospect profile. code and the Standard Industrial Classification (SIC) System that classifies businesses by sector and industry. NAICS and SIC codes are helpful ways to search directories for businesses that fit your ideal prospect profile code that most closely matches your ideal prospect's business—or access the indexes online, and bring the codes with you to the library. NAICS and SIC codes are numbering systems that classify businesses by their particular industry, so they can be valuable search criteria to mine general business directories (e.g., *Ward's Business Directory of U.S. Private and Public Companies*) for specific kinds of companies. For example, you could use the SIC code 6371 to find all businesses that deal with pension, health, and welfare funds (Occupational Health and Safety Administration, n.d.). You can also search through *industry-specific* directories like the *Standard Directory of Advertisers*, and you can check out professional trade associations – an organization whose members are individuals or businesses that operate in a specific industry related to your prospect profile. These organizations, whose members all operate in a particular industry, are especially good places to look if your ideal prospect is a smaller business because smaller businesses and individuals are the most likely to join. Ask your librarian if she can access a copy of *Gale's Encyclopedia of Associations*, which lists more than 160,000 trade organizations. Finding a relevant association should be no problem, as you can find a professional organization for virtually any industry you can think of. Even the pecan shellers of America have a professional association! (Whitford, 1994).

Power Prospecting Source #5: 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 (Boston Public Library, 2023). 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. 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.

Table 3.5.1 Online Databases and Directories for Prospecting

Database or Directory	Description
Data Axle	• **For B2B prospecting**: Allows you to search for businesses by criteria such as industry, SIC, sales volume, and number of employees. Particularly useful for finding smaller companies. • **For B2C**: Provides phone and e-mail contact lists for consumers by criteria like income, geography, and/or interest.
Dialog	• Allows researchers to perform advanced searches based on a number of criteria, such as company financial information, industry trends, and market research. • Option for subscription to automatic news alerts that will keep you up-to-date on your target industries and prospects.
BizJournals	• Offers several directories that are searchable by industry. • Allows you to subscribe to company-specific and industry-specific e-mail alerts. • Option to create a customized prospect list by specific search criteria. • Provides access to local Books of Lists for location-specific company profiles.
Hoovers	• **For B2B**: Contains directories that are searchable by industry, region, and other characteristics; also provides detailed information about companies including address, phone number, key decision makers, financial data, business strategy, competitive information, and more. • **For B2C**: Provides phone and e-mail contact lists for consumers by criteria like income, geography, and/or interest.
S& P Global Ratings	• Directory that is searchable by a number of criteria, including NAICS code. • Has data on more than 85,000 private companies. • Includes biographies of corporate executives and directors.
Mergent Online	• Directory that includes domestic and international annual reports from 1996 to the present.

Power Prospecting Source #6: Trade Publications and Business Journals

Business journals such as the *Philadelphia Business Journal* can be an excellent source of leads. Where could you go to learn that three bottled beverage companies have recently lightened their package designs, that a new biodegradable shrink film is now on the market, and that the Pharmaceutical Packaging Forum has chosen a location for its next event? These definitely aren't top headlines on Yahoo! But to people in the packaging and packing materials industry, this is important news, and many of them use web sites like Packworld.com to stay updated. Trade publications – a publication (online or in print) targeted to professionals in a particular industry, journals geared toward people who work in a certain industry, and trade web sites – web sites with content that is focused on a specific industry – are good sources for netting prospects. For instance, if you work for a company that designs food and beverage packaging, and your department specializes in bottle design, you might read an article on Packworld.com and find out that Pepsi has released a new, eco-friendly bottle design for its Aquafina product that uses 50 percent less plastic than the 2002 version (PMMI Media Group, 2011). You decide to make a call to some managers at competing companies like Fiji. You tell these prospects that you've read about their competitor's new bottle design and ask if they are interested in some packaging updates as well, which will help save on shipping costs and provide some good PR. Many industry trade journals offer free e-mail newsletters or even free copies of the magazine. If you don't know the best trade journals to read in the industry in which you are interested, ask a professor. Your professor will be happy to show you copies of specific trade journals and the corresponding web sites. It's a good idea to take the time to sign up for the free updates and check to see if the publication offers a free subscription to the magazine.

But what if your ideal prospects aren't limited to a particular industry but *are* specific to a certain location? In this case, business journals – A publication offering business news and industry information that is usually specific to a certain region which are often regionally published and offer business news and industry information for particular cities or states, will be helpful. Your local library will undoubtedly have a subscription to one, or even several, business journals for your region. Additionally, Bizjournals.com links you to the web sites for forty regional business journals.

Power Prospecting Source #7: Trade Shows and Events

If you've ever been to a trade show – a gathering of resources for people in a particular industry or those who have a common interest in a topic – 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 endeavour. For one thing, trade shows are industry-specific events that have the advantage of bringing your target market to you. If you are a horse breeder and you know that an estimated ten thousand visitors will attend the Horse World Expo in Harrisburg, Pensylvannia you might decide it's worthwhile to go (Horse World Expo, 2023). You could look into giving a presentation about judging horse pedigrees, for instance, or maybe you will pay to set up a booth with videos and photos of the horses you breed and sell.

As a salesperson, you can use trade shows not only to present and demonstrate your products but also to identify and qualify prospects (Castleberry & Tanner, 2022). 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 #8: Advertising and 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 flyers 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 – communication in the form of mail or e-mail that is sent directly to a lead, 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: usually only about one to three percent (Alessandra, n.d.). E-mail has similar response rates depending on the offer or communication. These methods can still be worth the investment, considering the relatively low inputs of time and money it takes to reach so many.

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. When you meet prospects, trade business cards with them. If these prospects pass your initial stages of qualification, you can add them to your personal list of mail recipients (Alessandra, n.d.).

Power Prospecting Source #9: Cold Calling

In the last ten years, Pat Cavanaugh, CEO of a Pittsburgh-based promotional products company, has grown his business 2,000 percent—and he's done 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 favourite 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. Additionally, most salespeople feel pressured to actually sell their product or make a pitch during a cold call, but according to Cavanaugh, cold calling isn't about making sales; it's about establishing a connection with the prospect (Greco, 2000).

According to Cavanaugh, it's essential to get the prospect to like you in the first thirty seconds (Greco, 2000). 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.

Hanzo Ng, CEO of the Malaysian company Sales Ninja, agrees. Ng says the goal of the cold call should be to find out whether your prospective buyer's needs match your solutions. If you know you can't help your lead solve her problems, you shouldn't pursue the call further (Ng, 2010). 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 (Rosen, 2022).

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.

Power Prospecting Source #10: Be a Subject Matter Expert

Wouldn't it be great if, rather than going out to track down prospects, you could get your prospects to come to you? Presenting yourself as a subject matter expert – being an authority in a specific industry or topic, an authority in your field, is one secret for making this happen. CEO and consultant Keith Ferrazzi, started using this technique shortly after graduating from college. Even though he didn't have much experience under his belt as a new graduate, he picked an area and began researching until others in his industry came to know him as an expert and would go to him for consultation and advice. Set up a blog or write articles offering free advice. According to Ferrazzi, you should make a habit of writing and publishing articles in your industry (Ferrazzi, 2006).

If you include your contact information and a brief bio on the page, then qualified prospects will often find you on their own. For instance, maybe you work for a company that sells résumé and cover letter consulting services for job seekers. You decide to write an article explaining "10 Things to Avoid When Dressing for a Job Interview," and you post the article on your blog and submit it to CollegeGrad, a web site that publishes helpful blog posts like yours. You allow CollegeGrad to use your article for free in exchange for posting a link to your web site in the margins of the web page. Now when people perform a Google search on "dressing for a job interview," your article may come up, ensuring that a number of people who match your ideal prospect profile see the information about you and your product.

When generating B2B leads, you can often find prospects by offering web-based seminars, or webinars, with helpful advice on some aspect of marketing, or by publishing informative reports (white papers – an informative report that offers practical solutions to a specific problem) that people can download for free. For instance, a marketing consulting firm might offer a white paper on "Increasing Your Open Rate on E-mails" that businesses can download for free as long as they register their information on the firm's web page. Requiring users to register allows the firm to track contact information for new leads with whom they can then follow up by e-mail, cold call, or mail. Even better, if a lead finds that the free advice they downloaded is useful, they will quite likely contact the firm voluntarily to find out about the marketing services they provide.

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). The process a company uses to organize and track their current and potential customer information 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 (Inc., 2001).

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 emailed information to some of your leads, CRM software will help you keep track of which customers the emailing went to and how recently it went out, so you know when to follow up with those prospects by phone.

On the other hand, depending on the type of sales and prospecting your company does, you may only need to use a contact management system (CMS). A system for tracking and organizing customer and prospect information that is less complex than CRM and doesn't necessarily keep a record of every customer contact, a system that keeps track of your customer calls and meetings, which is usually less expensive than CRM software. CMS programs are another means of tracking and organizing customer and prospect information, but unlike CRM, CMS programs don't track all information about every customer interaction. If you are the only person from your organization dealing with a particular prospect (e.g., if you're a stockbroker or a real estate agent), you usually only need CMS software. The CMS will allow you to keep current contact and company information on your prospects and to record detailed notes about your conversations with them. But if your company uses multiple methods and/or multiple salespeople to communicate with a prospect (think Zappos.com or Best Buy), then CRM will be a better tool so that each salesperson who interacts with the customer can record their interactions with that individual or company and so that your organization know how and when to follow up (Boyd & Jefferies, 2009).

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.

Several online business directories (like those mentioned earlier) let you subscribe to customized alerts that will notify you when one of your target companies appears in the news, when there’s turnover of key personnel, or when companies in your industry merge or split off. Most of the directory services have a fee, but there are a number of ways to stay current, on industry news at least, without paying. RSS (Really Simple Syndication) readers (Microsoft Outlook has one, and so does Google) allow you to subscribe to specific news feeds, like *The Hollywood Reporter* or *Advertising Age*’s web page, so that you can keep abreast of the news that affects your industry without having to go out and mine several web pages every day. Google News 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 you 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 (Cherry, 2018).

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 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 (Brown, 2009). 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 preapproach? 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.

3.6 RESEARCHING YOUR PROSPECT: GOING DEEPER

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 preapproach, or the process of finding out the answers to these questions, is critical (Rakham, 1996). 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 (Ng, 2008). 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 preapproach, you've already done some initial research as part of the qualifying process. With the preapproach, 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 (Capon, 2002).

Your research will pay off whether you're preparing to contact a new prospect, or whether you're working with an existing customer. You have already read that some of your best prospects are the customers you already have. It's particularly important to identify your key accounts. An existing customer that is (or has the potential to be) a significant source of sales for your company, 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 **precall planning worksheet** – a document that details the goals you hope to achieve during a particular sales call. It also lists the key company statistics, 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 3.6.1 “Precall Planning Worksheet”. Your customer relationship management (CRM) or contact management system (CMS) may also provide a place for you to do your precall planning work. A sample precall planning worksheet is shown in Figure 3.6.1 “Precall Planning Worksheet”.

Figure 3.6.1 Precall Planning Worksheet

Sample Precall Planning Worksheet	
Company: **Contact:** **Phone:** **Location:** **Source of Lead:**	
Key facts I already know about…	
The company:	
My contact/prospect there:	
Goals to achieve by end of call	
Information I plan to gather about the company:	
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:	

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 preapproach.

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 for your current and potential customers will keep you up-to-date on this.)

Example: Using News Creatively

Photo by itismowgli, CC0

Don't just read the news; creatively think about what the news is telling you about selling opportunities with a prospect. For example, if you were selling paper goods (cups, lids, straws, bags, cup jackets, napkins, etc.) to coffee shops, you would have read a press release about the test marketing of McCafés several months before the national launch. Then you would have read about the announcement of the national launch a few months before it was planned to occur. These press releases are selling opportunities. You might think it would only be a selling opportunity if you were selling to McDonald's, but that's not true. The fact is McDonald's announced that it was about to expand the market for premium coffee. That's an opportunity to help your customers and prospects. For example, what if you suggested that your customers and prospects print an advertisement on their bags, napkins, cups, and cup jackets to announce a promotion called "Morning Joe Wake-up Call"? "Buy a cup of coffee every day for ten days and get a free cup of Joe!" This helps increase their sales, which ultimately increases your sales. You could bring this idea to your customer or prospect in advance of the McCafé launch and discuss how your idea can help him build his brand prior to the competitive effort.

- *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.

Example: Airline Companies

For instance, if you do business with airline companies, you might prefer to fly with Southwest (whose customer reviews say things like "I enjoy everything about this airline!") than United Airlines (where one reviewer writes, " I would fly any other airline 100x over then use United Airlines again. Seriously the worst customer service experience of my life"). For large companies, doing a Google search will often bring up customer reviews on the organization, or you can try a web site like Trip advisor.

Photo by Scarlet Sappho, CC BY-SA 2.0

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 2, you learned the different types of buys—straight rebuy, modified rebuy, or strategic alliance. Knowing that information is extremely valuable during your preapproach 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. For example, Pepsi has a strategic alliance with Frontier Airlines in which Frontier agrees that all the soft drinks it serves on board the airline will be Pepsi brand (Breaking Travel News, 2003). 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 colour choices. Our company offers a wide range of colour 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 favourably 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 – the benefits of the product or service that a customer is willing to pay for, 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 (Swift, 2008).

And what about *your* contracts with the customer? If you have a **service-level agreement** (SLA) which is a contract between a customer and a service provider that sets out the frequency, length of time, and expectations for providing the service, 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 (Swift, 2008). 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 web site) 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? **Synergy** – the working together of two or more things (companies, services, technology, ideas) that produces a greater effect than any one of those things could produce alone. 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.

Sources of Information

When you want to dig deeper with your research, you can often return to the same sources you used during the qualifying process and simply get more specific with the information you gather.

- *Online searches.* Search online databases and directories such as Hoovers and current news stories on Yahoo! Finance, Bloomberg, and other business web sites to find out about company demographics and key people in the organization. If you want to learn more detailed information about your contacts in the company, try online professional social networks like LinkedIn.
- *Business directories.* Remember the value of your local library where you can search business directories in print and access some online directories free of charge.
- *Publicly available contracts.* Real estate closings, government contracts, and other vital information that is part of public records can help provide pricing, terms, and other important data that can help you benchmark against the competition and better understand your prospect's current situation.
- *Trade journals.* Trade journals are a good source for learning more about people and companies in your target industry. Making a habit of reading these publications (or subscribing to RSS [Really Simple Syndication] feeds) helps keep you up-to-date on developments in these companies and in the industry.
- *Blogs, social networks, and online forums.* These online resources can provide insight about the prospect, the competition, and the environment. Many company employees and executives post regularly about their perceptions and feelings on many topics. These comments can provide valuable insight about the prospect.
- *Professional organizations.* Joining professional organizations (in person and online) can help you build relationships with contacts at your target companies. These organizations also serve as a source for

competitive knowledge and for your connection to industry buzz.

In addition to these sources you've already used, consider another powerful resource: people. If you've already formed a relationship with key people in your target company, you can ask them for referrals to influencers in other departments of the organization. Your contacts at an organization have inside knowledge and will usually be able to tell you whom to talk to if you want to make something happen. If they're satisfied with the service you've been providing, these contacts are often happy to give you the names of others who might be able to use your solutions. Complementary salespeople can also be an excellent source of information about a prospect. For example, if you are selling computer hardware you might find nuggets of information from the person who sells office furniture. You can help each other by sharing insights and information.

It might surprise you to know that competitive salespeople can also be a resource. If you're a member of a professional organization, if you attend conferences or tradeshows, or if you're simply connected in your community, you'll probably know competitive salespeople. While your competitor isn't going to give you the inside scoop on a prospect he's currently pursuing, he might share some useful insights about companies or people he has worked with in the past. Maybe he used to do business with one of your current contacts and can tell you things to avoid or things that will impress her. ("She will eat you alive if you don't have all your information.") Maybe one of your target companies is an organization he has sold to in the past, and he has some useful advice about the way they work. Never underestimate the power of relationships and networking.

3.7 QUALIFYING YOUR PROSPECTS

After you have 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 you 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 (Cherry, 2006).

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 four questions to help you meet your qualifying objectives:

"MANA" by Freddy Vale CC BY-NC-SA 4.0

- *Does he or she have the resources to purchase the product or service?* **(M**oney**)** 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 authority to make the buying decision?* **(A**uthority**)** You can try to sell candy to a five-year-old, and they will probably want to buy it, but unless you can convince their 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 their company needs but if they are not the person with the power to buy, they are not 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 your prospect have a need?* **(N**eed**)** 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 they bought three months ago, you don't have anything to offer them.
- *Do you have access to the influencer or decision makers?* **(A**ccess**)** 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.

This qualifying technique is called **MANA** (money, authority, need, and access).

Managing Your Prospect Base

So you've qualified your prospect and you have their 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. 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?

3.8 KEY TAKEAWAYS & TERMS

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.
- 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 **preapproach**.
- 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.
- 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.
- Prospecting is the most vital part of the selling process. Without prospects, you will not 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** 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 them.
- 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.
- Methods for prospecting include:
    - **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, accessible, and able to make a purchasing decision about your product or service. MANA is the method used to qualify prospects.
- The preapproach 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 **precall planning worksheet**.
- Preapproach 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.
- Research your existing customers to find opportunities for expanding the relationship and creating more sales.

Key Terms

Approach: working to establish a rapport with the customer first before making a pitch. This usually involves introductions, making some small talk, asking a few warm-up questions, and generally explaining who you are and whom you represent.

Closing agreeing on the terms of the sale and finishing up the transaction.

Follow-up refers to the essential actions taken by the sales person after the sale closes to ensure customer satisfaction.

General benefit statement: highlights the benefits of your solution or opportunity and address things like improving company visibility, expanding the business, increasing profits, or cutting cost.

Lead is a potential buyer.

MANA: a qualifying technique is consisting of the following categories: money, authority, need and access.

Networking is the art of building alliances or mutually beneficial relationships.

Objections: a customer's hesitations or concerns.

Prospecting: conducting research to identify the people or companies that might be interested in a product.

Prospect is a lead that is qualified or determined to be ready, willing, and able to buy.

Qualifying: asking questions to prospects to be able to focus sales efforts on the people who are most likely to buy.

Precall planning worksheet: a document that details the goals you hope to achieve during a particular sales call. It also lists the key company statistics, 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.

Preapproach is doing your homework before a sales call by researching your customer and planning what you are going to say.

Right questions: the questions that will uncover what your prospect needs or where opportunities exist.

Sales funnel is an illustration of the way the sales process begins with a large pool of prospects and ends with a more focused number of buyers.

Service-level agreement (SLA): a contract between a customer and a service provider that sets out the frequency, length of time, and expectations for providing the service.

Specific benefit statement: highlights the benefits of your solution or opportunity and identifies the way a solution addresses a prospect's particular situation and needs.

Synergy: the working together of two or more things (companies, services, technology, ideas) that produces a greater effect than any one of those things could produce alone.

3.9 TEST YOUR KNOWLEDGE

Question 1

List the seven steps of the selling process.

Solution

Prospecting and qualifying, preapproach, approach, presentation, handling objections, closing the sale, and follow-up.

Question 2

Why do salespeople qualify their leads before they call on them?

Solution

Qualifying helps save time so you don't waste time calling on people who don't have the money, need, access, or authority to purchase your product or service.

Question 3

When a customer says, "It's too expensive," that's an example of which step in the selling process?

Solution

Handling objections.

Question 4

True or False: After the sale is made, the salesperson's job is done.

Solution
False. The salesperson's job really begins when the sale is closed.

Question 5

Why is prospecting considered the foundation of the selling process?

Solution
When prospecting is done correctly, the other steps in the selling process build upon it.

Question 6

Describe the sales funnel.

Solution
The sales funnel is a helpful way to visualize the process of finding and qualifying new prospects and ultimately converting them to customers. Not all leads become prospects, and not all prospects become customers.

Question 7

Describe the difference between a lead and a prospect.

Solution
A lead is a qualified prospect.

Question 8

Identify at least three business directories or databases and journals that you can use to identify prospects.

Solution
There are several databases and directories, including Directory of Corporate Affiliations, Hoovers, and D&B Million Dollar Database. There are several business journals including *Wall Street Journal*, *Business Journals* (by city), *Crain* (by major city).

Question 9

Why is cold calling effective for prospecting?

Solution
Cold calling gives you an opportunity to talk to the prospect and learn more about his goals and how you can add value.

Question 10

What is a subject matter expert? How can being a subject matter expert help you prospect for leads?

Solution

Subject matter experts are people who are authorities in their field. Subject matter experts share their knowledge at trade shows, at industry events, on blogs, and in other online communities and social networks. Being a subject matter expert helps establish you as being a leader in a particular area. Prospects usually want to learn more from and do business with subject matter experts.

3.10 EXERCISES

Exercises (3.2)

1. Think about a local bank that offers free checking accounts. How does free checking provide a solution for a business customer? How would this solution be different for an individual customer? How do you think the personal banker changes her sales pitch based on the customer?
2. Describe a time when you made a purchase, or modified a planned purchase, because a salesperson revealed an opportunity that you wouldn't have otherwise considered.
3. Think of the last major purchase you made where you bought from a salesperson (not online). Did the salesperson adapt his or her approach to address your specific needs and concerns? If so, how?
4. Imagine that you sell Hershey's chocolate products to grocery stores. One of your prospects said that he cannot carry the complete line of Hershey's Kisses because there isn't enough shelf space in the store. Conduct a short brainstorming session to identify ten ideas that might solve this prospect's problem.
5. Assume you worked in the Apple Store. Identify one general benefit statement and one specific benefit statement for each of the following:
    - iPod
    - MacBook Pro
    - iTunes
6. Assume that due to the recession, donations to the Make-A-Wish Foundation are below expectations. The foundation's director of development has asked your class to identify ideas to increase donations in the next three months. Work in teams of two to conduct a brainstorming session using the guidelines covered in this section. Each team should present their ideas to the class.

Exercises (3.4)

1. Describe the ideal customer for the following products or services:
    - iPod Touch

- Ferrari sports car
- GEICO car insurance
- Flat World Knowledge textbooks

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 theatre systems, is he a lead or a prospect? Why?
5. Visit a local jeweller and shop for a watch. What questions does the salesperson ask to qualify you as a prospect?

Exercises (3.5)

1. Assume you are selling staffing services to banks and financial institutions. Identify three sources you would use to identify prospects.
2. Imagine that you sell real estate in your area. Discuss three ways referrals can find you.
3. Assume you are selling advertising. Identify three trade organizations that you might use as sources for leads.
4. Assume you are responsible for donations at a local nonprofit organization that provides services for battered women. You are looking for possible corporate sponsors for your shelter. Visit your campus library and review at least two of the databases or directories listed in this section and identify two leads from each one.
5. Assume you sell lumber to construction companies. How would you use a trade show to identify leads?
6. Identify the industry for each of the following NAICS codes. How would this information be helpful in prospecting?
   - 44
   - 62
   - 71
   - 54

Exercises (3.6)

1. Assume you have identified Gap as a prospect for your product line called “Green” Jeans, blue jeans made with completely recycled materials. You are preparing for a sales call with the denim buyer in the Gap’s home office. What demographic information would you gather about the company during the preapproach stage? What would

recent company news tell you in preparation for your sales call? What do current customers think about Gap? What is your value proposition, and how does it fit Gap's need?

2. Imagine you work for a company that sells interior design services and acts as an art broker (finding and purchasing artwork to display) for large companies. One of your customers has used your broker services in the past, but you are hoping to expand the relationship. What additional information would you need to know to make a proposal?
3. Assume you are selling payroll services to small businesses. Identify three pieces of information you would learn about your prospect during your preapproach research and identify the sources where you would find the information.
4. Imagine that you sell life insurance. Describe how customer demographics can help you with your preapproach research.
5. Assume you are selling security systems and you have just qualified a prospect, Fine Dining, Inc., that owns a chain of fifteen restaurants in the area. Your contact is Lee Crowan, the operations manager. The corporate office is located in the Willowwood Corporate Center in Willowwood. You have learned that the chain is growing, with expansion to ten new restaurants planned in the next twelve months. You have also learned that security is a major issue since two of the existing restaurants have had break-ins during the past six months. Complete a precall planning worksheet for your upcoming call with Lee Crowan at Fine Dining, Inc.
6. Assume you are selling financial services to consumers. You have identified a couple in their forties as qualified prospects. They are interested in retirement planning. What are three questions you would ask them during your initial meeting with them?

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CHAPTER 4: THE POWER OF EFFECTIVE COMMUNICATION

Chapter Outline

4.0 LEARNING OUTCOMES

Learning Outcomes

- Describe the elements of effective business communication.
- Examine the implications of different types of verbal and nonverbal communication.
- Summarize appropriate etiquette for business communication.

4.1 READY, SET, COMMUNICATE

A text message. A voice mail. An unreturned phone call. Have you ever had one of these communications be misinterpreted? You meant one thing, but your friend thought you meant something else? Sometimes, the miscommunication can result in the confusion of a meeting time or a place to get together. Or worse, it can be entirely misunderstood and the communication may have a negative impact on your relationship.

Communication, the exchange of information or ideas between sender and receiver, is a challenging aspect in your personal life, at school, and especially in selling. Today, it's even more complex with business being conducted around the world and with various communication methods. Did you ever hear the saying, "You only have one chance to make a good first impression"? It couldn't be truer when it comes to communication: the first few seconds of communication are important because once an opinion is formed, it is very difficult to change an opinion even with lots of evidence to the contrary (Sussex Publishers, 2020).

Communication has often been referred to as a soft skill, which includes other competencies such as social graces, personality traits, language abilities, and ability to work with other people. Soft skills also encompass emotional intelligence, which Adele B. Lynn, in her book *The EQ Interview: Finding Employees with High Emotional Intelligence*, defines as "a person's ability to manage herself as well as her relationship with others so she can live her intentions." (Zemanski, 2008). But in today's business world, communication has become part of the new "hard skills" category, a technical job requirement, because of the critical role that it plays in business (Buhler, 2009). According to Peter Post, great-grandson of the late Emily Post, "Your skills can get you in the door; your people skills are what can seal the deal." (The Emily Post institute, 2023).

Misunderstood = Miscommunicated

It is almost impossible to be in sales without developing relationships inside your organization and with your customers. Your relationship skills build trust, allow you to be a true partner, and help solve your customer's problems; both internal trust and external communication are essential keys to your ability to deliver on your promises. How are these qualities intrinsically related? The way in which you communicate can determine the level of trust that your colleagues or customers have in you (Thomas et al., 2009). Just as relationships are the cornerstone of trust, communication is the foundation of relationships but it is difficult to establish and develop relationships; it takes work and a lot of clear communication. You might think that sounds simple, but consider this: nearly 75 percent of communications that are received are interpreted incorrectly. At the same time, interestingly, many people consider themselves good communicators. The telling disconnect occurs because people tend to assume that they know what other people mean or people assume that others know what they mean. This is compounded by the fact that people tend to hear what they want to hear—that is, a person may interpret elements of a conversation in such a way that the taken meanings contribute to their already established beliefs. When you put these assumptions together, communication can easily become "miscommunication" (Buhler, 2009).

The Communication Model

The **standard model of communication** has evolved based on two parties—the sender and the receiver— exchanging information or ideas. The model includes major processes and functions categorized as encoding, decoding, response, and feedback. In addition, the model accounts for noise, which symbolizes anything that might disrupt the sending or receiving of a message (Belch & Belch, 2020).

The internal cognitive process that allows participants to send, receive, and understand messages is the encoding and decoding process. **Encoding** is the process of turning thoughts into communication. As we will learn later, the level of conscious thought that goes into encoding messages varies. **Decoding** is the process of turning communication into thoughts. For example, you may realize you're hungry and encode the following message to send to your roommate: "I'm hungry. Do you want to get pizza tonight?" As your roommate receives the message, he decodes your communication and turns it back into thoughts in order to make meaning out of it. Of course, we don't just communicate verbally—we have various options, or channels for communication. Encoded messages are sent through a **channel**, or a sensory route on which a message travels, to the receiver for decoding. While communication can be sent and received using any sensory route (sight, smell, touch, taste, or sound), most communication occurs through visual (sight) and/or auditory (sound) channels. If your roommate has headphones on and is engrossed in a video game, you may need to get his attention by waving your hands before you can ask him about dinner.

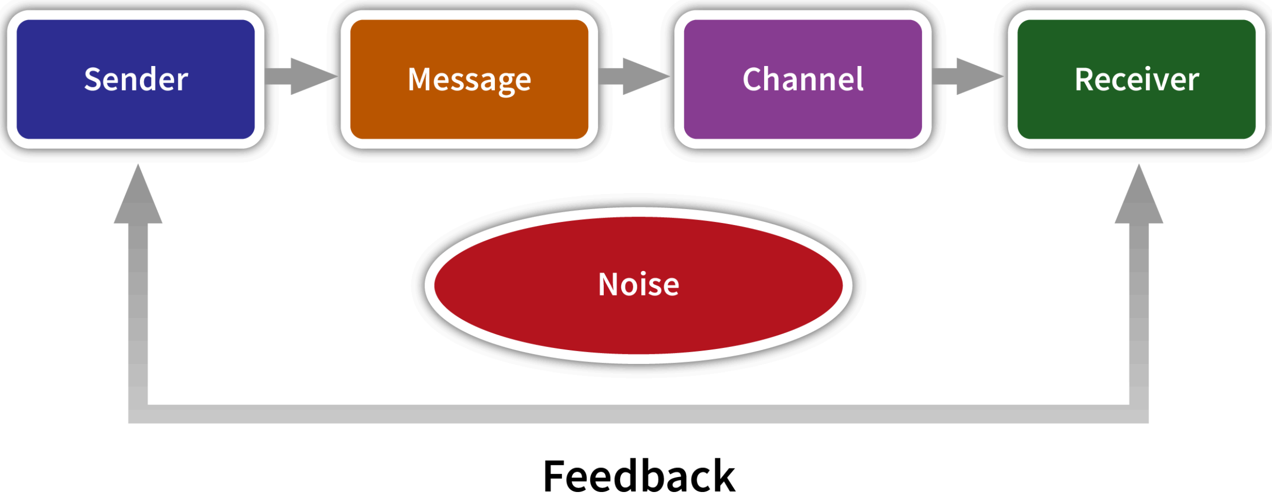


Figure 4.1.1: "Traditional Communication Process"

The model helps describe exactly how communication takes place. For example, if you send a text message to your friend to ask them if they want to go a movie, you are the source, or sender, of the message. You translated or encoded your message into text characters. A cell phone is the channel, or the method by which you communicated your message. Chances are, if your friend does not have their cell phone with them, your message will not reach them, and you might miss the movie. So in this example, the cell phone is the channel. When your friend, the receiver, reads the message, they decode it or determine what you meant to communicate, and then they respond. If they were talking to another friend while they were reading your text message and didn't see the time the movie started, that conversation would be considered noise because it would be interfering with the communication of your message. Noise interferes with communication or causes distraction, whether it is heard or seen. When your friend responds to you by saying that they want to go see the movie, they are providing feedback (or a response to your message). This example shows how the communication is applied.

The same thing can happen in a selling situation. For example, if you call a prospect to set up a meeting, you are the sender. The message is the meeting information (e.g., date, time, and place) that you encode into words. The channel is the telephone, and the receiver is the prospect. It sounds easy enough. Assume, however, that the prospect responds to you and agrees to the meeting but because they were checking their email while they were talking to you (which is noise), they put the wrong time on their calendar. When you come for the appointment, they are out of the office, and your sales call doesn't take place. Now you have to start the communication process all over again. This is only an example of simply setting up a meeting.

Now imagine the challenges if you started explaining the features and benefits of a complex product or negotiating a contract. You can see why understanding the communication process is so important in selling.

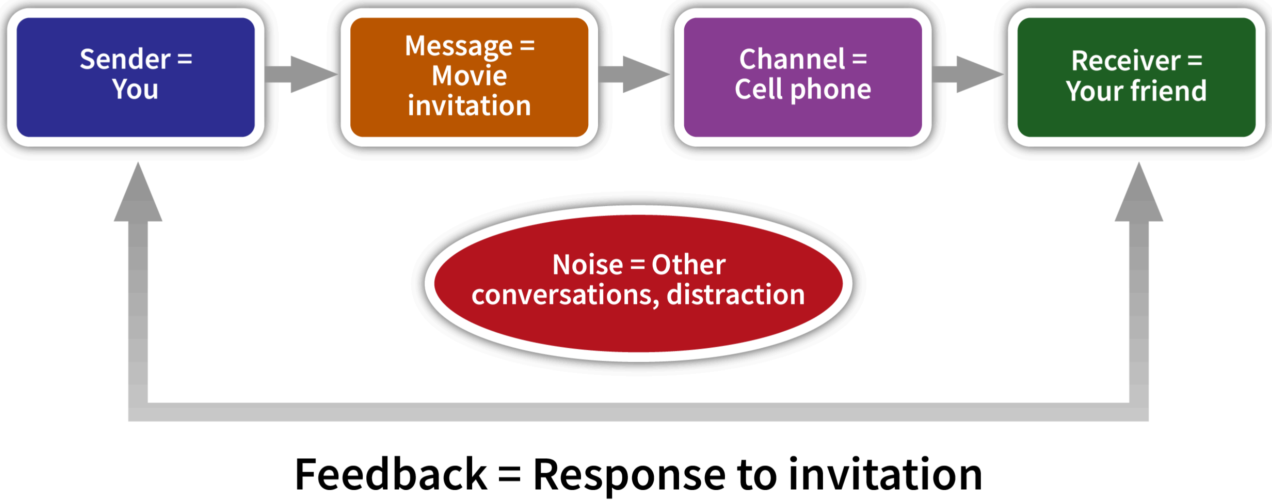


Figure 4.1.2: "Communication Process Example"

Did You Know…?

- Positive e-mail messages are likely to be interpreted as neutral.
- Neutral e-mail messages are likely to be perceived as negative.
- People who send e-mails overrate their ability to communicate feelings.
- There is a gap between how a sender *feels* when they write the e-mail and the way the emotional content is communicated that can cause an error in decoding on the part of the receiver.
- One simple e-mail can lead to a communication debacle if the e-mail is not clearly written and well thought out from the recipient's point of view (Dean 2010).

Tips for Effective Communication

How do you avoid the pitfalls of poor communication and build productive business relationships? It's best to always communicate in a timely manner and in the method that your customer prefers. That may be easier said than done. Here are six tips that can help you increase your chances of making your communications effective.

Tip 1: Empathy Is Essential

One of the key elements of being a good communicator is having empathy. That means thinking about your communication from the receiver's point of view. It's focusing on what they want to learn as a result of your communication, not what you want to tell them. **Empathy** is about demonstrating that you care about the other person's situation. Think about when you received your acceptance letter from college; the letter probably mentioned what an exciting time it is in your life. The author of the letter demonstrated empathy because they focused on the situation from your perspective. A purely factual letter, without empathy, might have said that you were accepted and that now the school can make their budget since they met their enrolment goal. That would be quite a different letter and would make you feel very different (and probably not very welcome).

Empathy fits with emotional intelligence as a sales skills because it's the ability to know what another person is thinking or feeling. "Without empathy in sales, a salesperson can't influence others, and prospects don't buy from salespeople who don't understand them" (Stanley, 2020). Empathy is an integral part of emotional connection, one of the elements of a brand that you learned about earlier (Keep in mind that when you are in sales, you are the brand to the customer). It is especially important to have an emotional connection and empathy when apologizing to customers. Chances are the customer is already angry, or at least disappointed, when you are not able to deliver as expected. You can express empathy in your communications by saying or writing, "You have every right to be upset. I understand how you must feel. I apologize for the late delivery. Let's work on a new process that will help prevent it from happening again (Guffey, 2008).

Tip 2: Think Before You Communicate

Quick responses, whether verbal or via electronic methods, can be less effective than those that are considered and can even cause misunderstanding. Although a timely response is critical, it's worth a few minutes to think about exactly what you want to say before you say it (or type it).

Tip 3: Be Clear

It seems obvious, but not everyone is clear in their communications. Sometimes, people are trying to avoid "bad news" or trying to avoid taking a stand on a topic. It's always best to avoid confusion and clearly say what you mean by framing your message in a way that is easily understood by all receivers. It's also a good idea to avoid buzz words (or jargon)—those words, phrases, or acronyms that are used only in your company. If they can't be avoided, explain them in the same communication terms. You should also avoid jargon on your résumé and cover letter—help your reader see your brand story at a glance without needing a decoder ring.

Tip 4: Be Brief

Business communication should be short and to the point. Your customers are busy and need information—whether it's a proposal, report, or follow-up to a question—in a clear, concise way. Brevity is powerful– people who can speak or write concisely and to the point are more successful (Mackay, 2017).

Tip 5: Be Specific

If you go to dinner at the Cheesecake Factory and there is a wait to get a table, the host will hand you a portable pager or take your cell phone number and tell you that the wait will be twenty to twenty-five minutes. Perfect. You have just enough time to run a quick errand at a nearby store at the mall and be back in time to get your table. If, on the other hand, they told you that you will be seated shortly, you might have an expectation of being seated in five to ten minutes. Meanwhile, "shortly" might mean twenty to twenty-five minutes for them. You would probably forgo running your errand because you think you are going to be seated soon but end up waiting for twenty-five minutes and being frustrated. Being specific in your communication not only gives clarity to your message but also helps set your customer's expectations. In other words, your customer won't expect something you can't deliver if you are clear about what exactly you can deliver and when. Specificity avoids surprises and sets expectations. Examples of general statements that can be communicated more effectively when made into specific statements can be found in Table 4.1.1.

Table 4.1.1: General versus Specific Statements

General Statement	Specific Statement
I'll get back to you shortly.	I'll get back to you by Tuesday.
It will only take a few minutes.	It will take less than 5 minutes.
It will cost about $5,000 plus installation.	The cost is $4,800 plus $200 for installation.
Everything is included.	It includes your choice of entrée, vegetable, dessert, and coffee.

Tip 6: Be Timely

Timing is everything in life and most certainly in selling. It's best to be proactive with communication, and if you owe someone a response, do it sooner rather than later. If you are slow to respond to questions and communication, it will be difficult to develop trust, as prolonged responses may seem to imply that you are taking action without informing the customer what it is you are doing. In 2011 the Harvard Business Review wrote that one hour was considered "timely"—"when companies reached out to prospects within an hour, they were seven times more likely to qualify the lead" (Maksymiw, 2014). Timing is especially important when you are communicating a negative response or bad news. Don't put it off; do it as soon as possible and give your customer the benefit of complete information.

Rules of Engagement

At the beginning of each relationship, ask your customer how they prefer to communicate. Getting the answers to these simple questions will save time and confusion throughout your relationship and help ensure good communication.

- How do you prefer to receive regular communication (e-mail, text, phone, in person, hard copy)?
- What can I expect as a standard turnaround time for response to questions and issues?
- How do you prefer to receive urgent communication (e-mail, text, phone)?
- Who else (if anyone) in the organization would you like to also receive communication from me?
- When is the best time to touch base with you (early morning, midday, or later in the afternoon)?
- How frequently would you like a status update and in what format (e-mail, phone, in person)

Listen Up

While you may think you are ready to communicate, it's a good idea to stop and listen first. Creating your message is only half of communication; listening is the other half. But it's difficult to listen because we listen faster than we speak—that is, based on what the other person is saying, we are already constructing responses in our minds before they have even finished. As a result, many people are guilty of "listening too fast." (Dunning, 2001). Listening, in fact, is so important that companies like Starbucks believe that it may directly improve profits. According to Alan Gulick, a Starbucks Corporation spokesperson, if every Starbucks employee misheard one $10 order each day, it would cost the company one billion dollars in a year. That's why Starbucks has a process to teach their employees how to listen. Although listening may seem passive, it is actively linked to success so it's worth it to hone your listening skills now so that when you get into the business world you can be successful. Here are a few tips:

- *Use active listening.* Confirm that you heard the sender correctly by saying something like, "Just to be sure I understand, we are going to move forward with twelve cases for your initial order, then revisit your inventory in five days." Review the communication model in this chapter and take notice of the importance of decoding. If you decode a message from your customer incorrectly, the communication is ineffective and could even be costly. In the example above, the customer might have said in response, "I meant that the initial order should be five cases, and we'll revisit the inventory in twelve days." That's a big difference.
- *Ask questions.* Questions are a way to gather more information and learn about your customer and their business. They are also an excellent way to demonstrate that you are communicating by listening. You learned in that asking the right questions is critical to being a successful salesperson. Focus on listening and asking the right questions, and you'll be rewarded with great information.
- *Focus.* Although multitasking has seemingly become a modern virtue, focus actually helps create more effective communication. Stop and focus on your customer when he is speaking. This is a sign of respect, and this concentration allows you to absorb more information. Take notes to remember exactly what you discussed. There's nothing more important than what your customer has to say (Dunning, 2001).
- *Take notes***.** While it may seem like you will remember everything that is said at a meeting or during a conversation, taking notes signals that you are listening, and it provides you with an accurate record of what was said.

There's more to Communication than Meets the Eye…or Ear

It's important to remember that you will be communicating with many different people about many different topics in selling. Sometimes, you will be communicating one-on-one and sometimes you will be communicating with a group. Just as people have varying social styles it's important to know that people also absorb information differently. Research conducted in the 1970s indicates that people comprehend information in four distinct ways:

1. *Why:* They want to know the reasons for doing something.
2. *What:* They want to know the facts about it.
3. *How:* They want to know only the information they need to get it done.
4. *What if:* They want to know the consequences of doing it.

This can be a helpful road map of the elements you will want to include in your communications, especially if you are communicating with a group, since you may not know everyone's best method of absorbing information. It's been proven that if people don't receive the type of communication they prefer, they tend to tune out or reject the information.

You've probably noticed that both people and brands communicate the same message multiple times and usually in multiple ways. Creative repetition is key to successful communication. Think about the advertising Pepsi ran when it launched its new logo in early 2009; it used a television commercial during the Super Bowl, created a billboard in a high-traffic area of a major city, part of an e-mail and banner ads campaign, could be viewed on YouTube, and of course all of the packaging had the new logo. Pepsi's ad campaign illustrates the "three-times convincer" concept, which claims that 80 percent of people need to be exposed a message three times to buy into it, 15 percent need to be exposed to it five times, and 5 percent need to be exposed to it up to twenty-five times (Zmuda, 2009).

4.2 TYPES OF COMMUNICATION

It is important to use multiple types of communication so that repetition does not become boring like a broken record. There are three types of communication: **verbal,** which involves speaking to one or many people to convey a message; **nonverbal**, which includes body language and other observations about people; and **written**, which includes a message that is read in hard copy, e-mail, text message, instant message, social media, blog, or other Internet-based written communication. Varying the usage of these mediums can help ensure your customer's attention, but you must carefully develop each skill separately to communicate effectively.

Verbal Communication

An introduction, a presentation, a telephone conversation, a videoconference call: these are all examples of verbal communication because information is transmitted orally. Despite the ubiquitous use of technology in the business world, verbal communication is the most common method of exchanging information and ideas. Verbal communication is powerful, fast, and natural and includes voice inflections that help senders and receivers understand the message more clearly. The downside to verbal communication is that once it is spoken, the words are essentially gone; they are preserved only in the memory of those present, and sometimes the memories of the specific words spoken vary dramatically. Recall is rarely exactly the same between two or more people.

Voice inflection, the verbal emphasis you put on certain words, can have a significant impact on the meaning of what you say. In fact, the same words can take on completely different meaning based on the inflection you use.

For example, if you say the sentence in with an inflection on a different word each time, the sentence communicates something completely different each time.

Table 4.2.1: The Impact of Intonation

Sentence	Meaning
<u>I</u> borrowed your book.	I was the one who took your book.
I <u>borrowed</u> your book.	I didn't take your book; I only borrowed it.
I borrowed <u>your</u> book.	Your book was the one I borrowed.
I borrowed your <u>book</u>.	I borrowed your book, not your laptop.
Source: Kiely, 1993.	

Verbal communication may take place face-to-face, such as an in-person conversation or group meeting, speech, or presentation. It could also take place by phone in an individual conversation, a conference call, or even a voice mail. Other forms of verbal communication include videoconferences, podcasts, and webinars, which are increasingly common in business. All these methods allow you to use inflection to communicate effectively. Face-to-face meetings also provide the opportunity to use and interpret other visual cues to increase the effectiveness of your communication. Verbal communication is especially important throughout the steps of the selling process. Your choice of words can make the difference in someone's decision to first hear your sales presentation, and your presentation can determine whether that person will purchase your product or service. You will learn more specifically about how communication is used throughout the selling process covered in later chapters.

Nonverbal Communication

Imagine that you are in a retail store buying a suit for an interview. When the salesperson approaches you, they smile, makes eye contact, and shake your hand. You respond positively. You notice that they are dressed professionally, so they make you feel as if you will receive good fashion advice from them. When you make your choice, the tailor comes over wearing a tape measure around their neck. You know they are a professional and you can trust them to alter your new suit properly. On the other hand, if the salesperson waits on you only after you interrupt their personal phone call, doesn't make eye contact or shake your hand, acts as if they are bored being at work, and is dressed in worn jeans and flip-flops, it's unlikely that you trust them to help you choose your suit.

You have, no doubt, used and noticed nonverbal communication in virtually every personal encounter you have had. Think about it: a gesture, a smile, a nod, eye contact, what you are wearing, the fact that you are frequently checking your cell phone for text messages, and how close you stand to someone are all examples of nonverbal communication. Nonverbal communication is extremely powerful. In fact, some studies indicate that the influence from nonverbal communication such as tone and visuals can have a greater impact than the spoken words. Dr. Albert Mehrabian, a famed psychologist and professor emeritus of psychology at University of California, Los Angeles, is considered a pioneer in the area of body language and nonverbal communication. His research includes an equation, called the **Mehrabian formula** (Mehrabian's Communication Theory, 2019) that is frequently used to define the relative impact of verbal and nonverbal messages based on experiments of communication of feelings and attitudes:

The Mehrabian Formula

7% of meaning is in the words that are spoken.
38% of meaning is paralinguistic (the way that the words are said).
55% of meaning is in facial expression.

The formula reflects how we interpret meaning during communication. In the formula, you can see that only 7% of the meaning in a conversation is from the actual words spoken where as 38% is in the way we speak the words and a whopping 55% is in our facial expressions. Miscommunication occurs when facial expressions contradict words, and then people tend to believe the facial expressions (Mehrabian's Communication Theory, 2019). In sales, it would be important to recognize this to ensure that your words match your intonation and your facial expressions.

Types of Nonverbal Communication

- Handshake
- Body language
- Gestures
- Nodding or shaking your head
- Eye contact (or lack of eye contact)
- Eye roll
- Facial expressions

- Touch
- Space or proximity
- Dress
- Multitasking (e.g., texting while listening to someone, earphones in ears while working)

Your Handshake Says It All

In some countries, you might bow when you meet someone; in others you might kiss; but when you meet someone for a business meeting in most countries, it's best to shake hands (hand shaking is used across all continents to various degrees) (Hill, n.d.). When you shake hands with people at a meeting, they are two times more likely to remember you than if you don't shake hands (Zupek, 2009). So, it is important to understand the handshake as a business too. A good handshake is essential in business; it is the first nonverbal cue that you give to the person with whom you are meeting. It's so important to have a good handshake that a recent study conducted at the University of Iowa showed that during mock interviews, those students who scored as having a better handshake were also considered more hirable by interviewers (Good Handshake Key to Interview Success, 2009).

Body Language

Do you use your hands when you talk? If so, you are using body language to help make your point. But body language includes more than talking with your hands. Body language is what we say without words; nonverbal communication using your body includes elements such as gestures, facial expressions, eye contact, a head tilt, a nod, and even where and how you sit. Body language can indicate an unspoken emotion or sentiment that a person might be feeling either consciously or subconsciously. Body language can indicate if you are listening to someone and are engaged in what they are saying, disagreeing with them, or getting bored. (You might want to think twice about the body language you are using in class.) It is important that you are aware of what you communicate with your body language and to understand and respond to the cues you are getting from someone else's body language. Some research indicates that body language may account for between 60 and 65 percent of all communication (Foley, 2007). This number may be a little high but it is clear that body language does play a role in our communication. Here are some common body language examples and meaning (Bradbury, 2017; Cherry, 2019):

- Crossed arms and legs: resistance to your ideas
- Glancing at watch: concerned about time or bored
- Real smiles crinkle the eyes
- Raised eyebrows: discomfort
- Exaggerated nodding: anxiety about approval
- Clenched jaw: stress
- Hands on hips: ready and in control
- Tapping fingers or fidgeting: bored, impatient, or frustrated

Body language is not just an interesting topic to consider; it's a proven science that can help you improve your communication. *Make* *eye contact* with the person to whom you are speaking. *Smile* when you meet someone and throughout the conversation. A smile is a positive response to another person and has a significant impact on how people perceive you. A smile can break the ice and help you start a conversation. *Dress for success* at all times, which means always dressing appropriately for the situation. Career counsellors recommend that people dress for the job they want—not the job they currently have (this is a key body language element in the first impression (Goman, 2012). Even in very casual work environments, what you wear is a nonverbal communication about who you are. If you don't dress for the next promotion, chances are you won't be considered for it. Be aware of the company policy and dress code, and if in doubt, dress more conservatively.

Written Communication

Although verbal and nonverbal communications usually take place in real time, written communication has a longer consideration period. The sender must encode the message in words to be communicated on paper or a screen (Carey, 2000). Business reports, proposals, memos, e-mails, text messages, web sites, blogs, wikis, and more are all examples of written communication. Each of them is created over a period of time and can include collaboration from multiple people. Collaboration is especially important for communicating, planning, and creating documents so many people use tools such as wikis to share documents. Written communication is preferred to verbal communication when careful consideration is important or the information needs to be permanent, such as a company policy, sales presentation, or proposal. Written communication can also take place when verbal communication is not an option, like when you need to respond to an e-mail or text message at 1:00 a.m. Although verbal communication is faster and more natural than written communication, each has its pros and cons. Generally, written communication is better at conveying facts, while verbal communication is better at conveying feelings. Verbal communication has another significant drawback: consider the fact that humans listen much faster than they speak. For example, the average public speaker speaks at about 125 words per minute. Although this sounds natural, the average person can listen at 400 to 500 words per minute. That means that listeners' minds have time and space to wander, which can affect the effectiveness of verbal communication (Lee & Hatesohl, 1993). (You may have noticed your mind wandering during a class lecture—even if you found the topic interesting.)

Written communication requires a good command of the English language, including the rules of grammar and spelling. If you think that business exists solely on quick instant messages and text messages, you might be surprised to learn that they are only a portion of the communication within a company and between the company's vendors and other partners. Because the nature of written communication is such that it allows time for consideration and composition, the standards for writing are much higher than for a casual conversation. Customers and colleagues alike expect clear, concise written communications with proper grammar and spelling. Moreover, because written communication is long lasting—whether on paper or on the Internet—errors or misstatements exist for an irritatingly long time. So whether you are writing a proposal, a presentation, a report, a meeting recap, or a follow-up e-mail, it's best to take the time to think about your communication and craft it so that it is effective.

Written Communication Tips

- *Be short and sweet:* Shorter is always better when it comes to business correspondence. It's best to include all pertinent facts with concise information. If you write your communication with the receiver in mind, it will be easier to make it shorter and more effective.
- *Grammar, please:* Sentences should be structured correctly and use proper grammar, including a subject and a verb in each sentence. Upper and lower case letters with proper grammar provides a good first impression regardless if you are writing a memo, letter, blog, or social media post (Scaros, 2016). If writing is not your

strong suit, visit your campus student services office or learning centre to provide information about upcoming writing clinics and access to other tools that can help improve your writing skills.

- *Check spelling:* Use the spell-check tool on your computer. There is no excuse for a misspelled word. Text abbreviations are not acceptable in business correspondence.
- *Read before you send:* Reread your document or electronic communication before it goes out. Is everything complete? Is it clear? Is it something you will be proud of days or weeks later? Take the extra time to review before you send. It is difficult to revise a communication as revisions cause confusion.
- *Just the facts:* Stick to the facts to maximize the impact of your written communications; leave the emotional topics for verbal dialogue. For example, send an e-mail to confirm meeting time, date, and location; use a verbal communication for the content of the meeting to be discussed, such as a negotiation.

Which Is Best?

Although verbal, nonverbal, and written communication all play a role in your communication with your customers, you might be wondering which one is best. It depends on your customer and on the situation. Some customers want to work day to day using all the latest technology tools, including text messaging, social networking, web conferences, wikis, and more. Other customers prefer more traditional face-to-face meetings, phone calls, and some e-mail correspondence. Adapt to the method of communication that your customer prefers and not the other way around. In some situations, a face-to-face meeting is best— for instance, if you wish to discuss a complex issue, negotiate, or meet some additional members of the team. Sometimes, a face-to-face meeting isn't feasible, so other verbal communication methods such as a videoconference, phone call, or conference call can be efficient and effective if used properly. Chances are you will use a combination of communication types with each customer tailored to their particular preferences and situation. Be guided by the fact that you want to keep your communication personal in meaning and professional in content. Think about it from the receiver's point of view, and deliver bad news verbally whenever possible.

4.3 YOUR BEST BEHAVIOUR

You probably learned about table manners, thank-you notes, and other forms of etiquette when you were younger. The way you conduct yourself says a lot about who you are in life and, by extension, in business. Although many companies have a casual dress code, don't be quick to assume that protocol and established practices aren't important. It would be easy to misinterpret lack of formality as lack of professionalism. Manners matter in selling, now more than ever.

Never Underestimate the Power of Good Etiquette

How do you make a positive impression when you meet someone? What's the best way to ask for them business card? When is it appropriate or expected to send a thank-you note? Who picks up the bill at a business lunch? It's hard to know the "rules of the road," especially in today's casual, fast-paced selling environment. Etiquette can make the difference in how your customer perceives you and your personal brand.

Etiquette Tips for Conversations, Meetings, and Presentations

Although common sense should prevail in all business communications, here are some tips that will help make your conversations, meetings, and presentations more effective forms of communication:

- Be prepared; don't waste anyone's time or focus.
- Prepare a written agenda and hand it out at the start of the meeting to keep the group focused on the desired topics.
- Speak clearly and at a volume that is easy to hear, but not too loud so as to be distracting.
- Be professional and respectful; don't interrupt when others are speaking.
- Use eye contact.
- At the end, recap your key points and identify next steps.

"People Having a Meeting" by Edmond Dantès, CC0

In sales, time is money so conducting effective and efficient meetings is critical to your success.

Etiquette for Requesting and Giving Business Cards

"A person worth knowing always carries business cards with him or her. That's how you put value not just on the card itself, but also on everything it embodies—your profession, company, brand, etc." (Tanzon-Corre, 2017).

Tips to Exchange Business Cards in a Professional Manner

- Carry your business cards in a case so they don't wear out or tear as a crumpled business card makes a poor first impression (Ramsey, 2019).
- Never leave home without them. It is unprofessional to have to say "I didn't bring any with me" (Ramsey, 2019).
- Present your card with the print facing the person receiving it (Tanzon-Corre, 2017).
- Never force anyone to take your card (Bergstrom, 2009).
- When receiving a business card, take a minute to review the information to make sure you remember who gave you the card. Make any notes or comments on it later (Bergstrom, 2009).

"People Exchanging Business Cards" by Geoffrey Franklin, CC BY 2.0

Etiquette for Business Meals

The purpose of a business breakfast, lunch, or dinner is to get to know someone and build a relationship.
Table manners are a form of nonverbal communication, and impolite etiquette can reverse all the effort you have put into a relationship. Business meals are so important that many companies use business lunches or dinners as part of the interview process. Whatever the situation, you want to be prepared with proper etiquette for the occasion.

- To help you remember which dishes and utensils to use, think **BMW**: **B**read plate on your left, **M**eal in the centre, **W**ater goblet on the right (Morris, 2008). Use silverware starting at the outside and work your way in as the meal progresses.
- As a general rule of thumb, the person who invites pays. If you are invited to lunch for an interview, your host pays. If you take a customer out to lunch, you pay (McFadden, 2008).
- Order simply with no messy foods (red sauces, finger foods) and take note of what our host orders. Paying attention to what your host orders will give you an idea of what you should order. (Kolowich, 2017).

"Emirates Business Class Dinner (Appetizer)" by Kenneth Lu, CC BY 2.0

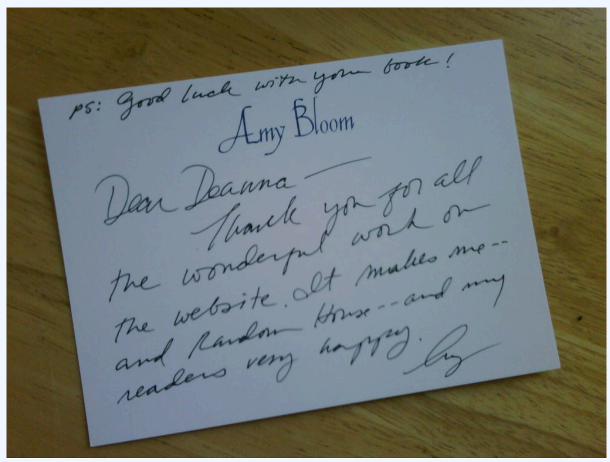
- Silence your cell phone (Kolowich, 2017).
- Be courteous to the wait staff. Many people observe how you treat other people, even when you think no one is watching.

Etiquette for Thank-You Notes

There's nothing more personal than a thank-you note. For the most part, you and your customers are very busy, which is why a thank-you note is even more appreciated. Whether it's a handwritten note or an e-mail thank you, it will go a long way in building your relationship. It's a personal touch that sets you apart. It's never inappropriate to say thank you, but it may be inappropriate not to say thank you.

Tips for Writing Thank-You Notes

- Start with a clear introduction and let the reader know right away that the purpose of the note or e-mail is to thank them.
- Be specific about the situation, date, or other information surrounding the reason for the thank-you note.
- Make it personal and make it special by including your own sentiments.



"Thank-You Note" by Deanna Zandt, CC BY-NC-SA 2.0

Imagine getting a personalized handwritten thank-you note when you order a pair of shoes online. That's what SimplySoles.com does for each customer. Founder Kassie Rempel feels so strongly about thanking customers for their business that every customer who purchases a pair of shoes receives one; each note even mentions the name of the shoe that was purchased (Martin, 2018).

Etiquette Tips for Telephone, Cell Phone, Voice Mail, and Conference Calls

Sometimes, however, the use of technology is entirely necessary to conduct business when personal interaction is impossible. It's important that verbal communication that is not face-to-face is effective and professional. Because you don't have the benefit of using or seeing the receiver's nonverbal communication, the challenges for effective and appropriate communication are even greater.

Do's and Don'ts of Telephone Etiquette

- *Do* find the perfect volume for your voice and use it (Smith, 2020).
- *Do*, when using a speakerphone, conduct the call in an enclosed or isolated area such as a conference room or office to avoid disturbing others in the area.
- *Do*, speak slowly and spell your name when leaving a voice message. Make sure you identify the time that you called and your phone number (Smith, 2020). Identify the purpose of the call and when they can reach you when they call back so that you avoid telephone tag (Quain, 2007).
- *Don't* make or take another call or text during a meeting (Smith, 2020).
- *Don't* discuss confidential issues in public areas—you never know who might be listening (Smith, 2020).
- *Don't* eat, drink, or chew gum when leaving a voice mail or talking on the phone.
- *Don't* leave a long, rambling voice mail message: keep the length between 20 and 30 seconds (Hoffman, 2019).
- *Do practice* beforehand.

4.4 KEY TAKEAWAYS & TERMS

Key Takeaways

- Communication is vital in selling and is the foundation of relationships is best used for communicating information.
- Effective communication is clear, concise, brief, specific, and timely.
- Creating your message is only one half of communication; listening is the other half. Being a good listener improves your ability to be a good communicator.
- There are three types of communication: verbal, which involves speaking to one or many people to convey a message; nonverbal, which includes body language and other observations about people; and written, which includes a message that is read in hard copy, e-mail, text message, instant message, Facebook, Twitter, blog, or other Internet-based written communication.
- Verbal communication provides the opportunity to change communication with inflection, or the emphasis put on certain words in a conversation or presentation.
- Nonverbal communication provides additional insights into the sending and receiving of a message through gestures, eye contact, proximity, and other elements of body language.
- Your handshake can be one of the most powerful elements of nonverbal communication and sets the tone for the meeting or interview ahead.
- Written communication includes printed words designed to communicate a message on paper or a screen and is more permanent than verbal or nonverbal communication.
- Written communication is best used for factual information, whereas verbal communication is best used for emotional topics or those that require discussion.
- The best method of communication depends on your customer's preferences and on the situation.

Key Terms

Business cards are a branding tool for your company and a way to stay in touch with your customers and other people in your network.

Channel: a sensory route on which a message travels, to the receiver for decoding.

Communication: the exchange of information or ideas between sender and receiver.

Communication model describes exactly how communication is sent and received and provides clues as to how to improve the effectiveness of communication.

Decoding is the process of turning communication into thoughts.

Empathy is about demonstrating that you care about the other person's situation.

Encoding is the process of turning thoughts into communication.

Mehrabian formula: an equation that is frequently used to define the relative impact of verbal and nonverbal messages based on experiments of communication of feelings and attitudes.

Nonverbal communication includes body language and other observations about people.

Standard model of communication: model that includes major processes and functions categorized as encoding, decoding, response, and feedback. In addition, the model accounts for noise, which symbolizes anything that might disrupt the sending or receiving of a message.

Verbal communication involves speaking to one or many people to convey a message.

Written communication includes a message that is read in hard copy, e-mail, text message, instant message, social media, blog, or other Internet-based written communication.

4.5 TEST YOUR KNOWLEDGE

Question 1

Describe the difference between soft skills and hard skills.

Solution

Soft skills include communication, relationship building, emotional intelligence, and the ability to interact with people. Hard skills are the technical skills required to perform your job, such as analytical skills in the finance area.

Question 2

Discuss two ways to demonstrate active listening.

Solution

Repeat the information that you heard by saying, “Let me be sure I understand what you’re saying…,”nodding your head, and taking notes.

Question 3

Name the three types of communication. Identify at least one pro and one con for each one.

Solution

1. Verbal communication is best for communicating emotions because you can use or hear intonation. It is also natural and fast and provides instant feedback. However, verbal communication is gone in an instant (unless it’s

recorded), and people remember what was said differently. Also, we speak at about 125 words per minute, but listen at about 400 to 500 words per minute, so people's minds wander during a good amount of verbal communication.

2. Nonverbal communication includes body language and any other type of communication that can be observed. Nonverbal communication can underscore a message, such as hand gestures, or can send a different signal than the spoken words, such as crossed arms or physical proximity. But sometimes people don't realize the messages they are sending when they use nonverbal communication because it can be more difficult to interpret.
3. Written communication is the most permanent of all communication types. It is used for formal business communication such as policies, pricing, and other information. Written communication lacks intonation.

Question 4

Which type and method of communication would you use to tell your boss that your car broke down and you can't make it to the customer presentation?

Solution
It would be best to call them to let them know. This would allow you the opportunity to demonstrate a high sense of urgency, explain the situation, and discuss possible options. It is always best to communicate bad news (especially to your boss) verbally, whether in person or by phone.

Question 5

If you invite a customer to lunch, who should pay? If your customer invites you to lunch, who should pay?

Solution
You should pay when you invite. Although it is appropriate to let your customer pay for a meal once in a while, it's usually expected that the salesperson's company will pick up the tab.

Question 6

When is it appropriate to write a thank-you note in sales?

Solution
Whenever someone does something that is worth noting—referring you to a new prospect, hosting a productive meeting, being a great business partner, providing some information that was difficult to get, or any other situation that is worth a thank you—then note it. People rarely send thank-you notes, so it's an excellent way to set yourself apart. A thank-you e-mail is always appropriate, but a handwritten thank-you note is more personal.

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CHAPTER 5: SELLING PROCESS: PRE-APPROACH AND APPROACH

Chapter Outline

5.0 LEARNING OUTCOMES

Learning Outcomes

- Create SMART precall objectives.
- Describe the role of first impressions and the importance of a strong approach.
- Discuss the appropriate dress for meeting with clients.
- List how to make contact with your prospect.
- Describe the different types of sales approaches.
- Identify how to overcome barriers in getting an appointment.

5.1 SETTING OBJECTIVES: GETTING SMART ABOUT SALES CALLS

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 precall objectives – goals that are determined for the sales call before the call is made 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. According to Hoovers, the average sales call costs a company nearly $400 (Duncan, 2006).

Success doesn't always mean closing the sale. In some situations, you'll experience a one-call close, a sales call that results in a sale after one call. 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. Consider Telegraph Hill Robes, a San Francisco-based company that sells bathrobes to upscale hotels with spas. Buying enough bathrobes to stock a hotel spa is a large investment, one that most customers have to carefully consider. The sale has to clear with two contacts at every company: the general manager and the head of housekeeping. As a result, when Telegraph Hill first started selling its product in 1996, its average sales cycle was two years (Greco, 2007).

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. According to Gary Duncan, principal of the sales training organization Leadership Connections, "In more complex sales it's realistic to set a precall 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. For instance, you might decide you want to find out who your prospect's current vendors are, any issues your prospect has with the services she is receiving, and what her goals are for future purchases" (Duncan, 2006). 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. Take Acumen, a company that sells high-capability accounting software to corporations. Originally, the company's sales cycle lasted around nine months. However, once the company became more strategic in its precall planning, designing a system of rigorous qualifying questions that its salespeople had to resolve before making a sales pitch, Acumen actually decreased its average sales cycle to somewhere between three and six months. Asking detailed questions during early sales calls allowed the company to cut back on the time it wasted brainstorming solutions and making sales pitches for underqualified leads (Greco, 2007).

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 (Skills Connection, 2008).

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 precall objectives, is **SMART** – an acronym to identify the elements of a successful sales goal: **S**pecific, **M**easurable, **A**ctionable, **R**ealistic, and **T**ime-bound. That is, the goal is **S**pecific, **M**easurable, **A**ctionable, **R**ealistic, and **T**ime-bound (Virtual Strategist, 2008).

- *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?).
- *Actionable.* If a goal is actionable 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."

Table 5.1.1 SMART Objectives

S	=	**Specific**
M	=	**Measurable**
A	=	**Actionable**
R	=	**Realistic**
T	=	**Time-bound**

SMART objectives give you the power to sell strategically by setting goals you can achieve. Another powerful tool is the simple act of putting your goals down in writing. Not only are you likely to make a stronger commitment to your goals when you have them on paper, but you will also be able to use your written goals for reference later on—even during the sales call if you need to (Chitwood, 1997).

Table 5.1.2 Examples of SMART Objectives

SMART Objectives	Objectives that are not SMART
Complete at least 25 cold calls to qualified prospects by September 1, 2020.	Conduct as many sales calls as possible as soon as possible.
Increase sales of waffle wraps to chain grocery stores by 8% over last year by December 31, 2020.	Sell as many waffle wraps as possible this year.
Convert 33% of leads to customers within 30 days of initial contract.	Convert some leads every day so that you always have new customers.
Follow up with every prospect and customer within 48 hours of sales call.	Follow up with every prospect or customer after a sales call.

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=269#oembed-1

Video: "How to Get Better Results From Your Sales Meetings" by SkillsConnectionTV [6:54] *Transcript available*

5.2 APPROACH – THE FIRST IMPRESSION

Example: Sales Presentation – Concerts

Photo by Jimmy Baikovicius, CC BY-SA 2.0

When Paul McCartney returned to New York in July 2009 to play a concert at Citi Field, 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 in City Field, 2009). Then he played The Beatles' classic "Drive My Car," and the crowd went wild (Paul McCartney at Citi Filed Opening song, 2009). 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 album or song. 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 formed within a mere 7 seconds (First Impressions, 2020). 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 Six Cs of the Sales Approach

"The Six C's" by Freddy Vale CC BY-NC-SA 2.0

While prospecting and the preapproach 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 they will say; this can be a little nerve wracking. Having done your research on your prospect, you will 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 during your sales approach: Confidence, credibility, contact, communication, customization, and collaboration.

1. 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. Confidence without preparation is a sure recipe for disappointment, so make sure you actually *have* done your homework first. 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 coach Jim Meisenheimer suggests giving yourself an affirmation before heading into the meeting. For instance, tell yourself:

"This will be one of the most positive sales calls I have ever had with a new prospect." (Meisenheimer, 2009).

If you believe you will succeed, it is more likely that you *will* succeed. In addition, dressing well for your sales call (discussed in greater detail later in this chapter), 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 (Harrison, 2001).

2. 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 (Freese, 2003). 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. While qualifications like a proven track record, satisfied customers, or number of years in sales might help establish your credibility, according to Jeff Thul, CEO of Prime Resource Group, these qualifications are expected, and listing them isn't an effective way to lead off your sales call. Thul 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 their situation (Thul, 2007).

3. 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. 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 jewellery for instance, your customer might come into the showroom or store and ask you for help directly, or they might just start looking around, in which case you would approach them. While there's not one set way to make an approach, the constant is to make every approach personal.

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 them in person.

4. 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 (Silverstein, 2007). 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 (Mehrabian, 2007). 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.

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 is important. You want to have a relaxed voice with a pace that is not too slow or too fast, enough volume, clarity and tone to ensure comfort for your prospect (Prater, 2019). It takes 10-30 seconds for a listener to adjust to your voice to don't make the first part of your message the most important (Prater, 2019). Practice recording your voice so that you can listen to how you sound to other people (Weiss, 2004) and then you can ensure you are not too fast, too slow, and have a clear message that is friendly.

5. 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 them beforehand), you would approach different customers differently. Think again about selling a gym membership to a prospect who walks into your fitness club. If a parent with two young children comes in, you would probably spend time showing them the child care centre, and you would discuss any family centred activities your club offered. If they expressed an interest in aerobics or Pilates, you would show them 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. 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?"

6. Collaboration

You've learned how relationship selling is about partnering earlier in the book. Of course all sales have a bottom line (you ultimately want to close the sale), but your customer has something they want out of the transaction, too. In relationship selling you want to focus on your customer so they get what they want; when you do this, your selling becomes a collaborative process.

5.3 DRESS THE PART

> ***"The salesperson was giving a sales presentation to a small group of engineers who were all very casually dressed (no jackets, shirts with open collars and no ties). The salesperson was equally casually dressed. Everything was going well until the company president, whom the salesperson had never met, joined the meeting. He entered the room wearing a business suit and tie. The visual mismatch between the person giving the sales presentation and the person who would be making the buying decision was as obvious as it was striking. The salesperson found himself at a situational disadvantage. What do you think the president's first impression was of the salesperson? Was it, Oh here's a casual-looking, laid-back guy that I'd like to spend several thousand dollars with? Or was it, how serious is this guy? You be the judge."*** **(Christie, 2012).**

Your appearance communicates volumes about you before you ever open your mouth.

Example: "Packaging" Yourself Professionally

Tom Reilly tells the story of a salesperson that showed up to one of his recent seminars dressed in flip-flops and a T-shirt. "I thought he was there to clean the windows," Reilly says. 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 ever 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?

Photo by Gordon Dylan Johnson, CC0

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. However, if your prospect tells you the dress code beforehand, here are some general guidelines to follow.

Business Attire

For most of your business-to-business (B2B) sales situations, business attire will be the norm. For a while in the '90s there was a trend toward more casual clothing in the workplace, but that trend is mostly on the way out. "I see a return to more traditional business wear," says Gary Brody, president of the Marcraft Apparel Group. For that matter, even if your customer says business casual is the standard in his workplace, if you are aiming to dress a notch up from that standard, you might decide that business attire is the way to go. As Mark-Evan Blackman of the Fashion Institute of Technology says, suits "universally project an air of authority."

For men, **business attire** means a suit (matching pants and jacket), a necktie, a long-sleeved shirt, and lace-up shoes. Go for conservative, dark colours such as gray, black, or dark blue for the suit; white or light blue for the shirt. For women, business means a suit (skirt or pants and matching jacket), shoes with moderate heels in a basic pump style (closed-toe), a blouse, and pantyhose.

Business Casual

Business casual can sometimes be tricky because it's less clearly defined than business attire. According to Monster.com, business casual "means dressing professionally, looking relaxed, yet neat and pulled together." For men, a bare minimum approach to business casual means dress pants and a collared shirt. Women can wear skirts or pants, but skirts should be a conservative length, and pants should be well tailored: not too tight or too loose. On the top, a blouse or a tailored knit sweater are good choices, and for footwear, make sure to wear closed-toe shoes. Business casual for men or women does *not* include workout clothes or shoes, wrinkled clothing, worn blue jeans, shorts, miniskirts, athletic socks, or overly revealing clothing.

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=123#oembed-1

Video: "Fashion Advice for Men: How to Dress Business Casual – Men" by ehow [1:17] *Transcript Available*

Details Matter

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 cleaned and pressed. Wrinkled or stained clothing looks very unprofessional. Take the time to review your wardrobe days before your presentation to be sure everything is cleaned and pressed. A trip to the dry cleaner is money well spent.
- If the garment has belt loops, wear a belt. Belts should be dark leather.
- Make sure your briefcase or handbag is professional, not casual.
- Men should avoid sports watches, and women should wear conservative jewellery—nothing flashy.
- Make sure your hair looks professional and well groomed.
- Carry a good quality portfolio or notebook and a nice pen.
- Women should wear hosiery if they are wearing a skirt. Avoid wearing perfume or cologne.

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

This video provides some good advice on how to dress for interviews and in the office.

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=123#oembed-2

Video: "Dress for Success" by VaultVideo [3:11] *Transcript available*

Example: The Image Your Customer Wants

When employees whose businesses rent space in the Coca-Cola building on New York's Fifth Avenue want to bring a canned or bottled beverage to work, they have a list of drinks to choose from. Vermont Pure Water is OK, but Evian is definitely out. Food and drink orders coming into the building are scanned, and anything with non-Coca-Cola brand products gets sent away. While this rule is on the extreme side, it's true that even the products you use reflect an image, and when you're doing business with a potential customer, you want that image to be the right one. This is something worth researching before you go into your sales call. If you know who your prospect's customers are, use those company's products. If your prospect is a publishing house, read some of their books before you go to your meeting. If they have a radio station or record label, listen to it. Knowing the prospect's products, or their customers' products, is part of your credibility.

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 (Kahle, 2010). 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.

5.4 HOW TO START OFF ON THE RIGHT FOOT

During a sales approach there are 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

Always Get the Customer's Name Right

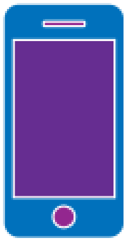
There's nothing more off-putting in a sales approach than a salesperson misspelling or mispronouncing your name. If the salesperson can't be bothered to learn something as basic as your name, it sends the message that they do not care about you as a person, and it certainly gets the relationship off 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 preapproach research.

Always Listen

Jim Collins, the renowned business consultant passes on a lesson he learned from his mentor, "Don't be interesting; be interested." (Belludi, 2017). 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 them and in understanding their needs. The only way you can do this is to listen. The only way to show that you are interested is to actually be interested—pay attention, ask good questions, and ask follow-up questions based on what you just heard (Belludi, 2017).

Be Ready with Your Elevator Pitch

Have you ever heard the term "elevator pitch"? It is a concise description of a product or service that should take no longer than an average elevator ride (Pincus, 2007). Every salesperson has an elevator pitch for the product or service they are selling. That way, they can tell people about their product in under sixty seconds, and it is 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 their 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 they are talking about and want to know more. An elevator pitch is a great tool to have mastered before any networking session.



Approaching by Telephone

Establishing rapport can be a challenging task when you make your approach by phone because you cannot read your customer's body language or other visual cues, and they cannot read yours. For telephone approaches, it's best to be brief and direct and to save small talk for your in-person meeting

- *Do* give your name and the purpose of your call. Your prospect will probably decide whether or not they are 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. Practice and have a script for the phone—sorry, you cannot wing an elevator pitch.
- *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 preapproach 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 (Morgan, 2009) 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 they are in control of the call (Morgan, 2009). However, it is 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. 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?" (McGaulley, 2010).
- *Don't s*tart 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) is a false way to build rapport and it is just better to get right to the point in a cold call by phone (Stop asking how I'm doing, 2020). More powerful opening lines would be "Thanks for taking my call" or "The reason for my call today" or even "Can you help me?" (JB Sales, 2020).
- *Don't* launch into prolonged explanations – as sales coach Sharon Drew Morgan (2009) says, "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 (McGaulley, 2010).

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, depending on the type of sale in which you are engaging. For instance, Internet marketing coach Sean Mize says of his business, "I generate 2,000 subscribers via the Internet every single month, so to try to contact all those individuals by phone, unless I have a huge telemarketing room, would be absolutely impossible." (Mize, 2009). Here are a few things to keep in mind.

- *Do* Write a Number of E-mails in Different Styles and Tones – Create a few email templates and then pick and choose when you are sending out or replying to an email but try and make the email 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. Check for spelling and grammar mistakes.
- *Do* Follow Up Persistently – Don't get discouraged if you don't get a response to the first or second e-mail you send. If your prospect doesn't respond right away, it doesn't mean that they are not interested in what you have to offer—just assume that they may be a busy person with plenty of other distractions that come across their desk every day.
- *Don't* Send E-mails That Look Like Templates- Again, the goal is to make your e-mails as personal as you can. Include your prospect's name in 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 as 84% of consumers will buy from a brand they follow on social media over a competitor (Barnhart, 2020). For instance, if you are a web site 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 networks.

- *Do* ask to make a connection- Follow the prospect and then send a message introducing yourself and thank them for the connection (Hingley, 2016). 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.

Ask if they are going to a conference or trade show you are going to –ask for a meeting (Hingley, 2016). 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. To start, focus on the social networks where you know your customers are—most likely LindedIn, Facebook, Instagram, or Twitter (Balinas, 2020).
- *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. Prep your social media in a document or spreadsheet and spell check and whatever you do, don't use ALL CAPS (Balinas, 2020). No one wants to be screamed at.
- *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. You want to appear human by answering questions people ask, doing more than just retweeting or liking other people's content (Honigman, 2020). Being human is a big one on social media. If you come off as a faceless with no personality, people will not want to get to know you (Barnhart, 2023). Show photos, use humour, and add value to create the much needed connection.
- *Do* Help More than You Sell- Keep in mind the 80/20 rule. 80 percent of the content you post or share should be entertaining or informative while no more than 20 percent should directly relate to the good or services you provide. Match the content to the network and the prospects' interest (Balinas, 2022).
- *Don't* Post Any Inappropriate Language, Photos, or Videos on Your Personal Social Networking Pages- It's a good idea to remove any inappropriate information as employers, prospects, and customers can see your personal brand 24/7.

5.5 CHOOSING THE BEST APPROACH FOR THE SITUATION

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 them that you are interested in getting to know them, what do you do? You ask questions, right? "When you ask the right questions in the right way, you can end up getting your prospects to do all the selling for you. At the very least, you'll learn a lot about what the prospect wants from your product, which means you can laser-focus your presentation on just those points that will sell most effectively." (Connick, 2019, para 2). Can I ask you about your business or tell me about your business are great opening questions. Here's an example of using the **question approach**.

Example: The Question Approach – Opening Questions

> *You*: 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?
>
> *Customer:* 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 their current products.

Example: The Question Approach – Leading Question

You: On average, how many paper jams would you say you have to deal with each week?

Customer: 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.

You: So your copiers are jamming about every other day?

Customer: At least.

You: And how long does it take you to get a machine back on line once it jams?

Customer: 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.

You: 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 copies on the market today and it has been designed with simple interiors that allow you to get back online easily do you think this is something that would help your office run more efficiently?

A line of questioning like this builds credibility as you try and work together to solve problems and 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 there are some good starter questions for this situation: (Connick, 2019)

- What prompted you to meet with me today?
- What qualities do you look for in a [product type]?
- Which quality is most important to you?
- Why would you like to have a [product type]?
- What is your timeline for buying a [product type]?
- What is your budget?
- Who else is involved in the purchasing decision?

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. You want to be seen as a valuable resource helping to build trust.

The Product Approach

Example: "Welcome to the Quiet Zone" (Greco, 1995)

When John Koss of Koss Corp. approaches prospects at the Consumer Electronics Show, he has his product booth, complete with visual displays and over forty headphone models, to catch their attention. Koss takes advantage of the noisy, chaotic showroom floor to showcase his noise cancellation headphones: a large banner over his booth announces, "Welcome to the Quiet Zone," and he invites buyers to sit down, try the headphones on, and experience the instant silence (Greco, 1995).

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 themselves and the purpose of their call, they might hand a sample to the buyer and say, "I think you might like this new fabric. It's especially popular for scarves this season. Can you tell whether or not it's silk?" (Weitz, Castleberry, and Tanner, 2013). 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 is one way to instantly earn a new customer's trust? In the **referral approach**, you 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. As you build your client list, getting referrals will become easier but be sure to a*sk* your referral source before mentioning their name to your prospect. Also, it's always a good idea to thank your customer when they give you a good referral.

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 their 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 (Weitz, Castleberry, & Tanner, 2003).

Example: Focus on Specific Product Benefit

You: 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.

Mr. Ling: 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 they have to gain from doing business with you. This will not only capture their interest, but it will also establish credibility because it shows that you have taken the trouble to prepare and learn about their specific concerns. Think FAB! (features, advantages and benefits.)

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 they even begins to show you listings: "How many bedrooms are you looking for?" "Which neighbourhood 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 they are receiving special treatment because you are using the information you gather to tailor-make a solution that matches their needs (Manning & Reece, 2004).

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 their time. Here is an example of something you might say:

Example: The Agenda Approach – Overview of Meeting Agenda

> *You:* 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.
>
> *Customer:* 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, they will be more inclined to listen to a sales presentation or at least give you a moment of their 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.

Example: The Premium Approach – Bookseller's Convention

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:

> *You:* 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, *One Moment in Time* by Jacque Rolique.
>
> *Customer:* I would really like a copy of the book. I've been meaning to read it. Thank you.
>
> *You:* I'm Sasha Conti from New World Publishing. What's your name?
>
> *Customer:* My name is Ramsey Jackson from Books and Nooks. We have fifty-five stores in the Northeast along with an e-commerce web site.

You: 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 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. This is the **combination approach**. Real-world, adaptive selling rarely fits neatly into textbook models.

Example: Shifting between Sales Approaches

Often, an experienced salesperson will shift fluidly from one type of sales approach to another. For instance, they might start off by offering a product demonstration and mentioning a customer benefit almost simultaneously:

Salesperson: Here. Try lifting this ultralight graphite bicycle frame. How much would you guess it weighs?

Customer: Wow! That's amazing. Really light. I'd guess it only weighs about four pounds?

Salesperson: 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.

5.6 GATEKEEPERS

Photo by Patrice_Audet, CC0

If you want to sell a product to a large company like Walmart, you can't just walk in the door of its corporate headquarters and demand to see a purchasing agent. You will first have to get past of a number of **gatekeepers**, or people who will decide if and when you get access to members of the buying centre. These are people such as buying assistants, personal assistants, and other individuals who have some say about which sellers are able to get a foot in the door. Warning: Do not be rude to or otherwise anger the secretary!

Gatekeepers often need to be courted as hard as prospective buyers do. They generally have a lot of information about what's going on behind the scenes and a certain amount of informal power. If they like you, you're in a good position as a seller. If they don't, your job is going to be *much* harder. In the case of textbook sales, the gatekeepers are often faculty secretaries. They know in advance which instructors will be teaching which courses and the types of books they will need. It is not uncommon for faculty secretaries to screen the calls of textbook sales representatives.

Getting Past the Gatekeepers

So what do you do if you've prepared your opening statement and done your research, but when you make your phone call, it isn't your prospect who picks up the phone; instead, it's their assistant, who wants to know who you are, why you are calling, and why you think your prospect should want to talk to you anyway? This is a likely scenario in B2B sales when your prospects are busy executives who don't have the time to handle every call that comes through their office. If you want to see your prospect, you may have to go through the gatekeeper first. Their title might be secretary, assistant, administrative assistant, or executive assistant but their role will be the same: keeping unwanted distractions from interrupting their boss's busy schedule. Salespeople often think of gatekeepers as road blocks—something standing in the way of getting to see the prospect. Gatekeepers are human beings (not obstacles) whose jobs are important to the successful running of their organizations. Think of them as part of the selling relationship and treat them with the courtesy and respect with which you would treat your prospect.

Put yourself in the gatekeeper's shoes for a minute. You have been answering the phone all day, responding to people who don't often treat you with much respect, and you get another call:

> *Salesperson:* Hello, this is Camille Martin. Is Maria Gonzalez in her office right now?
>
> *Assistant:* Yes, she's here, but she's busy at the moment. Can I ask what you're calling about?
>
> *Salesperson:* I'd like to schedule a meeting to see her. When would be a good time to call back?
>
> *Assistant:* I'm sorry, but Ms. Gonzalez doesn't take unsolicited calls.

Notice that the caller didn't give the name of their organization or the purpose of their call, even when the gatekeeper asked for more information. The salesperson was abrupt with the gatekeeper, so the gatekeeper was abrupt in return. Remember that it's the gatekeeper's job to find out whether your call is worth their boss's time, so if you tell them the purpose of your call, you are helping them to see that your call may be valuable. Learn the gatekeeper's name and be friendly.

Review the approach shown above using a referral as a way to work with the gatekeeper as an ally, rather than view them as a barrier:

> *You:* Good morning. My name is Camille Martin and I'm calling from Preston and Preston; we're a full-service digital photography studio here in Cleveland. I'm following up on a conversation that Jason Kendrick, our company's CEO had with Maria Gonzalez. I understand she is looking for a partner in the digital photography area. May I speak with her?
>
> *Assistant:* Let me check and see if she is available. Can you give me your name and company again?
>
> *You:* Thank you. I appreciate your help. I'm Camille Martin from Preston and Preston What's your name?

Example: Milton Hershey

When Milton Hershey first opened his candy store in Philadelphia, he had to shut down after six years because he never made enough sales to get the business off the ground. After closing in Philadelphia, he moved to Chicago, then to New Orleans, then to New York, each time failing and starting over again. In fact, it took ten years of rejection and failure before Hershey's business succeeded. You already know how the story ended for Hershey (now a $5 billion company), but now you also know that the Hershey Chocolate Company wasn't an overnight success; the business only took off thanks to one salesman's persistence in the face of failure (Alonso, 2023).

"Hershey Chocolate World Store" by Brecht Bug, CC BY-NC-ND 2.0

Rejection (fear of failure)

Rejection is a reality that all sales professionals have to deal with occasionally, no matter how experienced or skilled they are; it comes with the territory. Prospects will sometimes hang up on you or refuse to see you, and others will listen to your sales approach and then tell you that they aren't interested in what you have to offer. However, if you approach your sales call with confidence and refuse to take rejection personally, then the possibility of rejection doesn't have to be a barrier to your success. Recognize that it is the *fear* of failure, more than anything else that creates a barrier between a salesperson and a successful sale. The best approach is to practice (Roque, 2017) so that you build your confidence which leads to a mindset for success (Girard, 2011).

Successful selling is all about mastering your attitude, and this is especially true when it comes to facing rejection. There are many reasons that a prospect may reject your offer—very rarely is it personal. The product may not be a good fit, they may not be ready to make a deal (no budget or commitment from the decision makers), or they like their current product or service (Brudner, 2016). To overcome the fear of rejection, you can practice to increase your confidence and your ability to communicate (role play with other reps, do ride alongs, ask your manager for help), keep your office space very organized so that you can focus on the actual sales process, follow Nike's slogan and "just do it" –procrastination is a huge barrier in sales.

5.7 KEY TAKEAWAYS & TERMS

Key Takeaways

- Preapproach research includes information on:
  - company demographics, company news, and financial performance to help you discover sales opportunities and go deeper in your qualifying process.
  - company's customers, the current buying situation, and your contact person at the company to help you tailor your sales approach.
  - existing customers to find opportunities for expanding the relationship and creating more sales.
- Good salespeople don't sell products; they sell *solutions* to their customers' problems or challenges.
- The goals for your sales call should be specific, measurable, actionable, realistic, and time-bound: **SMART**.
- Once you have identified your customers' problems and goals, brainstorm solutions and opportunities that will meet their needs.:

Key Terms

Agenda approach: 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.

Business attire: formal dresswear which for men means a suit (matching pants and jacket), a necktie, a long-sleeved shirt, and lace-up shoes and for women, a suit (skirt or pants and matching jacket), shoes with moderate heels in a basic pump style (closed-toe), a blouse, and pantyhose.

Business casual: dressing professionally, but slightly dressed down from business attire standards.

Combination approach: shifting from one type of sales approach to another based on the feedback you get from the customer during your interaction.

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.

Gatekeepers are people like buying assistants and personal assistants who decide if and when you get access to members of the buying centre.

Preapproach: 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.

Precall planning worksheet- a record of the objectives of your sales call, along with basic company information.

Premium approach: one in which the salesperson offers product samples or giveaway items to attract a prospect and establish goodwill.

Product approach: when the salesperson opens the call with a product demonstration or display.

Question approach: involves leading off with questions to learn about your prospect and engage him in dialogue.

Referral approach: 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.

SMART: an acronym to identify the elements of a successful sales goal: **S**pecific, **M**easurable, **A**ctionable, **R**ealistic, and **T**ime-bound.

Survey approach: Sales that involve very specific solutions to customer problems sometimes begin with.

5.8 TEST YOUR KNOWLEDGE

Question 1

Why is a precall planning worksheet completed?

Solution
It is an organized way to research and learn about your qualified prospect. It is the information gathered there that helps you plan your approach and presentation and the questions you want to explore.

Question 2

Why are customer demographics important in B2B selling?

Solution
B2B selling requires understanding your prospect as well as their customers, which usually include the end user.

Question 3

What is the best source of prospects?

Solution
Existing customers.

Question 4

What is the role of trade journals in researching your prospects?

Solution
Trade journals can give you insights about trends in the industry, your prospect's company, and even the prospect themselves.

Question 5

What are some important pieces of information you should learn when you are researching a prospect?

Solution
About the company: demographics, financial performance, company news; about the company's customers: demographics, size of customer base, what customers are saying about the prospect; about the current buying situation: type of purchase, competitors and current provider, current pricing; about the contact person: title and role in the company, professional background, personal information, essential problem your contact needs to solve, prospect's motivation for buying,

Question 6

Should you filter your ideas during the brainstorming process? Why or why not?

Solution
During brainstorming, it's best not to filter ideas in order to generate as many ideas as possible. Then, the ideas should be prioritized and modified in order to be implemented.

Question 7

Name two techniques of effective brainstorming.

Solution
Know your problem or opportunity; generate, don't evaluate; push beyond the wall; use strategic stimuli.

Question 8

Create a general benefit statement to use if you were selling Starbucks coffee to your friend.

Solution
I have an idea that will refresh your mind and give you a different environment to work in. Does that sound like something you would be interested in?

Question 9

What do the letters SMART stand for? Write a SMART objective for your first meeting with a prospect during which you want to learn who is the decision maker.

Solution
Specific, measurable, actionable (or achievable), realistic, time-bound

Question 10

Name at least one thing you should do to prepare for your presentation to a prospect.

Solution
Learn who is the decision maker and who are influencers for the buying decision at this account by the end of the first sales call. Prepare. (or Prioritize, Personalize, Practice—any of the 4 methods).

Question 11

Name the 6 C's of sales approach.

Solution
Confidence, credibility, contact, communication, customization, and collaboration.

Question 12

Identify one way of demonstrating active listening

Solution
Eye contact, lean forward, take notes, and repeat key points to check for understanding.

Question 13

What is the 70/30 rule of active listening?

Solution
You should be listening 70 percent of the time and asking questions 30 percent of the time to engage the prospect.

Question 14

What is an elevator pitch and why it is important in a sales approach?

Solution
An elevator pitch is a concise description of a product, service, project, or person that should take no longer than the average elevator ride. It's an important part of the sales approach because it is a good way to give your prospect an overview and get conversation started.

Question 15

What are the main approaches to use in a sales presentation?

Solution
Question, product, referral, customer benefit, survey, agenda and premium.

Question 16

Describe an effective email approach.

Solution
Personalized e-mails that address a prospect's needs can be very effective. An e-mail should be well written and interesting to read and include proper spelling and grammar.

Question 17

List opening lines you should avoid in a sales approach.

Solution
"Would you be interested in saving money?"; "You're probably a busy person, so I promise I'm not about to waste your time"; "I just happened to be in the area visiting another customer so I thought I'd drop by"; and "I've heard that you've been having trouble in your customer service department."

Question 18

What is a gatekeeper?

Solution
The secretary or assistant whose job it is to screen calls or "guard" the entrance to an executive's office. It's the person you have to do through first before seeing your prospect.

5.9 EXERCISES

Exercises (5.1)

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 web site 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 6: THE SELLING PROCESS - PRESENTATION AND HANDLING OBJECTIONS

Chapter Outline

6.0 LEARNING OUTCOMES

Learning Outcomes

- Explain how to prepare for a sales presentation.
- Discuss the elements of a effective presentation.
- Explain SPIN and how to use it during a sales presentation.
- List the five steps of a successful sales presentation.
- Define sales objections.
- Outline strategies to handle objections.
- Discuss the common objections heard in a job interview and the best way to respond.

6.1 PREPARATION: YOUR KEY TO SUCCESS

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.

Example: "The Fox"

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 their organization. Lo gives this relationship special attention, often inviting this individual out to dinner before the presentation to win their loyalty and get any additional details about their 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 (Clifford, 2007). 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?

Importance of Value in Presentation

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. As Tom Reilly, author of *Value-Added Selling: How to Sell More Profitably, Confidently, and Professionally by Competing on Value, Not Price*, explains it, delivering value means that you "define value in customer terms, ask questions, listen to customers, and put the spotlight on customer-centric solutions" (Reilly & Reilly, 2018, pp. 23-24). 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. According to one study, "Today's presentations typically are conducted over several meetings, with the salesperson often doing more listening than talking" (Moncrief & Marshall, 2005). 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 precall 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. 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**, running through a scenario (like your sales presentation) step-by-step in your mind before you go into the situation 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 (Tracy, 1995, p. 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 precall 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.

Power Player: Lessons in Selling from Successful Salespeople

Example: Rehearse Your Way

Andres Mendes, global CIO of Special Olympics International, says that rehearsing out loud makes him too nervous; he likes to leave room for spontaneity and adaptation. Mendes develops the big themes of the presentation and maps these out into PowerPoint slides that tell the whole story. "I time the slides to move exactly at my pace, so I rehearse the mechanics and make sure those are right," he says (Johnson, 2009).

CIO Magazine columnist Martha Heller, on the other hand, likes to rehearse in the traditional style, delivering the presentation out loud and pacing the room as if she were in front of an audience. She never rehearses the opening though. She likes to adapt her comments to the immediate situation and energy in the room (Johnson, 2009).

"Hiwot Desta presenting research results" by ILRI, CC BY-NC-ND 2.0

The bottom line? While nearly all top-performing salespeople rehearse, not all approach rehearsal in the same way. Find the style of rehearsal that works best for you. Additionally, don't let your rehearsal lock you into delivering a rigidly defined set of remarks. You have to leave room for flexibility and adaptation.

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, remotes) with you. And of course, make sure you know how to use all your equipment. When Keith Waldon, CEO of Earth Preserv, was preparing for a meeting with JCPenney, one of his biggest prospects, he spent hours rehearsing with his multimedia equipment. The technology was a key element of his presentation, and he wanted to make sure everything would work perfectly for the big day. "I had to learn how to use all the remote-control equipment," he says. Waldon also brought a technical assistant with him as backup to safeguard against any glitches (Greco, 1995).

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 travelling 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: a business magazine, a newspaper, or maybe a tablet.

Pre-presentation Checklist

- Assemble supplies such as documents, brochures, product samples, contracts, files, thumb drives, CDs, projector, laptop, cables, remotes, pens, pointers, precall objectives, and client information.
- If you plan to use handouts, make sure you have enough copies.
- Check your clothes. Does anything need to be ironed? Do you have the right shoes, tie, pantyhose, and so forth for the suit?
- Make sure you have directions to your meeting. Do you know which building you are meeting in, which entrance to use, and how to find the meeting room?
- Research the parking situation.
- Write down a contact number or put it in your cell phone to call in case you are unavoidably delayed.
- Rehearse your presentation.
- Review your pre-call objectives and visualize success.

6.2 MAKING YOUR PRESENTATION WORK

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.

Elements of an Effective Presentation

"Effective Presentations," featuring author Terri Sjodin, highlights how a great sales presentation comes together.

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=295#oembed-1

Video: "Terri Sjodin: Presentation Skills Expert, Public Speaking and Sales Coach, Keynote Speaker" By BigSpeak Speakers Bureau [11:55] *Transcript Available*

The Right Size

A good salesperson can read group dynamics as skillfully as they 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 (Grikscheit et al., 1993, p. 152). 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 their stated needs and concerns and respond accordingly. Do they look worried when you tell them 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. Do they seem distracted when you begin discussing product features? You can back off and begin asking more questions.

As you learned before, while discussing about the 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 are they task oriented and businesslike? Does your prospect care about details and thorough descriptions, or do they prefer to see the "big picture"? Are they competitive? How do they feel about change? Understanding these things about your prospect will help you to favourably 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, they 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 their company a competitive edge.

Writing up a customer trait description before your meeting can be very helpful so that you can use the information as a guideline in preparing your presentation (Grikscheit et al., 1993, p. 127). If you're working with an existing customer or if you've interacted with your prospect prior to the presentation, you can use your observations to write a trait description. If you haven't met the prospect before, try asking other salespeople in your organization, noncompetitive salespeople at other companies, or other contacts you have who might have met your prospect and who can tell you something about their personality (Grikscheit et al., 1993, p. 136). Also, use the company resources including the CRM system to gather as much information as possible about the company and your contact. In addition, it is also a good idea to send a precall questionnaire to your contact to gather information such as the names and titles of the people who will be attending the presentation, how much time has been allotted for you, objectives for the meeting, and any other information that will help you plan the meeting. This information can provide valuable information and help you create an agenda, which is a good idea to send to the prospect before the meeting.


Photo by Amtec, CC BY-SA 2.0

In adapting to an individual buyer, it's also important to consider their motivation (Grikscheit et al., 1993, p. 128). What are their responsibilities in the organization? What pressures do they face? Are they on a strict budget? Are they 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: (Grikscheit et al., 1993, p. 125) one person might buy a car from you because they 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 them that you understand their specific motivations and concerns. The best salespeople present themselves as advisors their customers can trust (Brodie, 2008). Is a prospect worried about proving themselves in a new role in their company? Show them how your product can help them perform their 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 (Grikscheit et al., 1993, p. 165).

Recall: "The Fox"

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 their status? How do they perceive the urgency of the problem you want to solve? Do they have any ego involvement in the product or service? (Weitz et al., 2003, p. 264). (For instance, an accountant in the organization might feel threatened by new accounting software if it replaces part of their 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 (Weitz et al., 2003, p. 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.

Group Presentations

Hear about how to use a group presentation to your "unfair" advantage in this video.

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=295#oembed-2

Video: "Super Sales Presentations – Sales Training Presentation Skills Video Preview from Seminars on DVD" By Seminars on Demand [2:36] *Transcript Available*

The Right Place

You also might not know *where* your presentation will happen. If you know you'll be presenting to your prospect at their office or in a conference room at their 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 (Chapin, 2008). 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 them 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 their name on the front. Sales professional John Chapin suggests having small items on hand that you can give to your prospect, such as pens or calculators with your company logo on them (Chapin, 2008). Small, thoughtful details can make an important difference.

A Neutral Location

If you are giving your presentation in a neutral location like a rented conference room you have the freedom to set up and work out any technical bugs well beforehand. When Keith Waldon of Earth Preserv was preparing for the presentation that secured his biggest customer, JCPenney, he rented a boardroom in a building near JCPenney's corporate headquarters. He opted for the rented space so that he could pull out all the stops for the presentation. "I wanted to catch JCPenney by surprise," Waldon says.

When the five executives arrived, Waldon had set up multimedia equipment for video, sound, and slides. He had placed a thick binder of presentation materials (including television storyboards, magazine advertisements, and product comparisons) at each executive's seat with his name and the JCPenney corporate logo embossed on the front. Besides the conference room, Waldon had also rented an empty storefront in the same building, and halfway through the presentation, he took his customers to see the retail window display he had created there to look like one JCPenney might use to display Earth Preserv products in their stores (Greco, 1995).

Since you will have time to set up beforehand at a rented location, you can treat the presentation the way you would treat a presentation at your home office. Bring refreshments, set up any multimedia equipment well in advance, and arrive early to make sure everything is in working order at the facility. Make sure you know the name of the facility's contact person; you can call them several days ahead of time to find out what equipment they have at on hand and what you will need to bring (Chapin, 2008).

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.
- In B2B sales, if your presentation will be around the lunch hour, it's often customary to offer to take your prospect to lunch before or after the meeting (Chapin, 2008).

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 improved technology, it's becoming increasingly 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.

Of course, there are some drawbacks to giving sales presentations through video conferencing rather than in person. For one thing, it's always easier to establish rapport with your prospect if you're able to have a face-to-face interaction. Video conferences offer the benefit of visuals, so you and your prospect can read one another's body language and visual cues, but this is not a complete substitute for sitting in the same room with someone. Additionally, since the presentation relies entirely on technology—both on your end and on the prospect's end—there is a greater chance that a technological malfunction could prevent the presentation from working.

In-person presentations are still the most effective and personal method, so whenever you are able (and when it is practical) to give a face-to-face presentation, this is your best option. However, technology keeps improving, and online meetings and video teleconferences are becoming more successful as an alternative method all the time (KnowThis.com, n.d.) Depending on your selling situation, this is something you might consider. As online sales strategist Joanna Lees Castro points out, video conferencing can be *almost* as effective as an in-person meeting in a number of selling situations, and it is certainly a better, more personal approach than e-mail or telephone (Lees Castro, 2008).

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) (Manage Smarter, 2009). 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 *their* 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. *Sales and Management* magazine notes that privacy is expected during a video conference, so if you want to record part of your presentation, it is important to ask your prospect for permission (Manage Smarter, 2009). When the presentation is over, Joanna Lees Castro suggests closing 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. At the end of a conventional sales presentation, Lees Castro points out, next-step discussions can happen more organically, as the customer is walking you to the door, but this is obviously impossible in an online situation (Lees Castro, 2008).

The Right Tools

In the best sales presentations, the product or service comes alive. Try to see the presentation through your prospect's eyes. What is the best way to capture their imagination? How will you tell the story that will make your product or service compelling? In what ways can you delight or surprise your customer? Few people know how to do this better than Dann Ilicic, CEO of Wow Branding. Wow, a small start-up, frequently outperforms big name competitors when vying for a prospect. Ilicic approaches each presentation with the same mind-set: you can't bore your customer into buying from you, so why not dazzle them? One customer said the presentation Ilicic put together for his company couldn't have been better: "Dann unquestionably knocked it out of the park compared with the other firms, and they were really high-end firms with spectacular portfolios (Clifford, 2007).

So how does Wow Branding wow its prospects? Ilicic's approach offers three lessons:

1. **Take customization to a new level**. Ilicic says he and his team spend about fifty hours preparing for a sales presentation. They call low-level employees in the customer company, the company's past customers, and companies that have chosen not to do business with the prospect to learn things the prospects might not even know about themselves. Glumac, an engineering firm in Portland, Oregon, and one of Wow's customers, said Ilicic's technique "was a brilliant move…because he wasn't asking what our imagery should be"; instead, he researched to find out what the image already was.
2. **Never miss an opportunity to delight**. Ilicic likes to surprise his customers with the small things: like stamping green thumbprints throughout a proposal for an agricultural company—or, for a pharmaceutical company, handing out vitamin bottles on which he has replaced the label with a message about Wow. Sometimes he brings in a cake on which he reveals the suggested name for a new company. Because Ilicic's intensive research allows them to understand his customers so well, he is able to perfectly match the wow factor to each prospect and make the product come alive.
3. **Always make the presentation creative and fun**. This technique engages the customer, even when the meeting agenda isn't exciting itself. It also allows Wow to get around difficult or sensitive parts of the presentation. Rather than talking about Wow's successes, Ilicic records customer testimonials about his company and plays these for his prospects. On another occasion, rather than potentially putting a prospect on the defensive by telling the company what their image should be, Ilicic told them that Wow had been assigned a branding project for their biggest competitor. He launched a multimedia presentation to show them their competitor's branding overhaul, and by the end his prospects were asking themselves, "Why didn't we think of that?" After the presentation, Ilicic revealed that he hadn't actually made the campaign for the company's competitor; it was for them (Clifford, 2007).

So what techniques can you use to achieve these goals in your sales presentations? The tools you choose will depend on the situation and your presentation style. As Ilicic demonstrates, the possibilities are almost endless, but whatever tool you use, it is important to carefully consider your choice and how you can maximize its effectiveness.

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.

Photo via Wikimedia Commons, CC BY-SA 2.0

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. As sales coach and author Anne Miller says, "Putting PowerPoint into the hands of some sales reps is like putting matches into the hands of some children (Miller, 2008). To maximize PowerPoint as a tool to successfully sell your story, use the tips in Table 6.2.1 "Guidelines for PowerPoint Visuals" (Miller, 2008).

Table 6.2.1 Guidelines for PowerPoint Visuals

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

Helpful *Do's* and *Dont's* for 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.
- *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 (Miller, 2008).
- *Do* make your slides easy to read.
- *Do* replace descriptive headlines with headlines that sell. No one cares about a headline that describes what's already on the page (Miller, 2008). 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 (Kawasaki, n.d.).

10/20/30 Rule

Guy Kawasaki, best-selling author, venture capitalist, and entrepreneur, created this rule and describes it in this video.

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=295#oembed-3

"Guy Kawasaki 10-20-30 Presentation Rule" By Robin Good [1:52] *Transcript Available*

Do remember that that PowerPoint is only an *aid*. "You are the star," says communications consultant Ronnie Moore (Williams, 2007). Use dynamic speaking strategies, move around, keep your audience involved; don't let your technology take over.

Brochures, Premiums, and Leave-Behinds

It is usually expected that you will have printed material to give your audience during a presentation. In addition to a printed supplement to your PowerPoint presentation (i.e., something that conveys the same information as your slides and on which your audience can take notes), you might decide to bring along brochures with information about your company, products, and services. What are the benefits of brochures? According to sales expert and author Geoffrey James, in some situations you need a brochure to make your firm look serious. However, James lists "I promise to read your brochure" as one of the top ten lies customers tell sales reps. His conclusion: the brochure might gain you credibility, but it probably won't get read (James, 2009). Don't rely completely on brochures because they won't be a focal point of your presentation.

Sometimes a brochure can work as a reminder about you and your company after you've left, but this is assuming your customer doesn't throw the brochure away. When it comes to reminders, a better bet is leaving something functional that your customer will actually use regularly. These reminder objects—calendars, refrigerator magnets, pens, or mouse pads labelled with your company name—are called premium leave-behinds and are a proven method of reminding customers you exist (Sugars, 2007). Almost all salespeople bring some sort of brochure or premium leave-behind on their sales calls.

Samples and Demonstrations

There is almost no better way to make your story come to life for your customer than letting them experience it for themselves. Think of television courtroom dramas: when the lawyer is making her final statement to the jury and they want to pull out all the stops, what do they do? They don't just give the jury the facts or tell them the version of the story they want them to believe—they brings the story to life; they put the gun in the defendant's hand; they bring 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!" Or think of Keith Waldon of Earth Preserv who didn't just tell JCPenney, "We can make displays of our environmentally friendly products for your store windows;" instead, he set up a real shop window display so his prospects could *see* their place in his story.

Power Selling: Lessons in Selling from Successful Brands

Sell to Someone Unexpected

For the founders of Cranium, Inc., maker of the popular Cranium board game, playing is believing. When the company first launched in 1998, they knew that 50 percent of board games failed in their first year. Cranium's strategy? Avoid the traditional board game buyers—toy stores—and sell to someone unexpected. Cranium's founders managed to get an introduction to Howard Schultz, CEO of Starbucks, and they arrived at his office with a game board and challenged them to a match. After playing a few rounds, Schultz decided this was just the game Starbucks had been looking for—something that would support coffeehouse culture—and Cranium, Inc., had its first major sale.

Next on Cranium's list? Barnes & Noble Booksellers. The company's founders scheduled a meeting with Terese Profaci, the bookstore's director of gift merchandising, whose boss told the sales reps on the way in, "I don't know why you're here. We don't sell games." Still, Profaci's boss had her play a round of the game with some employees at corporate headquarters, and in the end, Barnes & Noble was won over (Blick, 2002).

Good Reasons to Use Demonstrations

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 them find the results for themselves. 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 them 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? (The Solar Stop, n.d.)
- **To prove the performance of your product** (The Solar Stop, n.d.). 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, they can see for themselves that your product is smaller, and their can hear for themselves 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 (Manning & Reece, 2004, p. 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** quantifies the costs of a purchase in relationship to the benefits it provides. It asks the question "Will this purchase save more money in the long run than it costs?" (Miles, 2003, pp. 139–140). 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, n.d.). 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:

$$\begin{aligned} \$3,000 &= \text{cost (initial investment)} \\ \text{cost savings} - \text{ initial investment} &= \text{benefit} \\ \$5,000 - \$3,000 &= \$2,000 \end{aligned}$$

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 them, "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** shows the return (profit or cost savings) as a percentage of the initial investment. 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 (savings over five years) ÷ $3,000 (initial investment) × 100 = 66% ROI

You can maximize ROI by cutting costs, increasing profits, or accelerating the rate at which profits are made (Milano, n.d.). 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 preapproach, 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.

6.3 HOW TO USE SPIN SELLING IN YOUR SALES CALL

Example: SPIN Selling

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** (Rackham, 1996; Woodley, n.d.) 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. The following section describes SPIN selling in a nutshell.

What Is SPIN Selling?

Photo by ccipeggy, Pixabay License (SPIN selling focuses on asking questions around each of four areas—Situation, Problem, Implication, and Need-payoff—to customize a presentation and learn more about customer needs.)

SPIN-A customer centred sales model. SPIN stands for the four kinds of questions successful salespeople ask their customers: **S**ituation, **P**roblem, **I**mplication, and **N**eed-payoff. It 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 them do most of the talking, and give their 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.

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 preapproach, 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 centred selling (Rackham, 1996).

Opening

According to Rackham, the **opening** is the first step in SPIN selling that paves the way for the rest of the sales call. The sales call is not the most important part, but it does pave the way for the important steps that come after (Rackham, 1996). 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) (Rackham, 1996). 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 (Rackham, 1996). This builds rapport and establishes a buyer centred purpose for your call (ChangingMinds.org, n.d.).

Investigation

Investigation: The second and most critical step of SPIN selling that involves asking questions to uncover your buyer's needs — 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: In SPIN selling, situation questions deal with facts about the buyer's existing situation deal with the straightforward facts about the buyer's existing situation and provide a starting place for understanding your buyer's needs (Woodley, n.d.). 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 (Rackham, 1996; Wolfram, n.d.). For instance, if you are selling Internet connectivity, you might ask your buyer, "Which of your offices are currently using DSL?"

Customer
Our four branch campuses use DSL, but our main offices downtown use a cable service.

You:
Oh, they use cable? Who is their provider?

Customer:
Ajax Communications. We've been with them for about two years.

You:
I understand Ajax sometimes offers their service on a contract basis. Do you currently have a contract with Ajax?

Customer:
We had a contract, but that ended a couple of months ago.

You already know that your prospect will only be motivated to buy if they recognize they have a need. Asking problem questions. In

SPIN selling, problem questions help uncover your prospect's need. This helps customers understand their needs, and ultimately it paves the way for you to propose a solution that seems beneficial to your customer (Rackham, 1996). 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 (Rackham, 1996). 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 (ChangingMinds.org, n.d.). Imagine you sell tractors. To understand the difficulties your prospect faces with their 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 those that help uncover the consequences or effects of a prospect's recognized problems. They 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 (Rackham, 1996). Say, for instance, your prospect has offices in five locations, but they only have IT staff at two of the locations. To help them understand the implications of this problem, you might ask questions like this:

You:
If a computer crashes at one of your branch offices, who takes care of the problem?

Prospect:
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.

You:
Wow, that must be a hassle for the IT people! How often do they have to drive out to another location for computer trouble?

Prospect:
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.

You:
So your IT people have regularly scheduled maintenance visits that they make in addition to the occasional "emergency" trips?

Prospect:
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.

You:
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 they 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 them (ChangingMinds.org, n.d.).

Need-Payoff Questions

Once you help your prospect uncover their specific needs, you can help them to discover a way out by asking how their problem could be resolved. These questions are called need-payoff questions. In the SPIN model, **need-payoff questions** ask the prospect how your solution could be important or useful to their problem. If you ask your prospect the right need-payoff questions, they will tell *you* how your solutions can help them; 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 (Rackham, 1996). 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 Chapter 5.

- 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 (Rackham, 1996).

All three methods demonstrate capability. In SPIN selling this is the step of the sales call in which you show your prospect that your solution can solve his/her problems., 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 they have 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, they 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.

Examples: 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**-the stage of the sales call in which you get an agreement to move to the next stage of the sale-is fairly straightforward: either your prospect decides to buy, or they tell you that they aren'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 (Rackham, 1996).

Three Steps to Obtaining Commitment in the SPIN Model

1. Check whether you have addressed key concerns.
2. Summarize the benefits you presented.
3. Propose a commitment that will move the sale forward (Rackham, 1996).

Example: Obtaining Commitment in the SPIN Model

You:

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?

Prospect:
Yes, that's the biggest issue we're facing right now.

You:
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.

Prospect:
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.

You:
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.

Prospect:
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 precall objectives. According to Rackham and his team, the most effective precall 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" (Rackham, 1996, p. 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 their needs and make sure that you are in agreement with them about a solution they 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.

6.4 PUTTING IT ALL TOGETHER

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.

Present Successfully

What are the most important ingredients to a successful presentation? Watch the following video *How do you make a sale?* from Inc. to hear several experienced salespeople share their perspectives (Kurtz & Shick, 2007).

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? You can make a personal connection and break the ice by questioning your prospect about a family photograph or a trophy they keep 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 (Rackham, 1996). 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. Geoffrey James suggests building "group rapport" by opening your presentation with a memorable remark: something challenging or amusing (James, 2009). You could also open with 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 (Grikscheit et al., 1993). 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** – 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." Table 6.4.1 "Examples of Closed-Ended and Open-Ended Questions" provides examples of closed-ended and open-ended questions.

Table 6.4.1 Examples of Closed-Ended and Open-Ended Questions

Close-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?

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 (Bosworth, 1995, p. 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 (recall the discussion of this from Chapter 5: Selling Process: Pre-Approach and Approach). 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.

You:
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?

Prospect:
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.

You:
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 (Rose, n.d.) Does that sound like a good option to you?

Prospect:
Yes, that sounds like just the kind of thing we're looking for.

You:
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 pithy**. A shorter presentation is better. It helps you get to the point more quickly and have more time for dialogue with your prospect (Robertson, 2021).

- **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 (Davis, 2013).
- **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 (Davis, 2013).
- **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 (Robertson, 2021).
- **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 (Robertson, 2021).

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 a prospect's buying readiness. How likely are they 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 for a commitment, so there is less pressure for both of you. A trial close often leads to objections that you will need to overcome before your prospect feels prepared to make the purchase (Holden, 2002).

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 a later chapter. 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

Example: Tom Hopkins

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 (Hopkins, 2005). 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.

Sales Presentation Role-Play

See how all the steps come together in this selling role-play. See if you can identify all the selling skills used by the "salesperson."

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=303#oembed-1

Video: "The Prepared Buyer and Seller" By johnsharpsales [5:14] *Transcript Available*

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 some B2B situations, your customer might submit a formal request for proposal (RFP)A formal request from possible suppliers to provide or create a specific product or service., 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 (Wheaton, 2008). If you receive an RFP, make sure that you stick closely to the requested formatting and respond to all the questions in the document.

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. Graphics can add meaning and make the information more accessible.
- *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 centred focus.

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 jewellery 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 colour of the car before they ask about payment; if they pick out the colour, they have already imagined themselves 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 them the car, let them test drive it, and then tell them, "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 that a customer will pay in advance to secure your services.—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.

6.5 OBJECTIONS ARE OPPORTUNITIES TO BUILD RELATIONSHIPS

Example: Selling in Everyday Life

You've been working really hard at school, and it's paying off. You're doing well this semester with a GPA right where you want it. Spring break is right around the corner, and you and your friends have been talking about going to Mexico. You even had an impromptu "fiesta party" at your place and even do some research about airfares and hotels; there are some great deals out there. You present your case to your parents and end with a strong "close" to seal the deal: "The timing is perfect since it's my senior year. I can book the flights tonight online." You thought you sold them on the trip when they say, "We're worried about you going out of the country without a chaperone." You are deflated, but you won't take no for an answer so you wait for a moment, let it sink in, then deliver your response, just like you planned. You have just experienced the fine art of overcoming objections.

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 preapproach 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.

The first myth to dispel is the assumption that objections are *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 they are interested in your product or service. In fact, in all likelihood, they already know whether or not they need or want to make the purchase. Thus, the reason they are objecting isn't necessarily because your presentation failed to communicate the features, advantages, and benefits of your offering. Rather, they are objecting because they are seeking reassurance; they are on the fence of indecision, and they want you to provide them with the incentive that justifies an immediate purchase (Edwards, 1993). Supply your prospect with the right information, that is, show them why they want to buy your product or service.

What Are Objections?

Objections

Sales objections are generally defined as prospect questions or hesitancies about either the product or company (Moncrief & Marshall, 2005). 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 true sometimes that your prospect will object when he truly cannot or does 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.

How Objections Build Relationships

As an analogy, consider asking someone out on a date for the first time. Even if you have hooked him in with a great pick-up line (approach) and dazzled him with your sparkling personality (presentation), he may still not be convinced that you are serious about him. Naturally, he might respond by playing hard-to-get. How you react will reveal to him your level of commitment. By allowing the relationship to grow slowly and organically, you demonstrate your patience, sensitivity, and sincerity. You establish a foundation of trust that eventually wins him over. On the other hand, if you respond by getting huffy and stomping off, he will probably be glad to see you go.

Objections as Opportunities

You might not keep track of objections in your everyday life (especially as they relate to dating). However, you may find it interesting to know that in sales, a prospect will say no an average of five times before they buy (Loew, 2020). 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?"

The fact is objections are an important part of the selling process. But thinking about *overcoming* objections might be the wrong frame of reference. The word "overcome" implies that you want to conquer, fight, or win (and, therefore, your prospect loses) (Morgan-Seager, n.d.). Instead, it's best to think about objections as a perfect extension of the selling process. Think back to the steps of the selling process that you have covered so far: prospecting and qualifying, preapproach, approach, and presentation. Throughout each of these steps, your focus is on understanding your prospect's needs and building a relationship based on trust. 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.

Consider Objections Before They Occur

If objections are such a positive part of the selling process, you might be wondering how to be prepared for them; how to think about them; how to consider them even before you get them. Here are some strategies for preparing for the objections portion of the selling process that will help you build your relationship.

- **Understand your prospect and believe in your partnership**. If you did your homework at every step of the process so far and put together a presentation and proposal that really makes sense for your prospect's business, you should be confident in the fact that you are a true business partner to your prospect. Objections lead to sharing and learning and the ability for you to make adjustments in your proposal that will help your prospect manage her business (Rubin, 2005).
- **Remember WII-FM**. WII-FM (**W**hat's **I**n **I**t **F**or **M**e) is the radio station that everyone listens to. Never lose sight of your prospect's buying motivations. If time is mission-critical to his success, know what you can deliver and by when. If national reach is important to your prospect, be sure you address it in detail in your proposal.
- **Understand risk**. Understand what your prospect considers a risk (e.g., time, money, changing suppliers). When risk outweighs reward in the mind of your prospect, chances are she will find a reason not to buy. Understand her risk factors and address them head on. This will allow you to employ a "risk-removal" strategy, rather than a selling strategy (Gitomer, 2005).
- **Anticipate objections**. 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. (Karasik & Benson, 2004). Your success as a salesperson will largely be determined by your ability to anticipate and handle objections (Philip, 2004). Write down all the possible objections and go back and incorporate them into your presentation. 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 (Verrecchia, 2004).
- **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. (Rubin, 2005).

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.

Power Selling: Lessons in Selling from Successful Brands

Example: Handling Objections – All in a Day's Work

At iCore Networks, a leading VoIP (voice over Internet protocol) provider, handling objections is an everyday learning experience. Sales reps gather at 8:00 a.m. sharp every day to discuss successes and failures from the previous day and role-play overcoming objections and then put what they learn to work in the field all day. The commitment to coaching and being in front of customers works for the company and its sales force: the average compensation for a first-year sales rep is $92,000 (Hofman & Joyner, 2009). Learn more about how iCore sells in the following article: A Sales Force Built Around Cold Calling By Mike Hofman in Inc. To thrive in a recession, the sales force at iCore Networks focuses on cold calling.

Why Prospects Object

While prospects may voice their objections in different ways, just about every objection comes down to one of four reasons: no or not enough money, no perceived need, no sense of urgency, and no trust (Ye, 2022). 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 thorough qualification during your first step of the selling process (Leotta, n.d.).

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 his 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 him and his 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. "There is no reason for buyers to buy today unless we build in that sense of urgency and give them a reason to buy today," says Dana Forest, director of sales at Simons Homes (Kendy, n.d.).

Many objections are raised because the relationship between the prospect and the salesperson is not fully developed. business-to-business (B2B) selling is dependent on trust. If the trust is not there, or the relationship is not yet fully developed, it can be difficult for a prospect to make a change or finalize the purchase. If this is the case, prospects will frequently delay or stall before making a decision, which can be an attempt to derail the sale.

When Prospects Object

While you may not be able to predict your prospect's every objection, you can at least predict that *he 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.

Of course, it is possible that the prospect may object at any time during your sales call—from introduction to close. Still, there are specific points in time during the sales process where these objections are more likely to occur: when you are first trying to make contact, when you are making a sales presentation, and when you are attempting to close the sale, or make a trial close. A trial close includes any attempt to close the sale but usually focuses on asking the prospect's opinion: "What do you think about the turnaround time?" A trial close may occur at any point during the selling process. In other words, if the prospect indicates that she may be interested in making the purchase, it is an opportunity to make a trial close.

Objections are likely to occur at several points during the selling process, including the trial close. It's best to be prepared for objections at every step in the selling process, including the qualifying stage. Know your prospect and be ready to incorporate objections into your sales presentation.

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=314#oembed-1

Video: "Objection Prevention & Objection Cure" By Jeffrey Gitomer's Sales Training Channel [3:08] *Transcript Available*

Setting Up the Appointment

Imagine that you are in the middle of a cold call and you are attempting to set up an appointment to meet your prospect. You have barely uttered your name when your prospect exasperatedly grunts, "Don't waste your breath. I'm not buying anything you're selling." How do you respond? This scenario is meant to illustrate the fact that you may meet resistance as soon as you try to establish contact with your qualified prospect. Hopefully, you will have reduced the rate of this problem occurring by properly qualifying your prospect beforehand and preparing for the most common objections. Nonetheless, anticipate resistance from the beginning. Asking questions can help turn the conversation around.

Prospect:
No thanks, I'm satisfied with my current supplier.

You:
May I ask you who you are currently using?

Prospect:
We work with Advanced, and they have been doing a good job.

You:
Advanced is very good at what they do. Did you know that Symone offers a money-back guarantee? In other words, if you are not completely satisfied with the conversion or the service, we will completely refund your money. It would be worth thirty minutes of your time to learn more about it. How does Tuesday at 8 o'clock look?

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. For example, you might say something like the following:

Prospect:
I'm a little concerned about the financing.

You:
I'm glad you brought that up. I'm going to address that in the next slide, which I think will provide you with the information you are looking for.

During the Presentation

Otherwise, he may think that you are avoiding the question and that you are trying to hide something, are unprepared and do not know how to respond, or are simply not listening—all kinds of impressions that you do not want give.

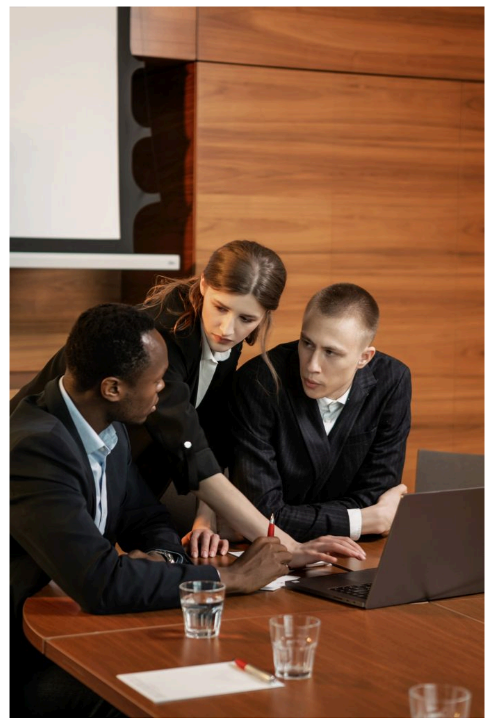

Photo by Alena Darmel, Pexels License. Prospects may raise objections during the sales presentation.

During the Trial Close

Recall that you can test your buyer's readiness after your sales presentation by employing a trial close. If your prospect hasn't expressed any opinions at this point of the selling process, then the trial close is your opportunity to seek them out. If your prospect responds positively to it, then congratulations! This response indicates that you have skillfully executed each step of the selling process: creating rapport, gaining the prospect's trust, listening, identifying his problem, and presenting products and services that will provide them with solutions and value (Jim, 2013). From this point, you can move to the next step of the process, the close.

If, on the other hand, an objection is raised, then you will use this time to respond to it. Always remember that an unacknowledged concern lessens the opportunity for a sale. Responding means fully listening to your prospect's concerns and objections, asking clarifying questions to determine whether or not you understand them, identifying the types of objections they are, and meeting them. To be clear, "meeting" an objection does not mean saying what you think the prospect wants to hear; you should never make a promise about a product or service that you cannot deliver. How you *meet* an objection will depend on the type of objection you are dealing with. Simply put, meeting the objection means returning to the presentation stage, elaborating on your product's capabilities, and emphasizing in what ways they benefit your prospect. For example, assume you are making a sales presentation for a software product to a B2B client and she presents an objection about the timing of the installation.

Prospect:
This is really an interesting option for us to pursue, but we are planning on launching our service much sooner than your timeline suggests. I'm not sure your implementation timing will work for us.

You:
When are your planning on launching your new service?

Prospect:
We want to have everything in place and tested in less than forty-five days.

You:
So it sounds like the biggest challenge is the installation date. I can talk to our head engineer and see if we can change the installation date. If we can guarantee installation within thirty days, will you commit to the two-year agreement?

Photo by Amy Hirschi, Unpslash License. When you have handled your prospect's objections, you have earned the right to ask for the sale.

In this example, it's important to note that the objection led to the prospect sharing information that was not previously known: the date of the launch. This is valuable information that the salesperson can use to potentially overcome other objections and provide service that will help the prospect meet his goals.

After you think you have responded to and have overcome all your prospect's objections, you can proceed with another trial close. If you determine that your prospect has new objections, then you will want to repeat the response process. You may have to use a trial close several times before moving to a close. Keep in mind that the sales process is not perfectly linear; rather, it is iterative. Depending on the prospect and the product, it is perfectly appropriate to repeat steps.

When you are certain that you have addressed all your prospect's objections and that he has no further objections, move to the close. Don't be shy! You have earned this right and, besides, your customer expects you to!

In the same way, you should never allow yourself to become defensive or antagonistic when a prospect makes an objection. Since your goal is to build and sustain an enduring customer relationship, you will want to handle your prospect's objections with as much delicacy as possible. For example, avoid persuading the customer by responding to objections with statements beginning with "but": "But our service is more affordable" (Jim, 2013). It's better to respond in a positive way, such as "I understand your point about price being a factor. In terms of durability, what level of quality are you looking for?"

6.6 TYPES OF OBJECTIONS AND HOW TO HANDLE THEM

Learning how to handle objections is key, especially when many of the same ones occur regularly.

Six Strategies to 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.

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.

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.

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 (Verrecchia, 2004).

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" (Verrecchia, 2004).

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

Prospect:
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.

You:

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.

You can also simply respond to an objection by letting your customers speak for you (Bly, 2009).

Prospect:
We've tried other cleaning products, but they didn't really work for us.

You:
Here's what my customers say…

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 (Verrecchia, 2004).

Dos and *Don't*s 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.

Reprinted with permission from Edward Lowe Peerspectives (Verrecchia, 2004).

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 a concern related directly to the product, called a **product objection**. Comments such as "This isn't as good as your competitor's product" or "I don't want to take that kind of risk" 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 (Futrell, 2008, p. 385). For example, consider the following:

Prospect:
I'm not sure your product stacks up to your competition.

You:
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.

Find the Edge That Works

How do you compete with the big players in a crowded business-to-business (B2B) industry? Bob Ladner, founder and president of a market research firm in Florida, wanted to compete with the big players but couldn't get any prospects to give him a chance. Finally, in the middle of a sales presentation when he was overcoming objection after objection, he asked the prospect, "What do you want? A guarantee?" While it's almost impossible to offer a guarantee in the market research business, Ladner ultimately designed one that works. His successful firm now boasts major clients thanks to the guarantee. "The guarantee is a method of generating confidence," says Ladner (Schultz, 1984).

Source Objection

Some prospects voice objections about the company or about doing business with you as a salesperson. This is called a **source objection**. A barrier presented by the prospect relating to your company or to you. While this type of objection doesn't happen often, it does happen so it's important to know how to handle it.

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:

Prospect:
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?

You:
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: (Futrell, 2008, p. 386).

Prospect:
I don't think we would make this purchase from you.

You:
I can respect that. May I ask you why?

Price Objection

One of the most common objections is the **price objection**. A concern voiced by the prospect about the perceived value of a product or service. 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. The worth that a product or service provides to a customer.. 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 an iPod than a comparable MP3 player. Customers perceive that the design and function of an iPod delivers more value, even at a higher price, than comparable products made by other manufacturers. This is the essence of value.

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.

The truth is that price is not the driving factor in most purchasing decisions. More important, pricing shouldn't be determined based on your product cost. To be successful, you need to understand more about the value your product or service is delivering to the customer. It's the value that should determine the price, not product cost, or even prospect objections (Reilly, 2017).

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:

Prospect:
Your prices are much higher than anyone else I've looked at.

You:
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.

Handling the Price Objection

This video, featuring best-selling author and sales expert Jeffrey Gitomer, discusses how to handle the price objection.

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=317#oembed-1

Video: "Price Too High?" By Jeffrey Gitomer's Sales Training Channel [2:25] *Transcript Available*

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.

Money Objection

An objection that is related to the price objection is the **money objection** – a concern voiced by the prospect that relates to the budget or 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:

Prospect:
I really can't afford this right now.

You:
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.

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:

Prospect:
We really can't afford this in our budget right now.

You:
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?

Power Point: Lessons in Selling from the Customer's Point of View

Just Ask

Want to be able to handle objections with ease? Deliver value. When prospects object with price or money objections, differentiate your product with a value-added service. If you want to know which service will make a difference—and help make the sale—just ask your customers. You'll be surprised what you learn when you just ask (Carroll, 1998).

The article Your Price Is Too High—Not! by Jack Carroll from *Inc.* will help you think differently about handling the price or money objection.

"I'm Already Satisfied" Objection

Many times prospects will object with what is called the **"I'm already satisfied" objection** – a barrier presented by the prospect that indicates that there is no need for the product or service (also called the 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 (Futrell, 2008). 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.

Is Being Satisfied Good Enough?

That's the question to ask prospects if they use the "I'm already satisfied" objection, according to this video featuring Jeffrey Gitomer.

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=317#oembed-2

Video: "Engage the Prospect" By Jeffrey Gitomer's Sales Training Channel [1:10] *Transcript Available*

"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. 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:

Prospect:
I need some time to think about it.

You:

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.

Ultimate Stall

This video, featuring Jeffrey Gitomer, highlights how to deal with the "I have to think about it" objection.

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=317#oembed-3

Video: "I'd like to think about it – and other sales stalls" By Jeffrey Gitomer's Sales Training Channel [3:10] *Transcript Available*

6.7 SELLING U: HOW TO OVERCOME OBJECTIONS IN A JOB INTERVIEW

It's exciting to get a call to go on a job interview. During your preparation you will, of course, research the company and learn everything you can about how it does business. You'll identify some questions that you want to ask because you realize that a job interview is a two-sided exchange—the company wants to learn about you, and you want to learn about the company. You'll plan your wardrobe, transportation, and other details well in advance of the big day. But one thing you may not think about is how to overcome objections during the job interview.

Common Interview "Objections"

Be prepared to answer the most common objections that may be voiced during your interview. Focus on the positive and keep your answers professional. In fact, you should practice your answers to these questions out loud so that your answers are crisp and conversational. When an interviewer presents an objection, take a breath before you answer the question. Restate the objection and then answer it. Here are some common objections and suggested ways to handle them.

Objection 1: You Don't Have Enough Experience

A portfolio is a visual way to demonstrate your skills and experience. It's one thing to talk about what you've done, it's quite another to bring it alive to your interviewer. It's especially important to show your work from internships, major class projects, volunteer projects, and other examples of your work.

Objection 2: I'm Not Sure You Will Fit In with the Team

This is another opportunity to refer to your portfolio by talking about projects that you work on with other people. Chances are you've worked on teams for class projects, internships, volunteer projects, and other areas. Be prepared with specific examples about how you have worked in collaboration with a team or taken on the leadership role within a team.

Objection 3: The Position Doesn't Pay as Much as You Are Looking For

Your response to this objection should be something like "Salary is only one part of compensation. I'm looking for the right opportunity, and I'm willing to look at other areas of the total compensation program, including benefits, advancement, exposure, and other elements of my personal and professional growth." It's best not to take this conversation into a salary discussion. Wait to have the salary conversation until the company has extended an offer. It's a good idea to have a salary range in mind *before* you go into an interview.

Objection 4: You're Too Experienced for This Position

When you are starting out, it will be rare to hear that you have too much experience for a particular position. However, if you do hear it, be ready with the right answer. It's always best to seek a job you really want. But starting at a level that might be below your expectations is a good strategy, especially in this economy.

When interviewers say this, they are worried that when the job you want comes along, you will leave. Answer this objection by pointing out that you are willing and excited about learning about the business from the ground up. Based on your research of the company, give your interviewer a specific reason about why you want to work for that particular company. People are more willing to give you a chance if you are really interested in working for the company.

"Hidden Objections" during Job Interviews

Although there are some common objections you may hear in a job interview, chances are you will rarely hear an objection on a job interview. This is one major difference between a sales call and an interview. Most managers and recruiters respond during an interview in a more neutral way so as not to imply that the job is going to one candidate over another (Richmond, 2008). Prospective employers prefer to interview all the candidates and then make their hiring decision. Therefore, their objections are often more like hidden objections, those that are not openly stated during the interview. Unlike the sales call, it is not appropriate to keep probing to identify the objection. The best way to overcome objections, hidden or stated, is to be prepared to sell yourself in the most compelling way possible.

The concept of value, described earlier in this chapter, can be a successful way to overcome objections in a job interview whether the objections are stated or hidden. Prepare for the interview, understand the company's needs, and demonstrate how you can meet the needs. Simple. Effective. Powerful.

Follow Up after Job Interviews: Set Yourself Apart

After you've shaken hands and finished your interview, keep in mind that your ability to stand out is not over. Follow-up is the currency of sales; those who follow up significantly increase their chances of getting the sale (or getting the job). Here are some ways to follow up and make yourself memorable.

Thank-You E-mail after a Job Interview

Prospective employers want people who want to work for the company. A thank-you note can set you apart from other candidates and show your interviewer that you really want the job (it's easy for every candidate to *say* she wants the job, but not every candidate writes a thank-you note).

You have the opportunity to say thank you more than once. It's also a good idea to take advantage of every opportunity to demonstrate your interest and enthusiasm for the company. Start with a thank-you e-mail that you send the day of the interview. It's important to use e-mail to thank your interviewer for his time, and it is also is the perfect way to deliver value. Take a minute and recap some of the topics you discussed with each interviewer (if there was more than one). Jot down a list and go online and look for an article, video, or interesting blog that would be worth sharing. Send a personal thank-you e-mail to everyone with whom you interviewed (no group e-mails here). Also, be sure to send a thank-you e-mail to the recruiter, if you worked with one to get the interview. It's important to remember that a thank-you e-mail should be as formal and professional as a handwritten thank-you note.

Now, it's time to write your thank-you e-mail. There are three major parts to a thank-you e-mail. It can be short, but effective.

- First, thank your interviewer for her time.
- Mention something specific that you discussed. Include the link in the e-mail.
- Close your e-mail with a note about next steps.

See the sample thank you e-mail below.

To: Chris Talbert
From: Lee Lonsky
Re: Thank you

Dear Chris,

Thank you so much for taking the time to meet with me today. I thoroughly enjoyed our conversation about the challenges ahead for Horizons Healthcare. It sounds like your efforts to change the culture are working. I thought you might like this video book brief for *Collaboration* by Morten Hansen from BNET.com. It highlights the points we talked about in our conversation about the culture of Horizons Healthcare and the role teamwork and idea sharing play in the success of an organization.

Again, thanks for your time and insights. I'm looking forward to the next steps in the process.

Sincerely,
Lee Lonsky

Handwritten Thank-You Note

Photo by PickPik, PickPik License. Take the time to send a personal handwritten thank-you note within twenty-four hours to everyone with whom you interviewed.

Sending a thank-you e-mail is good etiquette, and it reminds your interviewer that you can deliver value to the organization. But don't stop there. As soon as you send your thank-you e-mail, write a handwritten thank-you note to each person with whom you interviewed. You might think that it is unusual to send two thank-you notes, but it is the perfect way to communicate your interest and value to your interviewer in two ways: the thank-you e-mail demonstrates immediacy and helps you deliver value with a link to a relevant article, video, or blog, and the handwritten thank-you note provides a personal touch that few candidates take the time to do. As with the thank-you e-mail, timing is important for the handwritten note. It's best to write and mail it the same day so your interviewer receives it within a day or two of the interview. It's the perfect way to reinforce the fact that you go the extra mile to make an impression and build a relationship.

Thank-You Note

See the sample handwritten thank-you note below. Additional sample thank-you notes can also be found on the website Muse.

Dear Chris,

Thank you again for taking the time to meet with me on Wednesday. I enjoyed hearing your perspective about the opportunities at Horizons Healthcare, I appreciate you taking the time to review the organizational structure as well as the expectations for the position. I was especially interested in your comments about corporate culture. It sounds like all the teamwork and planning is paying off.

Sincerely,

Lee Lonsky

You've Got the Power: Tips for Your Job Search

*Do*s and *Don't*s of Thank-You Notes

Here are some tips for writing effective thank-you e-mails and notes:

- *Do* ask for a business card at the end of each interview so that you have the correct spelling and title for each person with whom you interviewed (Hansen, n.d.).
- *Do* write individual thank-you notes to each person with whom you interviewed. If a recruiter arranged the interview, send a thank-you e-mail or note to them, too (Hansen, n.d.).
- *Do* write a thank-you e-mail or note even if you are not interested in the job. It's always a good idea to say thank you to someone for their time (Doyle, 2020).
- *Do* send a thank-you e-mail or note within twenty-four hours.
- *Do* proof your thank-you e-mail or note before you send it, including the spelling of the person's name.

Here are some things to avoid when sending thank-you e-mails and notes:

- *Don't* stop job hunting even if you had a good interview. The job isn't yours until you get an offer (Hansen, n.d.).
- *Don't* bother the employer and follow up in a way that becomes annoying (Hansen, n.d.).
- *Don't* follow up sooner than the interviewer or recruiter indicates is appropriate.

What If You Don't Hear Back?

At the end of a job interview, it's a good idea to ask about next steps. Usually interviewers or recruiters will tell you the expected time frame in which they will make a decision. This is valuable information because it will help you determine how and when you should follow up.

If you don't hear back from the employer or recruiter within the specified time frame, it's recommended that you call and follow up. Companies frequently have good intentions of making a decision quickly, but other business issues take priority. Following up with a phone call helps remind your prospective employer that you are interested in the position. While it is appropriate to follow up by e-mail, it is more effective to follow up by phone. It's easier to have a conversation with the interviewer or recruiter and get some insight about the timing as well as reinforcing why you are a good choice for the position. Continue to do research on the company so that when you follow up, you can discuss company news. For example, you might say something like "I noticed that you were recently awarded the ACON business. It sounds like this is an exciting time at the agency and one that will need some motivated salespeople. I wanted to follow up on our conversation last week to see where you stand with filling the position."

Follow-Up Tip

Set up a Google News Alert using keywords for every company in which you are interested in working. The news alerts will be delivered to your e-mail (or other source you specify), and you will know all the latest news about the company—as it happens. It's a good idea to send an e-mail to your contact about the news as a follow-up and a way to keep in touch.

Follow-Up after Sending Résumés

You can see that follow-up is critical after an interview. It helps overcome objections even after the interview is over. The same principle of follow-up applies to every contact you make during your job search. When you use the tools described in Chapters 3 and 5 to get the word out about your personal brand, follow-up will be especially important. Within one week of sending a cover letter and résumé, a phone call to each person (or at least the top twenty people) on your mailing list will help reinforce your cover letter and résumé and give you the opportunity to sell yourself on the phone.

Follow-Up after Networking

You learned about the power of networking earlier in the book. But like other forms of contact, networking requires follow-ups. Make it a point to follow up by e-mail or phone with each person on your networking list every four to six weeks.

It's especially important to follow up quickly with those people with whom you connected about a possible job or contact to someone at a company. It's appropriate to follow up within a week, unless the person told you otherwise.

6.8 KEY TAKEAWAYS & TERMS

Key Takeaways

- When preparing for your sales presentation, stay focused on the essentials: your relationship with the prospect and your precall 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.
- 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 or in a neutral location (like a rented space), 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.
- **SPIN selling** is a four-step model that relies on the theory that successful selling is customer centred 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 centred 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: **S**ituation, **P**roblem, **I**mplication, and **N**eed-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.
- 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.
- **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 preapproach, 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.
- It's especially important to understand risk from your prospect's perspective so you can create a risk-removal strategy.
- Prospects object for four reasons: money, no perceived need, no sense of urgency, and no trust.
- Prospects may pose **objections** at any time, but especially while setting up the appointment, during the presentation, and during the trial close.
- 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).
- Unlike a sales call, a job interview usually doesn't include stated objections.
- The secret to overcoming hidden objections such as experience or salary is to be prepared and establish the value you can bring to the company during the interview.
- Follow up after a job interview is a powerful way to make yourself memorable even after the interview is over.
- Thank-you notes (both e-mail and handwritten) should be sent within twenty-four hours of an interview to each person with whom you met. It's also a good idea to send one to the recruiter who arranged the interview.

- Thank-you notes are a reflection of your personal brand. Correct spelling and grammar are required, including each person's name and title.
- Follow-up, which may include a phone call or e-mail, is also important for each stage of your job search.

Key Terms

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

Closing: where you obtain your customer's commitment, either to buy or to move the sales process forward

Cost-Benefit Analysis: analysis that quantifies the costs of a purchase in relationship to the benefits it provides (cost savings – initial investment = benefit)

Hidden objection: an objection that is not openly stated by the prospect but is an obstacle in the way of making the sale

"I have to think about it" objection: an objection that is actually a stall and usually occurs when a prospect isn't completely comfortable with you and your product or service

"I'm already satisfied" objection: a barrier presented by the prospect that indicates that there is no need for the product or service (also called the need objection)

Implication questions are those that help uncover the consequences or effects of a prospect's recognized problems

Investigation: The second and most critical step of SPIN selling that involves asking questions to uncover your buyer's needs

Mental rehearsal: running through a scenario (like your sales presentation) step-by-step in your mind before you go into the situation

Need-payoff questions ask the prospect how a specific solution could be important or useful to their problem

Money objection: a concern voiced by the prospect that relates to the budget or financial ability to make the purchase

Obtaining commitment: the stage of the sales call in which you get an agreement to move to the next stage of the sale

Open-ended questions: questions that will help you probe further into the problem your product can solve. These questions start with "who," "what," "when," "where," or "why."

Opening: the first step in SPIN selling that paves the way for the rest of the sales call

Price objection: a concern voiced by the prospect about the perceived value of a product or service

Product objections: when prospects voice a concern related directly to the product

Return on Investment (ROI) Analysis: analysis that shows the return (profit or cost savings) as a percentage of the initial investment (Example: $2000 (savings over five years) ÷ $3,000 (initial investment) × 100 = 66% ROI)

Sales objections are generally defined as prospect questions or hesitancies about either the product or company

Situation questions: In SPIN selling, situation questions deal with facts about the buyer's existing situation deal with the straightforward facts about the buyer's existing situation and provide a starting place for understanding your buyer's needs

Source objections: when prospects voice objections about the company or about doing business with you as a salesperson

Specific benefit statement: one that demonstrates in detail how you are going to solve a prospect's unique problem

SPIN: A customer centred sales model. SPIN stands for the four kinds of questions successful salespeople ask their customers: **S**ituation, **P**roblem, **I**mplication, and **N**eed-payoff.

6.9 TEST YOUR KNOWLEDGE

Question 1

Explain what it means to deliver value to your customer.

Solution
Delivering value means asking questions, listening to your customer, and defining value in customer terms.

Question 2

What is the best rule of thumb for dressing for a sales presentation?

Solution
Dress one step above what you would wear if you worked at the organization. When in doubt, dress up.

Question 3

List three dos and three don'ts for giving a PowerPoint presentation.

Solution
Dos include the following:

- *Do* make your slides easy to read.
- *Do* replace descriptive headlines with headlines that sell.
- *Do* use the 10/20/30 rule.
- *Do* remember that that PowerPoint is only an *aid*.

Don't's include the following:

- *Don't* turn down the lights.
- *Don't* go overboard with technological gimmicks.
- *Don't* hide behind your computer screen when using PowerPoint.
- *Don't* fill your slides with words.
- *Don't* bore your audience with visual sameness.

Question 4

Explain the 10/20/30 rule for a PowerPoint presentation.

Solution
Make sure you limit your slides to 10 or fewer. Give yourself 20 minutes to go through your 10 slides. And use only 30-point or larger font size so that your audience can clearly read what you've written.

Question 5

What are the benefits of using samples or demonstrations in your presentation?

Solution
Samples and demonstrations bring the product to life and help your prospect to see your solution as part of her story. Samples and demos also educate the prospect, prove the performance of your product, and get the prospect involved.

Question 6

List the four components of SPIN selling.

Solution
Opening, investigation, demonstrating capability, and obtaining commitment.

Question 7

Give an example of a closed-ended question.

Solution
A closed-ended question requires a yes or no answer, such as “Do you currently use a recycling service?”

Question 8

Give an example of an open-ended question.

Solution
An open-ended question engages the customer in conversation, such as “How do you currently process invoices?”

Question 9

What should you always do before making a specific benefit statement?

Solution
Check for understanding.

Question 10

When should you deliver the proposal in a sales presentation and why?

Solution

Proposals should only come after your prospect has clearly made a connection to your product. Presenting specifics like pricing early on can create objections and prevent your prospect from making an emotional connection to the product.

Question 11

What is an objection?

Solution

Questions or hesitancies on the part of the prospect or customer.

Question 12

What is the best way to anticipate objections?

Solution

Review your presentation with someone, write down all the possible objections, and incorporate them into your presentation.

Question 13

At what point in the selling process might the prospect or customer object?

Solution

A prospect may object at any time, especially when you are setting up the appointment, during the presentation, and during the trial close.

Question 14

Name the six strategies to handle an objection.

Solution

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.

Question 15

Name the five types of objections.

Solution

Product objection, source objection, price objection, money objection, “I’m already satisfied” objection, and “I have to think about it” objection.

Question 16

What is value?

Solution
Value is the worth that a product or service provides to a customer. It is not based on cost but on perceived benefit.

Question 17

What is a hidden objection?

Solution
An objection that is not openly stated by the prospect but is an obstacle in the way of making the sale.

Question 18

How can you overcome objections after a job interview?

Solution
Send a personal thank-you e-mail and handwritten thank-you note within twenty-four hours of the interview.

6.10 EXERCISES

Exercises (6.1)

1. You are preparing for a presentation with three executives to be considered for the internship or job you really want. List the steps you would take to rehearse your sales presentation, making sure to leave room for adaptability.
2. You are preparing a presentation for representatives from a large department store who are considering buying your line of men's shoes. There will be six representatives present, none of whom you have met in person before. You have heard from your original contact at the company that one person in the group is against purchasing your product because he believes he already has something in the line that has the same look. List some things you can do to prepare for this presentation that will address the prospect's concerns.
3. Assume you are a real estate agent and you are selling the dorm room, apartment, or home in which you live. Create a short sales presentation. Rehearse it so that the presentation takes only three minutes. What is the way that works best for you to rehearse?
4. Assume you are sales rep for a major telecommunications company and you are preparing a presentation for a buying group at a national retailer. Identify four sources you would use to personalize the presentation to the people in the room. How would you research each of the appropriate people?

Exercises (6.2)

1. You are giving a presentation to a busy manager who initially tells you that she can only give you thirty minutes of her time. She seems brisk and businesslike at first, but when you are in her office, you notice a picture of her son in a soccer uniform and mention that your kids are involved in soccer. After this, she relaxes and begins discussing her children at length. Keeping in mind that (a) you have an agenda to get through but (b) establishing a connection is important to you, and you want to take your cue from your prospect, how do you respond, and why?
2. You are giving a presentation to a group and notice that one member of the group is more vocal than others and tends to dominate the conversation. What are some strategies you could use to make sure that other members of the group have a chance to participate and contribute their opinions?

3. Choose a product or service and prepare a short sales presentation that includes a demonstration. What other items do you need besides the product or service to perform the demonstration (e.g., Internet service for software; water for instant coffee; plates, silverware, and napkins for food products)? How is the product demonstration integrated into your presentation? How do you use the demonstration to engage the prospect with the product or service?
4. Assume you are selling environmental design consulting, and an important part of your sales presentation involves using your company web site to demonstrate previous projects you have completed, interactive customer surveys, and your company's brand image. However, when you arrive at your customer's place of business to set up your presentation, you learn that the Internet has been down all morning and may not be back up until the next day. What could you have done to prepare for this sort of unforeseen problem in advance?
5. Find a PowerPoint presentation you have created for another class—or if this is unavailable, find a PowerPoint presentation online; Slideshare is a good resource. Offer a critique of the presentation based on the information you learned in this chapter.
6. Assume you are a sales rep for an Internet advertising company. Your prospect, an online hardware retailer that specializes in compression pumps, is concerned about making the investment for Internet advertising. You want to incorporate the ROI into your presentation. If the prospect spends $90,000 in advertising, it will generate 120,000 clicks to the company web site. At a 2 percent conversion rate (2 percent of the customers who visit the site make a purchase), that is 2,400 orders. If each order is $230, the sales generated from the online ad would be $552,000. What is the prospect's ROI (show your math)? How would you incorporate this ROI into your sales presentation?
7. Imagine that you are selling high-end electronic equipment. Your prospect has agreed to purchase a laptop for $800. Now you tell him about the benefits of purchasing the service agreement, which includes free battery replacement and computer cleaning every year for three years for only $120. A replacement battery costs $200, and a computer cleaning costs $85. How much will the customer save if he purchases the service agreement assuming he needs to replace the battery and have the laptop cleaned once a year? How would you incorporate this into your sales presentation?

Exercises (6.3)

1. Assume you own a business that rents out retail space in a downtown area. You have found out from your prospect, the owner of a bagel shop, that his current store location is on a side street that doesn't get much foot traffic. List at least one each of the following kinds of questions that may help uncover his unstated needs: situation, problem, implication, and need-payoff. Discuss how these questions would work during the investigation stage of your SPIN selling presentation?
2. Envision a selling situation between a travel agency that offers a variety of discount packages for business prospects and a consulting firm whose employees travel frequently for business. As a salesperson for the travel agency, what specific information would you need to know about your prospect's current situation? How much of this information do you think you could find through research? What specific situation questions would you be

likely to ask?

3. Your firm offers state-mandated alcohol handler's training for restaurant employees, and you are making a sales call on a manager who has just opened three large restaurants and will be hiring a staff of over seventy-five servers and bartenders. Your training is more comprehensive than that of your competitors because it includes over five hours of training per employee. Many restaurant companies opt to leave the training up to the individual restaurants, which leads to inconsistency and lack of implementation. Companies may not realize how risky this is; the fine for improper implementation is $10,000 per restaurant. Prepare a presentation that includes the four stages of SPIN selling (opening, investigation, demonstrating capability, and gaining commitment). Include the four types of questions during the investigation stage (situation, problem, implication, and need-payoff).
4. Assume you work for Apple in their B2B division and you are selling iPhones to a major medical supply company for their employees, including their five-hundred-person sales force. They are currently not using smartphones but realize they have a need for them for their employees to stay in touch throughout the day and to access the Internet while they are away from the office. The prospect is also considering other brands of smartphones. Create a short sales presentation for the iPhone using the four stages of SPIN selling (opening, investigation, demonstrating capability, and gaining commitment). Include the four types of questions during the investigation stage (situation, problem, implication, and need-payoff).

Exercises (6.4)

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 nonbiodegradable 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 Borders 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 web site, 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 iPod Touch using the concepts covered in this section. Include a trial close when you present to your prospect.
9. Watch this scene from the AMC show, *Mad Men*. Evaluate the sales presentation based on the concepts covered in this section. Which elements of the presentation are effective? Why? Which elements are not effective? Why?

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=1214#oembed-1

Video: "Don Draper Sales Pitch" By slipcypher [2:06]

Exercises (6.5)

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.

Exercises (6.6)

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?

Exercises (6.7)

1. Assume you went on an interview for a job you want. Write a thank-you e-mail and handwritten thank-you note to the person with whom you interviewed.
2. Imagine that you are networking with someone who said his company may have an opening and asked you for your résumé. It's been a week since you sent your résumé to him. When would you follow up? How would you follow up?
3. Assume that you are on a job interview and the interviewer says, "You have an interesting background, but I'm not sure you have the experience we need for this position." How would you respond?
4. Draft a list of the projects you have worked on for which you have samples that could showcase your work. Make a separate folder on your computer where you can save any of these files for use during your interview.
5. Use the list of popular interview questions and guidelines to generate answers that you can deliver during your interview. Write these answers down and save them somewhere where you will be able to review them before

going to a job interview.

6. Visit your campus career centre and learn about the opportunity to participate in mock interviews. Prepare for the mock interview and dress for success.
7. Assume you are on a job interview and the interviewer has indicated that you might be overqualified for the position. How would you prepare for a question like this? How would you respond?
8. Visit your campus career centre and meet with a career counsellor to discuss common objections that may come up in job interviews. How would you handle each one?
9. Meet with your advisor or one of your professors or other professional. Share your career aspirations with them. Ask each of them about objections he may have if he were interviewing you. How would you handle each objection?

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CHAPTER 7: THE SELLING PROCESS – CLOSING AND FOLLOW UP

Chapter Outline

7.0 LEARNING OUTCOMES

Learning Outcomes

- Discuss how to successfully close a sale.
- Describe how to negotiate so that all parties win.
- List suggestions to assist with closing challenges.
- Explain how to negotiate and accept the right job offer.
- Outline what follow-up entails and why it is so important.
- Discuss how customer satisfaction relates to customer loyalty.
- Describe the follow up steps after accepting a job offer.

7.1 CLOSING STARTS AT THE BEGINNING

Example: “Show me the Money”

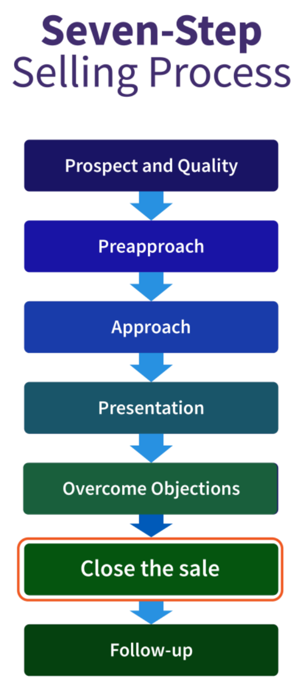
It’s this line from the classic 1996 movie *Jerry Maguire* that says it all about negotiating and closing the deal. In the movie, Jerry Maguire (Tom Cruise) is a sports agent who has second thoughts about the way business is conducted, and when he voices his concerns, he loses his job and all his clients 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 (Rocher, n.d.).

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” (Webber, 2007). There’s nothing better than closing a big deal…the right way.

> *“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”* (Popyk, 2019, para 7).

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

Closing should be the easiest step if you have followed the process. You have done your research on your prospect (Step 1 & 2), determined the right approach (Step 3), handled all of their objections as they have come to you (Step 5), trial closed and 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. Can you think of any? Trust is one—if you have not established rapport through your research and approach (think communication styles and techniques) or perhaps you did not qualify the prospect correctly or perhaps you did not answer the objections during the presentation or quite simply, perhaps you did not use active listening and misunderstood the customer needs.



"Seven-Step Selling Process: Close the Sale" by Freddy Vale CC BY-NC-SA 2.0

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 – consummation of the sale when the prospect agrees to the purchase. 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** – bringing the sale to fruition or getting the sale- or getting the order, starts at the beginning of the selling process, long before you even come in contact with the prospect.

Start Strong

Winning in selling—delivering value to customers and to your company—requires good solid preparation and hard work. Sure, there are some sales that fall into your lap. Those are the ones that make it feel like selling is easy. But most sales don't happen that way. In fact, in many industries closing the sale may take weeks, months, or even years.

Despite the term "close," which implies the end, closing the sale starts with the first step in the selling process—qualifying. Sometimes salespeople want to fill their sales funnel (or pipeline) with lots of leads so they don't take the time or ask the right questions when they are qualifying. The selling process is analogous to building a house; if the foundation is poured right, everything else will easily come together.

Photo by Gerd Altmann, Pixabay License. Closing the sale is more than one single event; it is an ongoing series of events that occurs throughout the selling process.

Not only does closing start at the first point in the selling process, but it also is far from the end of the selling process. In fact, closing is a lot like graduation—it is actually the beginning, not the end. Just like graduation is not the end of your education but rather the beginning or commencement of the rest of your life, the closing in sales is the beginning of the relationship with the customer, not the end of the selling process.

Closing Time

The close sounds like it might be a definitive part of the selling process. It's actually not a single statement, question, or event. Rather, the close is an ongoing series of events that occurs throughout the selling process, according to Mary Delaney, vice president of sales for CareerBuilder.com (Selling Power Sales Management eNewsletter, 2004). Qualifying is the key; it's virtually impossible to close a sale with the wrong prospect. But the preparation doesn't stop there. The preapproach, approach, presentation, and overcoming objections all play a role in the closing the sale. According to author Ray Silverstein, the close is made in the first thirty seconds of the sales presentation. He says that's when a customer has an emotional response to you and your product or service story. Silverstein points to research that was conducted by William Brooks and Thomas Travisano that concludes that people want to buy from people they like and trust (Silverstein, 2007). If this sounds familiar, it should be. The concept of building a relationship based on first impressions was covered in detail in Chapter 5. Understanding the difference between needs, which are rational, and wants, which are emotional, makes a difference in how your prospect perceives you and the message you are delivering.

To demonstrate that the close takes place at virtually every point in the selling process, Daniel Sheridan from Extensis Group LLC, a sales training consultancy, says it best: "If you're waiting for a proposal to close, it's too late." He goes on to say that the most important meeting is the first one because that's when trust and rapport are established (Covel, 2008).

The close builds on everything that has already taken place throughout the selling process—rapport, trust, information sharing. It's also important to know what the close is not. The close is *not* a high-pressure exchange between seller and buyer. It's *not* a time when the salesperson resorts to trickery, manipulation, or other unsavory tactics just to get a sale (James, 2010). While sales are the ultimate financial goal of the selling process, relationships, trust, and understanding a customer's business and providing cost-effective solutions are driving factors behind making the sale (Charan, 2008). The same principles that guide the rest of the selling process also guide the close.

If closing is not a specific event that happens during the selling process, you might be wondering how you effectively get the order. The trial close can take place during any part of the selling process. The trial close gives you the opportunity to get specific feedback from the customer as it relates to her likelihood to make the purchase at any point during the process. While the trial close is most likely to come during the presentation, it could come even earlier in the process depending on the prospect and the product or service being purchased. The trial close gives you the opportunity to learn what the prospect is thinking and will give you some insight as to when to make the close. In some cases, the trial close may result in a close, but if it doesn't, the prospect's response provides valuable insight. The trial close should be done early and often throughout the selling process.

ABC or ABO?

There is an old adage in selling that says, **"Always Be Closing" (ABC)**. This means that a salesperson should never miss the opportunity to close a sale, no matter where it occurs in the selling process (Nichols, 2007). But in today's collaborative environment, it's better to approach closing more like **"Always Be Opening" (ABO)** (Takash, 2015). In other words, the best strategy is to always be helping your customer identify and solve his problems, just like you do when you are opening the selling process. Focus on asking the right questions and learning about how you can suggest solutions (in some cases, the solution might not even be your product or service). When you deliver value to your prospect, they will look to you for advice and counsel. "You become much more than a salesperson, you become their marketing expert, a resource, an ally," according to Mario Russo, general sales manager at radio station WBEN-FM in Philadelphia. "That's when you are successful in selling" (Russo, 2009).

It's true that asking for the order is critical for success in selling. But if you close too soon, you might run the risk that the customer thinks that the process is over. That's why it is a good idea to ask open-ended, nonthreatening questions that encourage your prospect to discuss their business needs. This helps supplement the information you gathered during the preapproach, enabling you to understand what the customer needs and how to meet those needs. For example, if you are selling accounting software, you might ask the following exploratory questions: "What are the top three activities that consume your people's time daily?" "What is the ideal way you would like your people to spend their time?" "What are the types of activities that you think can be automated?" (*Selling Power*, 2004). None of these is a hard-sell question. Rather, each question allows you to listen and gather information so that you can identify how you can help the prospect solve his problem.

While you always have your eye on the prize of closing a sale, the focus is to extend your relationship with your prospect beyond selling to servicing and being a business partner. That's what ABO is all about. When you focus your selling efforts in this way, it makes it easier to sell additional products and services to existing customers because you are constantly learning about ways in which you and your company can add value.

Always Be Opening

This video featuring sales guru, Jeffrey Gitomer, highlights the shift from ABC to ABO.

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=330#oembed-1

Video: "The Secret of Closing" By Jeffrey Gitomer's Sales Training Channel [1:42] *Transcript Available*

Ask for the Order

When you focus on delivering value to your prospects and customers, you have earned the right to close or ask for the sale. It might seem obvious, but sometimes salespeople get caught up in the selling process and lose track of the fact that it is a buying process for the prospect. Sometimes, simple questions like "Will delivery on Tuesday work for you?" or "Should we start your service the week of the twenty-first?" help you and the customer focus on moving from the sales presentation to the delivery of the product or service. The specific closing questions will most likely differ based on the product or service you are selling. For example, in pharmaceutical sales, industry sales expert Jane Williams adds, "Never end a successful close without adding the proper patient dosing." She says, "It is very important that your physician prescribe your product properly" (Selling Power Pharmaceuticals eNewsletter, 2007). Sometimes salespeople don't feel comfortable asking for the order. Earn the right to ask for the order. Be confident: believe in yourself and your product or service (Lorber, 2008). The trust you establish from the beginning will translate into how you can close the sale. Closing the sale is all about presenting solutions for the biggest problems that your prospect faces. "If you can't help them with their biggest challenge, they won't have time for you," says Mary Delaney from CareerBuilder (Selling Power Sales Management eNewsletter, 2004). Author Barry Farber includes the element of confidence in the closing equation by saying, "The important factor that contributes to your success at closing (or knowing when to move on) is the leverage you have going in and the confidence you have to back it up" (Farber, 2008).

Not every contact results in a sale. Typically, 80 percent of prospects say no to a sales offer, and that percentage may be as high as 90 percent during these challenging economic times (Money Instructor, n.d.). This underscores the fact that it usually takes several closes to actually close the sale. In some cases, it will take at least three tries. In other cases, it can take as many as five or more attempts. It's best to view closing as an ongoing part of the process, not a single event in which a prospect can say no. Confidence and the right mental attitude can make all the difference in being able to take all the *no*s on the way to *yes*es. (Takash, 2015).

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.

Signals that a 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?" might be asked.
- **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.

Tips for Closing with a Committee

It's one thing to close a deal with an individual buyer. It's another thing to close with a buying committee.

Four Steps to Close with a Committee

1. Have a specific, measurable, actionable, realistic, and time-bound (SMART) objective.
2. Know each committee member's name and role in the decision.

3. Identify your champion on the committee.
4. Leverage your champion to help "sell" the committee for you (Atlas, n.d.).

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 Request Close

Direct request close asks the prospect for the order. This 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 (Manning et al., 2010, p. 310).

You:
Can I write up the order as we discussed?

Prospect:
I think we have covered everything. Yes, let's wrap it up.

Benefit Summary Close

The **benefit summary close** simply summarizes the benefits of the product or service as you have discussed them throughout the process and is a natural extension of the selling 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 (Weitz et al., 2008, p. 319).

You:
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?

Prospect:

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** includes a question that when the prospect replies, it means that they are committing to the sale (James, 2010). 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.

You:
Shall we set you up on automatic billing?

Prospect:
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 (ChangingMinds.org, n.d.). This close is related to the assumptive close but gives your prospect the option of which product or service they will buy (Futrell, 2008).

You:
Would you prefer the white or blue?

Prospect:
White is a more neutral colour.

Hear Lisa Peskin, sales trainer at Business Development University, discuss the assumptive close and the alternative-choice close.

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=330#oembed-2

Video: "Lisa Peskin – Assumptive and Alternative Choice Closes" By thepowerofselling [0:54] *Transcript Available*

Compliment or Vanity Close

The **compliment (or vanity) close** relates the purchase to the person and appeal to his or her sense of identity by paying a compliment and helps you relate the purchase to the person and appeal to his or her sense of identity. You are making a positive connection between the purchase decision and the judgment of the buyer. When you use this approach to closing, you are confirming their role as a subject matter expert. You are, in fact, paying them a compliment.

You:
One of the reasons I like calling on you is because you and your team really understand your business and your customer. You make it easy for your customer to buy from you and you offer them the product at a fair price. No games, no coupons just good, honest value. I think that our product can expand your offering to your customers with a company that shares your values about putting the customer first. I suggest you start by adding this item to your line and let's gauge the customer response.

Prospect:
I'm glad to hear that you feel that way. We do take our commitment to our customers very seriously and we only like to do business with people who feel the same way. I think it would be a good idea to start out with this one product and get some customer feedback. If they like it, we can talk about expanding to more products.

Combination Close

It's best to have several types of closes ready to deliver. In some cases, it's a **combination of closes** – using more than one of the closing approaches together to gain agreement on the sale. Virtually any of the different closes can be used together.

You:
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?

Prospect:
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.

Keep It Brief

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. According to Michelle Nichols, contributor for *BusinessWeek*, author, and sales trainer, "Ask yourself what aspect of your offering would customers want so badly that they would miss lunch or cross a very busy street to get it?" (Nichols, 2007) That should be the focus of your close.

What Works?

Closing is part of the selling process. A process is a systematic approach, which, by its very nature, can be measured. You won't be able to be successful closing every sale. After all, even professional baseball players only hit the ball three times out of every ten pitches to be considered above average. While hitting the ball 100 percent of the time would be considered unrealistic, every professional hitter takes batting practice to help increase his batting average. His batting coach gives him tips as to how to stand, swing, and ultimately increase his percentage of hitting the ball. The same can be done in closing. Record the information about your closings—what works and what doesn't (Flandez, 2008).

You don't have to wait until the close to be able to track your progress. Sales veteran and author Barry Farber suggests managing accounts and the sales process with a simple visual tool. Post your prospects in the different stages of the sales cycle on a corkboard. While there are several software programs that perform this function, there's nothing more powerful than seeing it play out on the wall in front of you every day (Farber, 2008).

Closing Complex Sales

A **complex sale** is a term that usually refers to high-value purchases (usually $100,000 and higher). Products and services such as enterprise systems, health care providers, commercial real estate, manufacturing equipment, logistics services, and other major business-to-business (B2B) purchases are considered complex sales. These types of sales have a long selling cycle because there is a lot at stake for such a major purchase and there are multiple people involved in the decision-making process. In fact, it may take as long as one to three years to close the sale (Kayser, 2015). The product or service commitment is usually a long-term commitment with a contract as long as three, five, or even ten years or longer.

While the selling skills discussed throughout this book apply to complex sales, there are some differences.

The Four Phases of a Complex Sale

According to Jeff Thull, author of *Mastering the Complex Sale*, there are four phases to a complex sale.

1. **Discover**. As with any other sale, research about the prospect and his needs is critical to success. During the discover phase, you set the stage for the ongoing relationship or engagement. This stage includes your detailed research about the company and its current provider including several meetings and phone calls with the prospect. It is at this stage that the prospect determines whether the engagement has potential.
2. **Diagnose**. In a complex sale, the decision is likely to be centred on what should be changed, such as the location of a warehouse, and includes a collaborative effort between the salesperson and the customer to determine if the change is feasible and desirable. This stage also includes extensive financial analysis to determine the impact of the decision on the company. The role of the salesperson is to be a true business partner and help the prospect understand the trade-offs and benefits of making a major change in the operation.
3. **Design**. Complex sales usually involve products and services that are customized for each customer. For example, an ad campaign, software, retail fixtures, or other major purchases are adapted, adjusted, or designed exclusively for that customer. At this stage, the sales rep works closely with key people in the customer's organization to design the best solution to fit the customer's needs.

4. **Deliver**. If the first three phases are implemented correctly, this final stage should logically follow. At this point, the key people at the customer's organization have been involved in the design and financial justification of the product or service so the presentation of the formal proposal should lead to acceptance. Then the efforts are focused on the delivery of the product or service and implementation.

During each of these phases, it's important to identify all the decision makers and their positions in the process. As with every stage in the selling process, this is about asking the right questions. "How will your organization go about making this decision?" and "Who else do I need to talk to?" are good questions to ask during the discover phase so that you can get input and feedback from all involved at the beginning of the process. Once you identify all the people involved in the decision-making process, you'll want to identify the decision makers. Again, the right questions will help you focus your efforts appropriately. Knowing to whom the expense will be charged helps you identify the ultimate authority. The person who controls the budget is most likely different from the person who will be evaluating the technical aspects of the product or service. For example, while the chief information officer may make the budget decision, the systems implementation manager may be evaluating the technical aspects of the software. Finally, you want to identify the "power broker," the person who will ultimately make the final decision. In other words, you want to identify with whom you will be negotiating and ultimately closing the sale.

7.2 COLLABORATE TO NEGOTIATE

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" (*Entrepreneur*, n.d., para. 1). 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. It is negotiating that provides profit for organizations. The collaboration between parties is what provides companies the opportunity to exchange goods and services for money.

Photo by AWeith, CC BY-SA 4.0

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 that 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.

Definition of Negotiating

Understand that negotiation takes place only *before* you agree to anything: "If you ask for something before a contract is signed, it's called '**negotiating**.' If you ask for something after a contract is signed, it's called 'begging.' It's better to be a good negotiator than an expert beggar" (RCM Staff Report, 2003).

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 (McGarvey, 1997). This philosophy of negotiating is selfish and short term. In addition, this approach implies that negotiation includes some kind of confrontation or manipulation to "trick" one side into doing something that it doesn't want to do. This is an unethical approach to negotiating.

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 (Selling Power Sales Management eNewsletter, 2003). 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" (Webber, 1998). Effective negotiating is based on respect and is seeded with open communication. Collaborative negotiating is dependent on the following three elements (Cohen, 1980, p. 163):

1. Building Trust
2. Gaining Commitment
3. Managing Opposition

1. Building Trust

You've already learned in Chapter 5 that establishing and building trust is key to relationship building. Negotiating is the ultimate extension of a relationship because you and your customer are agreeing to concede on some points to make the relationship go even farther. If your prospect signs a contract with your company for products or services, you are now even more dependent on each other to make the relationship work. It is the true win-win-win relationship. But if your prospect doesn't trust you, or you don't trust her, it will be difficult to enter into a negotiation that will work for both of you and both of your companies. Building trust is the precursor to all business transactions, especially negotiating and closing.

The best way to build trust during the negotiation process is to gain trust before the formal negotiation. And then, during the formal negotiation, focus on the ends rather than the means (Cohen, 1980). In other words, instead of focusing on going head to head on each issue to be negotiated, concentrate on keeping the end goal in mind. Take the time to listen and understand exactly what is motivating your prospect so you can deliver what is important to her. "Negotiation is needs based," according to the online *Selling Power Sales Management Newsletter*. Understanding what is important to you and to your prospect drives your negotiation (Selling Power Sales Management eNewsletter, 2003).

Power Player: Lessons in Selling from Successful Salespeople

Honesty: The Best Negotiating Tool

Marty Rodriguez, one of the top real estate brokers worldwide for Century 21, has a simple formula for successful negotiations. She feels strongly that the real estate business isn't just about closing the deal—it's about providing honest information to help customers make the decision that's right for them. She tells prospects everything from the fact that there is structural damage on a property to whether she thinks a deal is out of their price range. "When you treat people that way they're not only happy to give you a commission—they become raving fans," according to Rodriguez (LaBarre, 2007).

2. Gaining Commitment

Part of the process of closing is gaining commitment on every specific element of the sale. To do that effectively, strive to gain commitment long before you begin the formal negotiation. That means using every touch point you have at the company to help you. While you might think it is impossible to enlist others in your prospect's company to help you sell, consider the creativity of Art Fry, the creator of 3M Post-it notes. Fry stumbled upon the semi-sticky adhesive years before the product was introduced after creating the first version of the product as a way to mark hymns in his hymnal at church, he started giving his new invention to secretaries and coworkers at 3M. Soon secretaries were taking the pilgrimage between buildings on the 3M corporate campus just to get more of the sticky note pads. It was the demand from the people who used the product that ultimately generated interest in marketing the product to consumers. Fry successfully gained commitment from others in the company as a way to "sell" his new invention as a marketable product (Beato, 2005).

3. Managing opposition

It's true that although a negotiation is a collaborative effort, it is inherently a situation that addresses opposing views. The best way to manage this is to be prepared and know what's important to you and your prospect.

Power Selling: Lessons in Selling from Successful Companies

Searching for Common Ground

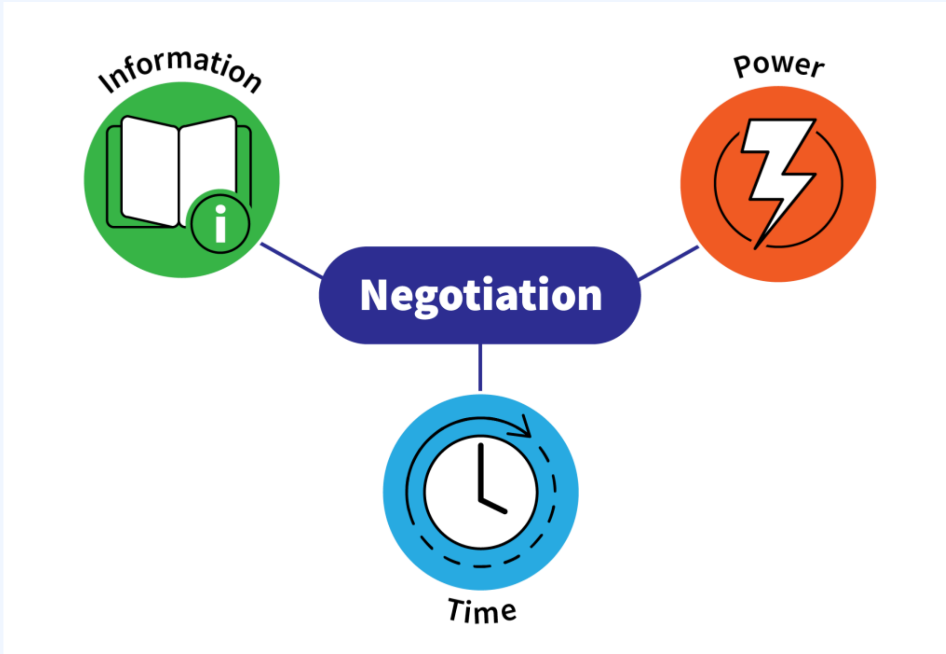
Microsoft wanted to be more dominant in the Internet search business and saw the acquisition of Yahoo! and the development of a new search engine named Bing as the way to gain market share quickly. Although Microsoft made a bid to buy Yahoo! in early 2008, it wasn't until July 2009 that a deal was closed. The original $45 billion takeover bid was shunned by Yahoo! much to the dismay and dissatisfaction of the shareholders because senior management wanted the company to remain a separate company (Burrows & Hof, 2009). Then, newly appointed Yahoo! CEO Carol Bartz saw an opportunity for common ground and negotiated a deal that was a win for everyone. Under the ten-year agreement, Microsoft's Bing will be used to power Yahoo! searches. Yahoo! will receive 88 percent of the revenue from all searches done on Yahoo! web sites. Customers and advertisers now have a viable alternative to Google. Negotiating a solution that lets everyone win, including the customer, takes creativity and time (Goldman, 2009).

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.

The Three Critical Elements of Negotiation

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 (Cohen, 1980).
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) (Cohen, 1980).
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 (RCM Staff Report, 2003).



"The Three Elements of Negotiation" by Freddy Vale, CC BY-NC-SA 2.0

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.

One for All

Negotiations in B2B selling usually require multiple parties to be involved from both companies. You may find yourself negotiating one-on-one with a prospect or being a member of a negotiating team that works with a prospect team to negotiate a deal. Either way, the same principles of negotiating apply.

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, Banana Republic, or Abercrombie & Fitch, you decided that those retailers offered more value than Old Navy, eBay, or Wal-Mart for the item you bought. Price is a part of the value equation but not all of it. According to author Kelley Robertson, "Everything you say and do from the first contact with a prospect affects the value of your product or service in their mind" (Robertson, 2008). 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? (Robertson, 2008)

Holding Firm

Forty percent of customers ask for a price concession not because they want it to close the sale but because "they had to ask."

Fifty percent of salespeople give price concessions on the first request.

The best salespeople negotiate on value, not price, and use creative negotiating to find common ground (Francis, 2008).

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.

You:
I'm not able to meet that price, but I can offer you three months of training worth $3,000 at no charge.

Prospect:
How many employees would be included in the training?

The following is another example:

You:
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.

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. This win-win-win approach helps reach common ground and close the sale faster (RCM Staff Report, 2003).

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.

Table 7.2.1 Three Steps of the Negotiation Process

Steps	Activities
1. Pre-negotiation	• Get in the right frame of mind; be confident about the value of your product. • Do your homework; know who's sitting on the other side of the table and what's important to him.

Set prenegotiation goals; identify the minimum that you will accept for the deal and be ready to walk away if you can't get it.
Identify an offer that is higher than your prenegotiation goals to allow some room for negotiating.

2. Negotiation

- Make your initial offer and hold firm.
- Identify other "currencies" with which to negotiate to reach common ground.
- Be specific and identify every element of the deal in detail; put it on paper to avoid surprises later.
- If you encounter a deadlock, put the issue aside and come back to it at a later time in the negotiation.
- Avoid getting emotionally involved; be ready to walk away if you can't make a deal that is mutually beneficial.

3. Post-negotiation

- Celebrate with all appropriate people; consider dinner, cocktails, or another get-together.
- Use the negotiation to build your relationship.
- Record what you've learned.
- Be ready for the next negotiation.

Step 1: Pre-negotiation

Start off in the right frame of mind. Be confident by knowing that you are one of the finalists for your prospect's business. If you are confident that you have the best product and represent the best value for the price, you already have the beginning of a good negotiation. On the other hand, if you're not confident or don't believe in the value of your product, chances are you will not negotiate well (Francis, 2008).

Once you believe you are presenting the best option with the best value to your prospect, dig below the surface in research and conversation to learn what's really important to your prospect. Ask a lot of questions; negotiators report that they often have to ask five levels of "why" to get to the "root cause" or true motivator of the person with whom they are negotiating (Hoult, 2000).

Identify your pre-negotiation goal – objectives that are identified before a negotiation begins and which identify the minimum you are willing to accept to make the deal happen. This is critical to your success as a negotiator so that you don't give away more than you want in order to make the deal. Pre-negotiation goals should be realistic based on what you want to get out of the negotiation and what your prospect wants or needs to get out of the negotiation. This is where you have the opportunity to explore creative solutions that may address different aspects of the sale. (Are you willing to provide additional services rather than provide a price concession? Will shorter payment terms help your prospect be able to sign on the dotted line?)

It's a good idea to realize that your pre-negotiation goals should not be the same offer you put on the table. Always allow some negotiating room as the first offer is rarely, if ever, accepted. Your prospect wants to feel as if she was able to get you to move from your original position. When you identify your prenegotiation goals, you know where you may end up, and also give yourself some room to negotiate (Hoult, 2000).

Step 2: Negotiation

This is where it all comes together—your preparation, prenegotiation goals, strategy, and understanding of your prospect's needs. Although you have done your homework and set your prenegotiation goals, hold firm on your initial offer. This allows you to learn more about what your prospect thinks is important and why. If you give in too early in the process, your prospect will feel like the negotiation was too easy and may have an expectation of getting even more concessions than you are willing to give. The general rule of negotiating is not to accept the first offer. That means you will need to reiterate the value you deliver and hold firm to your initial offer (Tjan, 2009).

As the negotiation progresses, consider offering a concession to move toward common ground. But for every concession you give, get one in return. For example, "I'll be able to look at pricing like this if we were able to be your exclusive distributor in the Northeast." This is an example of using other "currencies" to make the negotiation work. In this case, the currency of exclusivity is used in exchange for a price concession (Tjan, 2009).

Specificity is key in negotiating and closing, because once an issue is negotiated, it will be difficult to revisit it. Define each negotiated point in specific terms such as the number of days until delivery, specific payment terms, options that are clearly spelled out, and any other information that will clearly define your agreement. In most cases, all these elements are included in the contract that is signed as a result of the negotiation. It's always best to clarify each point during the negotiation and put it on paper to avoid misconceptions, bad memories, or surprises down the road. If there is no contract, it's a good idea to follow up the negotiation with a written summary of the agreed upon points (Selling Power Sales Management eNewsletter, 2002).

If you encounter an issue during the negotiation that causes a **deadlock** – a point in the negotiation at which discussions stop due to disagreement on an issue or a stop in the discussion, set the issue aside and revisit it after other elements have been negotiated. You may find a way to include the thorny issue in a concession for a different negotiating point. It's not worth getting held up on points during the negotiation; simply set them aside and revisit them at a later point in the negotiation. When you leave the most difficult issues until the end, other issues have already been resolved and both parties are motivated to find a resolution (RCM Staff Report, 2003).

Getting emotionally involved in a negotiation makes it extremely difficult to walk away from it. That's why many professional people such as actors and actresses, professional athletes, writers, and others have agents negotiate their contracts (Novicki, 1996). It's a good idea to remember that it's not personal, it's business (Webber, 1998). Not all negotiations end in a deal. Based on your prenegotiation goals, you may need to walk away from a deal if it isn't mutually beneficial. Keep in mind that your ability to negotiate is directly linked to your ability to walk away from the deal. If you don't have any other options, you have given up any power you might have. It's a good idea to always keep your options open (RCM Staff Report, 2003).

Step 3: Post-negotiation

At this point, every element of the deal has been negotiated, agreed to, and documented on paper. It's a good idea to take some time to celebrate a successful negotiation including all appropriate people at dinner, cocktails, or another get-together. This is a good way to recognize everyone's contribution to making the negotiation a success and to look forward to enjoying the benefits of the partnership (Webber, 1998). There's one thing that's true about every negotiation—it will surely lead to other negotiations in the future (Novicki, 1996).

7.3 TRIAL CLOSES

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 checking on how well you handled an objection and it is not asking for a decision from the client (Cardone, 2017). 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?"

> "*The Trial Close works by putting the idea of closure into a person's mind. Their response will tell you whether they are ready to close or not*" (Trial Close, 2020).

So, given the ease of using trial closes and following 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 (Pipedrive, 2020). One of the best ways to overcome this fear of rejection is to build confidence through sales training, 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 (Hoffman, 2022)

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.

7.4 SELLING U: NEGOTIATING TO WIN FOR YOUR JOB OFFER

In your career journey, you will give a lot of interviews. At some point of life, you will reach a point where you've completed all your interviews and it's the moment of truth…you are on the verge or receiving an internship or job offer. Congratulations!

As difficult as it has been to get to this point, you're not quite there yet. This is the stage of the job searching process that really tests your mettle to get what you want. Just like negotiating and closing (outlined in the previous sections of this chapter), the quality of the job offer starts long before you actually receive the offer.

Know What You're Worth

Before you even begin thinking about looking for an internship or job, your first step should be to determine your value based on the marketplace. As with every step of the selling process, doing your homework is key. If you don't do your research to find out competitive compensation packages for the position and city in which you are seeking an internship or job, you might be disappointed with the job offers you receive.

There are several web sites—Salary.com, JobStar.com, and SalaryExpert.com are just a few—that include compensation ranges for hundreds of different positions in areas across the country. Visit the sites listed in web sites for researching compensation to gather compensation information before you go on any interviews.

Web Sites for Researching Compensation

- Salary.com
- JobStar.com
- SalaryExpert.com
- CareerBuilder.com

It's a good idea to use these tools as a guide as there are many assumptions that are made when these numbers are prepared. However, this information can be extremely helpful to understand the range of compensation being paid for a specific role in a specific city. You will be able to negotiate more effectively if you walk into every job interview knowing how much you are worth (Richmond, 2008).

Establish Your Value Early

Just as in the selling process, establishing your value begins with your first contact with your prospective employer. Many times you have the opportunity to meet at least one or two people at the company, usually someone in human resources as well as your hiring manager. In some cases, you may meet with several different people with whom you will be working. In some cases, you may also talk with or meet with a recruiter. At any rate, you have the opportunity to establish your value with as many people as you meet. Everything you say and do has an impact on how people perceive you and your value. Are your résumé and cover letter professional? Did you do your research before you contacted the employer? How did you make contact? When you went in for an interview, did you dress appropriately and professionally? Were you prepared for the interview? Did you bring samples of your work to demonstrate your skills? Did you follow up with a thank-you e-mail and handwritten thank-you note within twenty-four hours? All these elements help establish your value long before an offer is extended. When it comes to making an impression on a prospective employer, everything matters.

Just as in the selling process, if you do your homework and establish your value early in the process, you will be more likely to get the offer you want.

Compensation versus Salary

One thing to know before you walk into any interview: compensation is different from salary. **Compensation** – money and benefits received in exchange for providing services to a company including elements such as salary, commission, bonus, benefits, and any other elements in payment for providing services – is the total amount of money and benefits that you are paid for a particular position. Compensation can include salary, insurance, vacation or sick leave, stock options, signing bonus, car allowance, 401(k), child care or elder care assistance, and any other type of payment received in exchange for your services to the company. **Salary** – a regular payment from an employer in exchange for services – a fixed amount of money that is paid regularly in exchange for services provided, is only one element of compensation. When you are considering a job offer, it's best to keep in mind that salary is not the only element of compensation. This will allow you to be creative in your negotiating as there are several elements other than salary that can be included in your total compensation package.

Starting Out at a Start-Up

Working for a start-up company can be exciting and lucrative—with the right compensation agreement. The high-risk environment of a start-up might provide exactly the right place for you to start your career. But enter the business with your eyes wide open. "There's no shortage of start-ups to work for, but most are going to fail," says Greg Carney of Carney-Neuhaus (DeZube, n.d.).

This article provides insight about how to structure compensation with a start-up company.

Negotiating Compensation for a Job at a Startup by Dona DeZube on WorkSource

Timing Is Everything

Although you may want to discuss compensation on your first interview, it's a good idea to postpone discussing the topic as long as possible (Richmond, 2008). Just as in the selling process, you want to put focus on establishing your value and learning about what's important to your prospective employer before you begin discussing compensation. A word of caution: you should be prepared to give your desired salary range on an interview as many employers want to understand your salary expectations as soon as possible. If you can avoid the topic, do so until you receive a job offer. Here's an example of how you can deflect the conversation.

Interviewer:
What are your salary expectations?

You:
I'm sure your total compensation package is competitive for the position. What's most important to me is the opportunity to learn and be a part of an organization like yours.

If you are forced to give a salary range, be sure you can live with the lowest number you give. Once you say a number, it will be extremely difficult to negotiate above that salary (Richmond, 2008).

Receiving the Offer

Most job offers are extended over the phone, although some may be extended in a letter and still others may be presented in person. Since companies usually interview multiple candidates for each position, chances are you won't receive a job offer on an interview. However, you should be prepared to respond to a job offer if one is presented during an interview.

Responding to an Offer in an Interview

The following video provides suggestions about how to handle this situation.

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=341#oembed-1

Video: "Human Resources : How to Negotiate Salary During Job Offer" By eHow [2:51] *Transcript Available*

When you receive an offer, it will most likely come over the phone. When you get a phone call about an offer, write down every element of the offer (it's OK to ask the person to hold while you get a pencil and paper). Thank the person who made the offer and tell her how pleased you are to receive the offer. Even if you think you want to accept the offer, don't accept it right away.

You:
I'm very excited about this offer. Thank you so much for extending it to me. It's a very big decision, and I'd like to have a few days to think about it. Can I get back to you on Thursday? What time is good for you to talk?

Employer:
I'm glad to hear that you are happy about the offer. We are all very excited about the prospect of you joining our team. I'm happy to answer any questions you might have about the company or the offer. Don't hesitate to give me a

call. In fact, let me give you my cell phone number so you can call me at any time. Then let's touch base on Thursday at 10:00 a.m.

You:
I just want to repeat the elements of the offer so that I have it correct. The base salary is $45,000 with the opportunity to earn a bonus of 5 percent based on meeting performance objectives. There is a car allowance of $3,000 a month. I'll be eligible for medical insurance after thirty days of employment, and I'll receive one week of vacation after working for twelve months. Is that right?

It's worth noting the time element of this negotiation. You should take as much time as you need to evaluate the offer, but you should be reasonable and state the time frame you need. Recall from earlier in this chapter that time is one of the elements that is always present in a negotiation. Sometimes a prospective employer or recruiter will try to create a deadline to force you to make a decision by a specific date. Use time to your advantage and negotiate for more time so that you don't feel as if you are under pressure to make this important decision.

Evaluating the Offer

Congratulations on your offer! Although it's a difficult economy, don't feel pressured to take the first offer you get. Take the first offer you get for a job you really want. This is a special moment; it is the time when the power shifts from the prospective employer to you (remember that power is one of the elements that is always present in a negotiation). Your prospective employer has now indicated that you are their choice for the position. You have the opportunity to take the offer, counteroffer, or walk away. Whatever your choice, you have the power. As soon as you make your choice, the power shifts back to your prospective employer. That's why it's a good idea to take your time and completely evaluate your offer before you respond.

Now that you have all the elements of the offer, you can begin to evaluate it. Just as in a negotiation in selling, identify what is important to you. Consider making a list that includes both elements of compensation as well as other elements such as culture, opportunity, environment, commuting distance, and so on. "Compensation Elements to Consider in a Job Offer" and "Other Elements to Consider When Evaluating a Job Offer," found below, can provide some ideas to help you create your list (Richmond, 2008; Barada, n.d.).

Compensation Elements to Consider in a Job Offer

- Salary
- Bonus
- Vacation, sick leave, personal holidays, time off
- Health insurance (medical, dental, optical)
- Life insurance
- Stock options
- 401(k) or pension plan
- Maternity leave

- Child care
- Tuition reimbursement
- Relocation reimbursement
- Travel reimbursement

Other Elements to Consider When Evaluating a Job Offer

- Company culture
- Work environment
- Commuting time
- Hours required
- Flextime
- Opportunity for personal development
- Opportunity for advancement within the company
- Type of work
- People with whom you will be working
- Performance/salary review timing

Only you can determine if a job offer is right for you. The following are some additional resources that you may want to review to help you evaluate a job offer:

- Career Planning
- eHow

Negotiating the Offer

After you have had the time to evaluate the job offer, it's time to identify any gaps that there might be between what you think is important and the offer. If you think the offer is perfect as is, then accept it as is. Keep in mind that many employers expect candidates to negotiate by presenting a counteroffer, a candidate's response to a job offer. Since the economy is challenging, candidates don't have as much bargaining power as when the economy is healthy. However, this is the time you have the most negotiating power with your prospective employer so it's a good idea to take advantage of the opportunity.

Should You Negotiate a Job Offer?

Hear why Tonya Murphy, general sales manager at WBEN-FM, thinks candidates should negotiate a job offer.

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=341#oembed-2

Video: "Tonya Murphy – Negotiating a Job Offer" By thepowerofselling [0:19] *Transcript Available*

This is the time when you should identify your **pre-negotiation goals**. Remember that your pre-negotiation goals are the minimum that you will accept. Your **counteroffer** will be above your pre-negotiation goals to allow room for negotiation. You won't be able to negotiate every element of the offer. Choose one or two key areas and focus your negotiation on those. Keep in mind the things that are important to you and to your prospective employer so that you can easily find common ground. For example, if speed and availability are important to your prospective employer, you may want to use that fact to negotiate a more flexible work arrangement. While it may be difficult to negotiate a higher base salary in this economy, you may be able to negotiate on another area such as getting additional vacation time (Richmond, 2008).

When you have identified the areas you wish to negotiate along with your counteroffer for each, contact the recruiter or prospective employer to begin the negotiation. As with any negotiation, approach it with a confident, collaborative attitude. It's important to note that you should not accept the offer until you negotiate the offer. Once you accept the offer, you have lost your power to negotiate.

You:
I wanted to follow up and thank you again for the offer to join the company. I'm really excited about it. Based on the interviews, I believe I can bring value to your company. I wanted to talk about one area of the offer.

Employer:
Great. What questions can I answer for you?

You:
The base salary is lower than I expected. [Important note here: say this point and wait for a response. Many people feel obligated to talk more, but less is more in a negotiation.]

Employer:
We have made the base salary as high as we could. There's really nothing we can do to make it any higher.

You:
One of the things that could make the offer more attractive is additional vacation time.

Employer:
We might be able to take a look at that. Let me touch base with Casey. I can't make you any promises, but I can talk to him and let you know.

You:
That would be great. I really appreciate it.

Just as in a selling negotiation, you have to be ready to accept the offer as is or be ready to walk away. That's a lot harder to do when you are negotiating on behalf of yourself since you are emotionally involved with the decision.

Negotiating a Job Offer

The following video outlines these key points about negotiating a job offer.

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=341#oembed-3

Video: "Career Center – How To Negotiate Salary" By ChicoStateWeb [3:23] *Transcript Available*

Negotiating Tips

Read about how to negotiate your best compensation package:

How to Negotiate Salary with Your Employer and Get the Raise You Deserve by Venus Gentile on Monster.com

You've Got the Power: Tips for Your Job Search

Negotiate Before You Accept

Use your power when you receive a job offer. Thank the employer for the offer, evaluate it, and negotiate the offer *before* you accept it. Once you accept the offer, you have lost any power to negotiate.

The Offer Letter

Once you agree on the final elements of the offer, you should ask for an **offer letter** – a formal letter from the company (on company letterhead) that outlines the terms of the offer for employment that outlines the terms of the offer. All companies should provide an offer letter as a matter of course for an internship (paid or unpaid) or a job offer. If you received the original offer in the form of a letter, you already have the offer letter; however, you should request an updated letter to reflect the final offer on which you agreed. If you find any discrepancies in your offer letter, contact the person at the company as soon as possible to have a new offer letter issued.

A offer letter simply reiterates the terms of employment that you have negotiated and may be conditional based on requirements such as a background check or drug test or may make reference to company documents such as the benefits summary or employee handbook. While some information in offer letters may vary depending on the company, some key information should be included in the offer letter.

Key Information to be Included in the Offer Letter

- Title
- Salary
- Bonus
- All other elements of compensation (e.g., stock options, benefits)
- Start date
- Any conditions of employment

Some companies request that you sign a copy of the offer letter and return it to the company. If this is the case, sign the letter and make a copy for your files before returning it to the company. The offer letter is your documentation of the compensation the company has agreed to give you (Richmond, 2008; Niznik, 2020).

7.5 FOLLOW-UP: THE LASTING IMPRESSION

You have spending power, and lots of it. Millennials (or Gen Y, if you prefer) are estimated to have over $1.3 trillion in direct spending for apparel, food, music, entertainment, and other products and services. That number is understated due to the influence you have on parents and other older people who seek your tech-savvy advice on all types of products from computers to cars (Littman, 2008). You are one of the most sought-after consumer groups around. More sales and marketing efforts are aimed at you than at any other generation. You determine where and when you will spend your money. You have the power.

So what is it that makes you decide to choose one tech brand over the other? Of course, the product has a lot to do with your choice. Price is certainly a consideration, but you don't always buy the lowest-priced product or service. Think about it. It's the ongoing relationship you have with the brand that makes a difference. It's the fact that the company continues to serve up exactly the new products and services you need (how do they do that?). It's how the company keeps in touch on Facebook and other ways that keeps you engaged in the conversation. And it's the fact that you feel appreciated as a customer. When a company makes you feel like they forgot about *you*, it's time to move on and spend your money elsewhere.

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. It's the attention to detail to be sure that your transaction goes smoothly that you rely on your salesperson to do. Think about how you feel when your salesperson adds value to your new investment with additional information and insights. 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.

While the specific follow-up activities may vary from company to company and even customer to customer, the "Areas That Require Follow-Up," found below, provide a summary of some of the most common follow-up actions that are expected. Many companies have a checklist or best practices that are used as guidelines to ensure that all details are covered. 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.

Areas That Require Follow-Up

- Sign contracts
- Schedule delivery and confirm that it was made correctly and on time
- Schedule and conduct training
- Schedule and ensure that installation is implemented correctly
- Conduct credit checks
- Add customers to all appropriate company correspondence
- Generate invoice
- Send welcome package to new customer
- Introduce key people to new customer
- Schedule status call with customer

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. Depending on the complexity and buying cycle of the product or service, it could takes weeks, months, or even years until you close the sale. It takes time, energy, and commitment to get to the point where the deal is done. Some salespeople spend all their time and effort to research the prospect, get the appointment, make the presentation, handle objections, and close the sale—and then expect to collect their commission check. They seem to literally disappear after the sale is completed (Schmitt, 2010). 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.

As you may recall from earlier in the book, *you* are the brand to the customer. 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. Here's the not-so-subtle point here. Even though the sale is closed, you should never assume the sale is closed (Schmitt, 2010). 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 they made is not the right one. They may be in contact with a competitor, receive additional information, or be concerned that they 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 (Schmitt, 2010; Leotta, 2010). Increase your return on your time investment and your customer's return on her financial investment and put your follow-up plan into place immediately.

Plan Your Follow-Up

Put together your follow-up plan even before you begin your prospecting efforts. While follow-up is the last step in the selling process, it is the step that can have the most impact on your customer. You worked hard to establish trust with your customer during the selling process. After the sale is the time to put that trust to work and continue to earn it every day. Lip service, saying that you'll do something but not really putting in the effort to do it, doesn't go very far in sales. And just going through the motions will put you farther behind. 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.
2. Deliver as promised.
3. Add value to your customer's business.
4. Get feedback.
5. Make your customers into fans.

1. Demonstrate Your Personal Commitment and Connection to the Customer.

Start by saying thank you to your customer for her business. "Customers want to know you care about them, their business, their challenges, and them as individuals," according to author and professional speaker George Hedley. "The number one reason customers stop doing business with a company is an attitude of indifference," he says (Hedley, 2019). 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; this is a perfect opportunity to reiterate the product or service benefits with a focus on the information you learned about the customer's business during the selling process (Ray, 2010; Leotta, 2010). Besides demonstrating good business etiquette, a personal thank-you letter also serves some operational objectives. It should include your contact information, phone numbers, e-mail address, web sites for customer contact (in addition to your contact information), receipt or order confirmation, and a list of next steps (Leotta, 2010).

Don't just say thank you after you close the sale. Be ready to follow up with three to five "selling points" timed after the sale. For example, after a salesperson sells a car, she follows up with an article about a safety award that the brand was awarded. She also sends a birthday card to the customer with a note to indicate the value of the car has increased based on current market conditions (McPheat, 2021).

Most of all show your customers that you appreciate them and their business regularly with a handwritten thank-you note, an unexpected visit, or small gift like a box of candy. Little gestures go a long way; they are like "one-a-day vitamins" for your business (Hedley, 2019).

Follow-Up Letter

Looking for tips about how to write a sales follow-up letter? The eHow video T*echnical Writing Skills: How to Write a Sales Follow Up Letter* includes some great tips.

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=351#oembed-1

Video: "Technical Writing Skills : How to Write a Sales Follow Up Letter" By eHow [1:38] *Transcript Available*

What If the Answer Is No?

So what if you didn't get the sale? Send a thank-you note anyway. It's a professional way to set yourself apart and keep the door open for future conversations. A personal thank-you note or letter really stands out in today's fast-paced world. You might be surprised where a thank-you note or letter can lead.

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 (Goldsmith, 2005). 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). When salespeople just fill out the forms to get things moving internally, there's a high likelihood that some nuances can fall between the cracks.

Keep in mind that your customer made the purchase because you can deliver consistently for her, but you can't deliver the product or service alone. 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. Follow the internal processes and go a step farther. Make your coworkers care as much about delivering consistently for the customer as you do; take the time to share information about the customer that goes above and beyond your internal forms. 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 (Schmitt, 2010). Call the customer to be sure the delivery was made as promised and everything is to the customer's liking (Robertson, 2010).

3. Add Value to Your Customer's Business

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 his business challenges before he made the commitment to buy, you want to continue to do the same thing as part of your ongoing follow-up.

Build your credibility by creating a systematic follow-up system so that your customer knows he can count on hearing from you regularly. You might touch base in person or by phone, e-mail, text, or a combination of these contact methods. The key is to communicate regularly in the manner or manners in which your customer prefers. It's a good idea to get into a routine to get and give status updates (Ray, 2010; Schmitt, 2010). Believe it or not, some salespeople actually forget to follow up (Robertson, 2010). They get so busy with making new proposals and putting out fires that they lose track of time and details.

What's important to the customer should be important to you so make yourself easily accessible and respond to his inquiries in a timely manner (Ray, 2010). Deliver the same energy, enthusiasm, and level of service you did before you closed the sale. And just as you did when you were working to close the business, be honest about timing and resolution of issues. In other words, set expectations and then overdeliver on them (Schmitt, 2010).

Adding value goes beyond the typical "I'm just checking in." Every time you contact your customer, offer some insight, news, or expertise to help him and his business. Make yourself the trusted advisor and key collaborator. Provide insights from industry events, forward copies of relevant white papers, make introductions to subject matter experts in your company, and send company (or your own) newsletters. You can complement your personal follow-up with the Internet to provide valuable updates and networking connections through a blog, Twitter updates, LinkedIn discussions, and other social networking tools. All these types of communications help add value to your customer's business so that when they have a problem (any problem), you deliver so much value that they call you first to help her solve it. This is how you earn your seat at the table as a true business partner, not a salesperson (Schmitt, 2010).

4. Get Feedback

It's not enough to talk to your customers; it's also important to listen (Monosoff, 2009). Ask for their input, insight, and ideas about everything from things you can do better to new products and services. Customers, especially those with whom you have good relationships, can provide invaluable guidance to you and your company. One-on-one planning meetings, product development meetings, and other forward-looking events are ideal ways of gaining firsthand feedback and getting buy-in from the start. There's nothing that your customer would rather talk about than his business. Be genuine and ask him about it, then listen and use the information to help his business (and yours) grow (Hedley, 2019).

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. There are no more powerful words to win over a new prospect than those of a more-than-satisfied customer.

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=351#oembed-2

Video: "Objection Prevention & Objection Cure" By Jeffrey Gitomer's Sales Training Channel [3:08] *Transcript Available*

Use customer testimonials as part of your selling presentation, on your company's web site, and on your professional web site and social networking pages. In fact, it's a good idea to 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, 2010). 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.

Photo via PickPik, PickPik License. Make your customers into fans, and they will tell their friends about you.

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.

Power Point: Lessons in Selling from the Customer's Point of View

Example: The Making of a Fan—Yahoo!-Style

Blogger Michael Eisenberg went from a detractor to a promoter of Yahoo! with one e-mail. Eisenberg made a "not-so-flattering post" about the functionality of what was then the new MyYahoo! in March 2007. Within twenty-four hours he received an e-mail from the manager of Yahoo!'s Front Doors Group that said, "I would love to find out what you would like to see and which features you are most concerned about losing. We want to be sure that our heavy users remain satisfied. If you have a few minutes to e-mail me, I'd very much appreciate it." Eisenberg promptly posted the response from the Yahoo! manager on his blog along with his fanatic endorsement of the company that can be summed up in one word: "Kudos!" (Eisenberg, 2007)

Heroic Recovery: How a Service Failure Can Be a Good Thing

No matter how good you and your company are at taking care of customers, there will be a time when something doesn't go as planned or as your customer expected. When you experience a setback, your mettle is put to the test. "Errors are inevitable, dissatisfied customers are not" (Chang, 2006, p 204). It's not about the fact that the problem occurred; it's how you respond that matters. When a salesperson responds quickly to a service failure and delights the customer with the outcome, it is called heroic recovery response to a service failure that delights the customer. The salesperson has the opportunity to perform a "heroic" action to save the customer's business. For example, when a food service distributor sales rep personally delivers a case of ground beef that was missing from the truck earlier in the morning to a restaurant before lunch, he goes above and beyond to demonstrate service and help the customer avoid missed lunch sales.

In some cases, **heroic recovery** can improve a customer's perception of the quality of service provided by a salesperson. Some customers actually rate companies higher when there has been a service failure and it has been corrected quickly than if there was no service failure at all. In addition, service failures can ultimately help identify service issues that are important to the customer. For example, an industrial packing company had an internal service standard of shipping 95 percent of all orders complete. This had a negative impact on the company's ability to make deliveries within seventy-two hours, which is the industry average. After conducting focus groups, the company learned that customers valued complete shipments more than the seventy-two-hour delivery window. The company has since changed its policies and has created a competitive advantage based on service that is important to the customer (Gonzalez et al., 2005).

This is not to imply that a constant state of heroic recovery is acceptable to a customer. In fact, providing excellent service begins with understanding what the customer values and then having internal operations in place to be able to consistently deliver that level of service. Recall that consistency is one of the elements of a brand. If you as a salesperson, or your company, can consistently deliver on a service promise, then heroic recovery is not efficient or effective in servicing the customer or creating a loyal customer.

Part of heroic recovery includes taking care of the customer—whatever it takes to make the impact of the service failure right for the customer. In addition, it includes internal analysis to identify where and why the service failure occurred, what it takes to correct the problem, and how to prevent it from happening again. As a salesperson, you want to be able to recover from a service failure with confidence so that you know the root cause of the problem has been fixed.

Power Player: Lessons in Selling from Successful Salespeople

Example: Inspiration from Air Conditioning

Said Hilal, CEO of Applied Medical Resources, owned one of the early Mercedes S series and was happy with the performance of the car. After one year, Mercedes notified him that the air conditioner was appropriate for Europe but was underpowered for the United States and offered to replace the air conditioner. Hilal was so impressed with how Mercedes proactively handled the issue that he decided to use the same approach to his business. "We ask our customers what they want to see in our future product—what problems they have that we can help resolve," says Hilal. "We consistently remind ourselves to listen to what the customer needs, not what we need" (Mochari, 2002).

The bottom line is that companies and salespeople should view heroic recovery efforts as an investment in customer service perceptions, rather than as a cost. If handled properly, service failures can improve a relationship with a customer even more so than excellent service (Gonzalez et al., 2005).

7.6 CUSTOMER SATISFACTION ISN'T ENOUGH

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. Since it costs about five times more to acquire a new customer than to retain an existing customer, companies are well served to focus on retaining existing customers and making them into advocates for their brand (Chang, 2006). In other words, "Customer acquisition is an investment, but customer retention delivers profitability" (Maser, 2009).

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. Employees who interact with customers on a day-to-day basis, such as salespeople.(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. Cheryl Pasquale, a branch manager, says she looks forward to customer calls to follow up on complaints or less-than-positive comments. She feels she has an opportunity to turn "critics into fans" (Markey et al., 2009).

There are several different types of customer feedback loops that companies use such as mystery shopper programs, customer satisfaction surveys, and other measurement tools. Some of these methods are expensive, require elaborate reporting, and take a long time to compile and act on the data (Markey et al., 2009). Simply asking customers what they think can defeat the purpose if companies don't act quickly on the feedback. It raises customer expectations that action is going to be taken (Brooks, 2010).

Power Selling: Lessons in Selling from Successful Brands

Example: Follow-Up Is Just a Tweet Away

Personal follow-up meets technology with more than half of *Fortune* 100 companies using Twitter as one of the tools in their arsenal to respond to customer service issues. Comcast is a leader in this area. The company believes that Twitter has provided more transparency and improved communication with customers in multiple channels (Swartz, 2009). Comcast uses Twitter to address follow-up issues such as a service call that didn't happen on time, service that isn't operating properly, and even billing issues. According to Frank Eliason, director of digital care at Comcast, Twitter is not a replacement for phone and e-mail follow-up. However, he says, "It gives immediacy to interactions." He finds that customers are surprised—and pleased—to hear from him so quickly on Twitter (Resisner, 2009). The bottom line is to take care of the customer, no matter what method you use for follow-up.

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.

In another example, it's no surprise that Zappos, the dominant online shoe and apparel retailer, has a maniacal focus on the customer when you listen to CEO Tony Hsieh talk about his philosophy of customer service. Zappos has grown to be a billion-dollar business in just ten years. Although shoes have a notoriously high return rate due to fit problems, Zappos offers free shipping both ways to encourage purchases. Hsieh's vision for the ultimate experience in customer service is clear throughout the company (try calling their 800 number for customer service and experience Zappos' unique telephone greeting).

Zappos Gets It

Hear CEO Tony Hsieh talk about why Zappos is a fan favourite.

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=356#oembed-1

Video: "Simon Sinek talks culture with Zappos CEO Tony Hsieh" By Simon Sinek [19:44] *Transcript Available*

Many companies have found that **Net Promoter Score (NPS)**, compiled results of customer responses to the question, "How likely are you to recommend this product or company to a colleague or friend?", 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 (Markey et al., 2009).

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?" The response is based on a ten-point scale and categorizes responses as follows:

- **Promoters** – Loyal fans of a brand that are most likely to share their good experiences with their friends and be a brand advocate; those who respond to the NPS question with a score of 9 or 10 (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** – Satisfied customers of a brand who are at risk of tying a competitive brand; those who respond to the NPS question with a score of 7 or 8 (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** – Unhappy customers that are likely to share their bad experiences via word of mouth or social networking; those who respond to the NPS question with a score of 0 to 6 (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.

A company's Net Promoter Score is determined by taking the percentage of **promoters** (scores of 9 or 10) and subtracting the percentage of **detractors** (scores of 0 to 6) (Net Promoter, n.d.). For example, assume that Widgets, Inc., received the following ratings:

Promoters (score of 9 or 10) = 60%

Passives (score of 7 or 8) = 30%

Detractors (score of 0 to 6) = 10%

The Net Promoter Score for Widgets is calculated as follows:

60% – 10% = 50%

Promoters – Detractors = Net Promoter Score (NPS)

The premise of Net Promoter Score is simple and elegant. The answer to one question says it all. Customers are then asked why they would be likely or unlikely to recommend the company (Markey et al., 2009). If the customer is not a promoter after their experience with the brand, they are at risk either to try another brand or become a detractor of the brand. As you can see from the formula, customers that are passives (scores of 7 to 8), reflect poorly on the brand's NPS. Being satisfied isn't enough; a brand's goal is to have promoters or fans. This process quickly lets front-line managers and employees identify where problems exist and allow them to act quickly to respond and fix them (Net Promoter, n.d.).

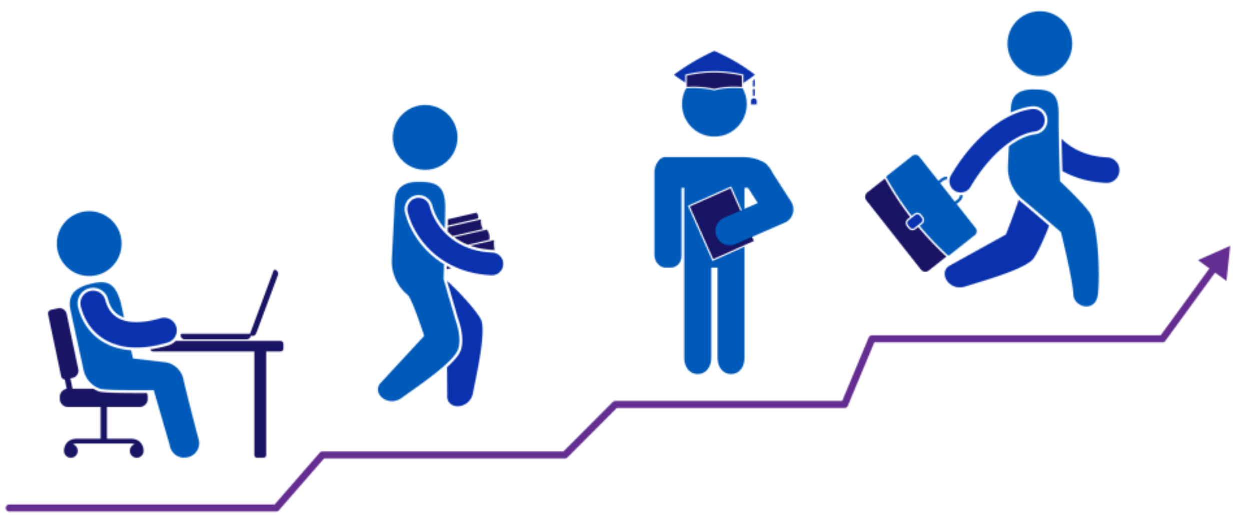
Net Promoter Scores vary by industry. The Net Promoter Score web site includes a comparison by industry. Some companies that use Net Promoter Score are American Express, Southwest Airlines, FedEx, eBay, Harley-Davidson, and Dell.

7.7 SELLING U: WHAT HAPPENS AFTER YOU ACCEPT THE OFFER?

So you've got your offer letter, and you're excited about starting your new job in a few weeks. Time to take it easy? Maybe a little. But don't kick back completely. There's follow-up work to be done.

From Classroom to the Corporate World

Just as you should never assume the sale is closed, the same is true about your job. Even though you have your offer, it's really the beginning of proving yourself in your new career. Whether you decide to work for a large corporation, a small company, or start your own business, it all starts right here.



"Student to Corporate World" by Freddy Vale, CC BY-NC-SA 2.0

The first thing to realize is that the corporate world is very different from the classroom. For starters, everything will not be mapped out for you in a syllabus with predetermined reading, homework, and final exams. If you think you're busy now while you are in school, wait until you start working! At work, everything is due "yesterday," so it's up to you to prioritize what you need to get done (Levit, 2009). There are no tests, but you are being tested everyday. You don't get a report card or grades; you get a performance review that provides a platform for feedback and self-improvement as well as a record of your performance for the company (Rosenberg McKay, 2019). And even if you've had a job while you were in school, there's more expected of you as a full-time employee than as an intern or part-time employee (Rosenberg McKay, 2019). After all, it's no longer about you; it's about how your performance impacts the company's results (Rosenberg McKay, 2019). Welcome to the "real world."

Before You Start

Starting strong is important in any job. The first ninety days can make the difference in how well you do at your job, so do your follow-up from your job interviews before you even start working. It will not only give you a head start; it can make the difference about how well you do at the company (Wang, 2006).

Five Things You Should Do Before You Start Your New Job

- **Say thank you**. Drop a handwritten note to your new boss, the human resources person, and any other people with whom you interviewed. Although you already sent thank-you notes to each of these people after your interviews, it's a good idea to send each one a personal note to thank them for their support and tell each how much you are looking forward to working with him. This is a great way to set yourself apart even before you begin your new job.
- **Continue to do your research on the company**. Just because you have a job offer doesn't mean you should stop researching the company. In fact, you should do just the opposite. Visit the company's stores, web site, talk to customers, read press releases, and talk to current employees. Do everything you can to learn even more about the company you will work for (Rosenberg McKay, 2019).
- **Dress for success**. Plan what you are going to wear on your first day, even your first week of work. It's best to dress more conservatively during your first days until you can begin to really understand the company culture. Even if the company is very casual, dress up on your first day. According to Alexandra Levit, author of *They Don't Teach Corporate in College: A Twenty-Something's Guide to the Business World*, "You might be overdressed, but I guarantee no one will criticize you for it. Rather, your colleagues will respect that you mean business, and your boss will be proud to introduce you around the company" (Levit, 2009, p. 51). Try on your clothes, take items to the dry cleaner, or have them tailored as needed. You want to avoid any last-minute fashion emergencies on your first day of work (Rosenberg McKay, 2019).
- **Plan your route**. Even though you probably know your way to the office, it's a good idea to take a test run during actual conditions during rush hour. You want to avoid being late for any reason so that includes knowing the public transportation schedule, traffic, or parking situation, depending on how you will get to work. Have an alternate route in mind just in case there is a traffic problem on your first day. Allow extra time on your first day. It's better to be early than to be late (Rosenberg McKay, 2019).
- **Walk in with a smile**. While you will most likely be nervous with anticipation on your first day of work, follow the process similar to what you did for your job interview. Arrive a bit early, use the restroom, take one last look at yourself, use a breath mint, and smile. People will be helpful, so just relax and enjoy your first day on the job. A smile goes a long way on your first day and every day (Rosenberg McKay, 2019).

You've Got the Power: Tips for Your Job Search

Impress Your New Boss

You already sent your thank-you note to the people with whom you interviewed and have just accepted your offer. What's next? It's a good idea to send a handwritten note to your new boss and tell her how much you are looking forward to working with her. It's the perfect way to make a good first impression before you even start your new job.

After You Start

Your first few weeks on the job will be a whirlwind. You will meet lots of people, and it will be difficult to remember anyone's name, title, or function. It takes a while to adjust and fit in at any company. Remember how it felt when you were a freshman? By the time you became a sophomore, you knew a lot of people, and you knew the ropes. The same thing happens at a job. There's no magic time frame to adjust to a new job; everyone is different. It's good to know that you're not alone and that adjusting to your new job just takes time—and commitment (Rosenberg McKay, 2019).

Five Tips to Help You Get Your Feet on the Ground at Your New Job

- **Listen, observe, and ask questions**. This is the best way to learn the ropes and the company culture. There is no stupid question, so take advantage of the fact that you are new to ask as many questions as possible. When you watch and listen to other people, it's easier to understand the culture or the unwritten rules of the company (Rosenberg McKay, 2019).
- **Avoid office gossip**. It might sound obvious, but engaging in office gossip can only hurt you. You never know to whom you are speaking so it's better to heed your mother's words: "If you can't say something nice about someone, don't say anything at all." But do pay attention to the office grapevine. This will help you understand the informal rules, who's who in the office, and how people perceive what's going on in the company (Rosenberg McKay, 2019). On similar note, it's never appropriate to use company time and resources to check or update your status on social networking sites. Even if other employees do it, avoid the temptation to participate in social networking at work.
- **Find a mentor**. A mentor is someone who has experience in the area you wish to pursue and who exhibits a "generosity of spirit," a natural gift to go out of her way to help others (Levit, 2009, p. 106). A mentor is a person with whom you develop a personal relationship: someone whom you trust and are comfortable asking questions to and getting feedback from to take your career to the next level. Some companies offer formal mentoring programs, but at most companies finding a mentor is usually a less formal process. Go out of your way to get to know people whom you think might be a good mentor and take the time to get to know them. You should consider having several mentors throughout your career.
- **Stand out**. Perception is reality so be the person who stands out (Levit, 2009). Volunteer to work on projects, especially those that others don't want to do, come in early, stay late, and deliver high-quality work on time (Rosenberg McKay, 2019). Going the extra mile pays off.
- **Fine-tune your writing and speaking skills**. Now that you are working, you have to develop and communicate your ideas and point of view to your boss, your colleagues, and even your clients. Be a good listener and a confident communicator. It will make a difference in how people perceive you and your work (Levit, 2009).

Now, it's time to relax, enjoy, and start this next chapter in your life.

7.8 KEY TAKEAWAYS & TERMS

Key Takeaways

- Closing should be easy if you have followed Steps 1-5 well. Missing objections or not using active listening to understand your customer's needs are the most common reason salespeople fail to close. **Fear of rejection** also plays a role in salespeople being hesitant to close.
- Closing ties to features and benefits–remember to know your **benefits** and sell on benefits versus features.
- Closing techniques included **summary** close, **direct** close, **alternative** close, **t-account or balance sheet** close, and **success story** close.

- **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**.
- **Complex sales** have a longer selling cycle, have many people involved in the decision making, and require a modified selling process.

- 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—prenegotiation, negotiation, and post-negotiation.
- Avoid getting emotionally involved in a **negotiation** as it makes it easier to walk away, if need be.

- Before you begin your job search, do your research and know what you are worth in the marketplace.
- **Salary** is only one element of total **compensation**. Use all elements of compensation to creatively negotiate to get what you want.
- Avoid discussing **compensation** as long as possible; don't bring it up unless the interviewer brings it up. Your goal on every interview is to establish your value so that your offer reflects what you are worth.
- Before you begin **negotiating** a job offer, be sure you understand all the elements of the offer.

- Carefully evaluate an internship or job offer based on what is important to you including the offer as well as other aspects of the job and company.
- Identify one or two elements of a job offer that you want to negotiate. Determine your **prenegotiation goals** for each and approach your prospective employer to discuss each element. Focus on what is important to the company as you negotiate each point.
- The final offer that you accept should be documented in an **offer letter**. Whether you are being offered an internship (paid or unpaid) or a full-time job, the company should provide an offer letter within a few days of your acceptance of the offer.

- 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.
- **Heroic recovery** can be a way to delight your customer (only if a service failure occurs infrequently and it is handled in a satisfactory manner).

- Customer loyalty pays. It costs five times more to acquire a new customer than to keep an existing customer.
- **NPS** is determined based on a brand's percentage of **promoters** minus the percentage of **detractors**.

- Even though you receive a job offer, there are still a lot of things you can do to follow up after your interview and before you start your new job.
- The corporate world is different from the classroom with a different environment and expectations. Your performance is no longer just about you; it's about how you help the company achieve its goals.
- It takes time to adapt to a new job.

Key Terms

Alternative-choice close: a type of close that gives the prospect a choice between two options rather than a choice between buying and not buying

"Always Be Closing" (ABC): this means that a salesperson should never miss the opportunity to close a sale, no matter where it occurs in the selling process

"Always Be Opening" (ABO): a strategy that is considered to be the best as it focuses on always helping your customer identify and solve their problems, just like you do when you are opening the selling process

Assumptive close: a type of close that includes a question that when the prospect replies, it means that they are committing to the sale

Benefit summary close: type of close that summarizes the benefits of the product or service as you have discussed them throughout the process and is a natural extension of the selling process

Closing – bringing the sale to fruition or getting the sale

Combination close: using more than one of the closing approaches together to gain agreement on the sale

Compensation: money and benefits received in exchange for providing services to a company including elements such as salary, commission, bonus, benefits, and any other elements in payment for providing services – is the total amount of money and benefits that you are paid for a particular position

Complex sale: a term that usually refers to high-value purchases (usually $100,000 and higher). Products and services such as enterprise systems, health care providers, commercial real estate, manufacturing equipment, logistics services, and other major business-to-business (B2B) purchases are considered complex sales.

Compliment (or vanity) close: type of close that relates the purchase to the person and appeal to his or her sense of identity by paying a compliment and helps you relate the purchase to the person and appeal to his or her sense of identity

Counteroffer: elements of a job offer above the pre-negotiation goals

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."

Deadlock: a point in the negotiation at which discussions stop due to disagreement on an issue or a stop in the discussion

Detractors: scores of 0 to 6 in the NPS

Direct request close: type of close that asks the prospect for the order

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.

Heroic recovery: performing a "heroic" action to save the customer's business after experiencing a setback

Negotiating: the act of discussing an issue between two or more parties with competing interests with the aim of coming to an agreement

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.

Offer letter: a formal letter from the company (on company letterhead) that outlines the terms of the offer for employment that outlines the terms of the offer.

Passives: score of 7 or 8 in the NPS

Pre-negotiation goals: the minimum in compensation that you will accept in a job offer, usually focusing on one or two elements that are important to the company

Promoters: score of 9 or 10 in the NPS

Salary: a regular payment from an employer in exchange for services – a fixed amount of money that is paid regularly in exchange for services provided, is only one element of compensation

Trial close: an important sales tool as it allows you to "test" whether you have answered objections, have understood your customer's needs, and whether they are ready to move onto a full close

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7.9 TEST YOUR KNOWLEDGE

Question 1

What is closing?

Solution
Closing is the last step in the sales presentation. It is step 6 of 7 in the sales process and is when you ask the customer for their business.

Question 2

What are the reasons closing a sales presentation fails?

Solution
Closing fails when a salesperson fears rejection and does not close. Closing only once, not asking for what you want, asking too few questions, and closing on the wrong buyer are also reasons closing goes awry.

Question 3

Name the types of closing methods.

Solution
Closing methods include direct, summary, t-account, alternative choice, and story.

Question 4

What is a trial close and what is its place in the sales process?

Solution

A trial close can and should be done throughout the sales presentation to check in on how the client is feeling. It is a low risk question as it does not force the buyer to make a decision. Creating and practicing a variety of questions will help develop the trial close.

Question 5

How many calls does it take on average to close a sale?

Solution

Five.

Question 6

True or false: After the sale is closed, the role of the salesperson is finished.

Solution

False.

Question 7

What does this statement mean: “Even though the sale is closed, you should never assume the sale is closed”?

Solution

Good salespeople help avoid buyer’s remorse by following up quickly after the sale is closed and reinforcing the fact that the buyer made a good decision.

Question 8

Name three areas that require follow-up on the part of the salesperson.

Solution

Contracts to be signed, delivery to be scheduled, customer shipping and billing information to be added to CRM system, credit checks, addition of customers to all appropriate correspondence, invoice to be generated, welcome package to be sent to customer, introductions to be made to all appropriate internal people on the team, and status calls to be scheduled.

Question 9

Identify three ways that you can add value to your customers’ businesses during the follow-up process.

Solution

Phone and in-person regular status updates, newsletters, white papers, industry information, networking, asking questions, spending time in the business.

Question 10

Name three benefits of having a loyal customer.

Solution
Additional sales from the loyal customer, testimonials to be used in presentations for prospects, and referrals to new customers.

Question 11

What is a customer feedback loop?

Solution
A formal process for gathering, synthesizing, and acting upon customer feedback.

Question 12

Describe Net Promoter Score?

Solution
NPS is a closed loop customer feedback system that relies on the answer from customers to one key question: "How likely would you be to recommend this product or service to your friends or colleagues?"

Question 13

What is the formula to calculate NPS?

Solution

NPS = Promoters − Detractors.

Question 14

Explain the statement "The close, or getting the order, starts at the beginning of the selling process, long before you even come in contact with the prospect."

Solution

If you do your prospecting and qualifying correctly, you can significantly improve the number of times you are able to close a sale.

Question 15

What is a trial close?

Solution

A trial close is when you ask your prospect their opinion. A close is when you ask for a decision.

Question 16

Describe three times during a sales call that are good times to close.

Solution
When the prospect is demonstrating positive body language, when the prospect asks questions, and after you handle an objection.

Question 17

Assume you are selling a video game. Give an example of an alternative-choice close.

Solution
"Would you like to preorder Guitar Hero Van Halen or take Guitar Hero Metallica with you now?"

Question 18

Describe the role that trust plays in negotiating.

Solution
Negotiating is based on trust. If your prospect doesn't trust you, chances are she will be unwilling to compromise and find common ground during the negotiation.

Question 19

What are the three elements that are always present in a negotiation?

Solution
Information, power, and time.

Question 20

Why do salespeople think they need to lower the price to have a successful negotiation?

Solution
Forty percent of prospects ask for a lower price. Salespeople should work to get below the surface and understand the prospect's true needs. Prospects are looking for value, not necessarily price. Salespeople should demonstrate the value of their product or service and negotiate on other elements rather than price. Reducing the price decreases profit, commission, and value of the product or service in the mind of the prospect.

Question 21

Describe what a concession is in a negotiation.

Solution
A concession is something on which you are willing to compromise such as price, service, terms, options, or other elements of the deal. It's best to get a concession when you give a concession.

Question 22

Name the three steps in the negotiation process.

Solution
Prenegotiation, negotiation, and postnegotiation.

Question 23

What is a pre-negotiation goal?

Solution
Goals that you identify before the beginning of a negotiation that establish the minimum that you are willing to accept to make the deal happen.

Question 24

Is the following statement true or false? You can get more as a result of a negotiation in which you are emotionally involved.

Solution
False.

Question 25

How do you know if you received a good job offer?

Solution
Do research before beginning your job search by visiting web sites that include salary information.

Question 26

What is the difference between compensation and salary? Why is it important to know this when negotiating a job offer?

Solution
Salary is only one portion of total compensation, payment for services provided to an employer. There are several elements of compensation, including salary, vacation, insurance, hours, travel, relocation, and others that can be used to increase the total value of your job offer.

Question 27

Describe how heroic recovery can have a positive impact on your relationship with your customer.

Solution
If a service failure is handled quickly and meets or exceeds the expectations of the customer, it can have an even more positive impact on how the customer perceives the service from the sales rep and the company.

Question 28

Identify at least one thing you can do after you receive your job offer but before you start your job.

Solution
Say thank you with a personal note to your new boss, continue to do research on the company, dress for success, plan your route, and walk in with a smile.

Power (Role) Play – Closing the Sale

Now it's time to put what you've learned into practice. The following are two roles that are involved in the same selling situation—one role is the customer, and the other is the salesperson. This will give you the opportunity to think about this selling situation from the point of view of both the customer and the salesperson.

Read each role carefully along with the discussion questions and be prepared to play either of the roles in class using the concepts covered in this chapter. You may be asked to discuss the roles and do a role-play in groups or individually.

Sweet Success

Role: Purchasing manager at ProFood, the food service supplier for campus cafeterias and restaurants

You are responsible for purchasing the products to be offered in college cafeterias and restaurants. You try to include new products that reflect the eating trends of the students. One of the trends is for more natural and organic food choices. The challenge is that, in order to offer new menu options, some of the existing options need to be eliminated. Any new products must be able to generate more revenue than existing items at a lower cost. You are especially interested in increasing sales at the snack bars with impulse items like individually wrapped cookies and cakes. The Organic Delight Desserts option is exactly what you are looking for, but the price is too high, and you're not sure you want all the flavors that come packed together in one case. The price from the sales rep is $20 per case. There are four flavors packed in a case—chocolate, strawberry, lemon, and mocha. At this rate, you might only put this in your top ten schools. If you can get a better price with the option to order individual flavours by the case, you might consider putting the line in all three hundred colleges and universities.

- Are you interested in negotiating to get what you want from the sales rep, or will you just take a pass and wait for another product?
- If you want to negotiate, what are your prenegotiation goals?
- What will you ask for during the negotiation? Is this different from your prenegotiation goals? Why or why not?

Role: Territory manager, Organic Delight Desserts

You are selling a new line of 100 percent organic desserts. These cookies and mini cakes are individually wrapped and are an excellent impulse item, ideal for cafeterias. Since this is a new product line, it would be ideal to get placement with ProFood because it could lead to distribution at hundreds of schools. You just need to sell the purchasing manager on the line. You have sampled the products, and she likes the taste and thinks the packaging is perfect for her schools. Now you are down to negotiating on price and packaging. You have quoted $20 a case for a case that includes all four flavors—chocolate, strawberry, lemon, and mocha. You might have some flexibility to have a custom cases made up in each flavour so she can order only the flavours she wants. However, it will cost additional handling to do that.

- Are you going to make this a "take it or leave it" proposal?
- If you are going to negotiate, what are your prenegotiation goals?
- How will you find common ground to make this a win-win-win situation?
- What will you ask for during the negotiation? Is this different from your prenegotiation goals? Why or why not?

Power (Role) Play – Follow-Up

Now it's time to put what you've learned into practice. The following are two roles that are involved in the same selling situation—one role is the customer, and the other is the salesperson. This will give you the opportunity to think about this selling situation from the point of view of both the customer and the salesperson.

Read each role carefully along with the discussion questions. Be prepared to play either of the roles in class using the concepts covered in this chapter. You may be asked to discuss the roles and do a role-play in groups or individually.

Let It Snow

Role: Facilities manager at the Tri-County Office Complex

You are responsible for the overall maintenance at the largest office complex in the area. There are ten office buildings in the complex, which provides office space for thirty companies. You oversee the exterior maintenance, which includes everything from trash and snow removal to lawn care and window washing. You have just signed a contract with All Weather Maintenance Co., two days ago. It's 5:00 a.m., and a major snowstorm just hit, so you are on your way to inspect the property to be sure that the walkways are shovelled and parking lot is plowed.

- What role do you expect the salesperson to play now that the contract has been signed?
- Who will you call if the snow removal is not completed to your satisfaction?
- How will this experience impact your expectations of All Weather Maintenance Co., for other snowstorms and situations that require maintenance, especially time-sensitive maintenance?

Role: Sales rep, All Weather Maintenance Co.

You recently signed your largest client, Tri-County Office Complex. You have a very good relationship with the facilities manager based on the selling process. You have communicated the maintenance requirements to your company's operations department. Now the job is up to them to conduct year-round maintenance. Your normal hours are 8:00 a.m. to 5:00 p.m., but you were concerned about the weather report last night, so you set your alarm early. You wake up at 5:00 a.m. to see a blanket of snow and ice and immediately wonder if the maintenance crew made it to the Tri-County Office Complex.

- What action, if any, do you take?
- What kind of follow-up will you do with the customer?
- When will you do follow-up?
- What will you say to the customer?
- What will you do to ensure that time-sensitive maintenance is completed as expected?

Put Your Power to Work: *Selling U* Activities

1. Visit the campus career centre and ask about salary information that is available for positions that you are interested in pursuing. Compare this information to similar information you have gathered from web sites mentioned in this section that include salary information. What information is consistent? What information is different? Ask a career counsellor to help you understand the differences.
2. Talk to a campus career centre counsellor, advisor, or other professor or professional (and use this information in this section) and create a list of elements that might be included in a job offer. Identify those elements that are most important to you. What are your prenegotiation goals as it relates to this list?
3. Visit your career centre and ask them for information about mentors. Learn how you can get a mentor even before you start your job.
4. Identify someone who already works at the company from which you received an offer. Set up a meeting with her before you start your new job to learn more about the company, company culture, and other things that will be important to know for your new job.

7.10 EXERCISES

Exercises (7.1)

1. Assume you are selling coffee to a chain of restaurants. The buyer is very concerned about changing the brand of coffee that the restaurant uses because coffee is the last experience that the customer has with the restaurant and she doesn't want to change anything about the current experience. You have sampled your coffee in a blind taste test with her and in several of her restaurants, and all who have tasted it have chosen it as the better-tasting coffee. Now that she is convinced that this change would be a good one, which type of close would you use and why?
2. Assume you are selling paper to a major high-volume printer. Your firm has just introduced a new type of recycled paper that is less expensive than previous options. The buyer is someone whom you know and respect. You have learned a lot of what you know about the industry from him. You feel like you are bringing him a new product that can bring benefit to his company. You are preparing a compliment close. What would you include in the close?
3. Think about a high-ticket product or service that you recently purchased from a salesperson. How did the salesperson approach the close? Which approach to closing did she use? Was it effective? Why or why not?
4. Name the type of close that is used in each of the following examples:
    - "Would you like the pay-as-you-go or the family plan?"
    - "Shall we formalize the deal with your signature?"
    - "I really enjoy working with you and your team, and the way you are growing the company so fast. That's why I'd like to suggest this service plan."
    - "With the extra capacity, you'll be able to expand your service as you need it, yet it won't cost you any additional monthly fees. You can sign right here, and we can start your service on Monday."
5. Create a closing for each of the following situations and identify the type of close you are using:
    - You are a real estate agent, and you just finished showing a house to a newly married couple.
    - You are a fine jewellery salesperson, and you are showing a diamond engagement ring to a young man.
    - You are selling high-end electronics, and you are demonstrating a home theatre system to a couple who just bought a new house (and it's the week before the Super Bowl). You are able to have it delivered and installed before Super Bowl Sunday.
    - You are selling memberships to a health club, and you just took a couple on a tour. They recently moved to the area and are not familiar with all the competitors.
    - You are selling accounting software, and you just finished a demonstration of the product for a group of lawyers in a firm.

Exercises (7.2)

1. Assume you are buying a used car from someone. If your prenegotiation goal is $10,000 and he is holding firm at $12,000, how would you find common ground for a successful negotiation?
2. Assume you are buying a house from someone. She has indicated that the chandelier in the dining room has sentimental value. You think that the chandelier makes the dining room, and you want it included in the sale of the house. You are willing to increase your offer to reflect the inclusion of the chandelier. How would you approach this negotiation?
3. Assume you are selling medical supplies to a doctor's office and the doctor says, "I won't pay anything over $3,000 for the machine, take it or leave it." How would you respond?
4. Imagine that you are a sales rep for a paint manufacturer and you are selling to Home Depot. The buyer provided positive responses in all your previous meetings and is ready to narrow down his choices for paint suppliers.
    - Identify three ways you could prepare for your negotiation to make it as productive as possible.
    - How would you go about identifying your prenegotiation goals?
5. You are trying to sell accounting software to a regional grocery store chain, but negotiations have stalled. How can you get back on track?
6. Think about a negotiation in which you have been involved that yielded a win-win-win resolution. How did you get to the win-win-win solution? Think about a negotiation in which you have been involved that didn't result in an agreement. Why do you think the negotiation wasn't successful? What would have made it more successful?
7. How would you handle a situation in which a prospect wanted a guarantee that your company will not raise the price of the product he was buying for the next five years? Would you agree to hold the price to get the sale?
8. Contact a local law firm or company that specializes in negotiating. Invite a person from the firm to come to class and share tips and techniques that she uses in successful negotiations.

Exercises (7.4)

1. Visit Salary.com, or one of the other web sites mentioned in this section, and determine the total compensation for at least three different positions in which you are interested in pursuing. Is the compensation higher or lower than you expected for each position?
2. Identify three ways that you can establish your value in the eyes of your prospective employer during the interview process.
3. Assume you received a job offer with a base salary of $35,000 and commission of 10 percent. How would you plan

to approach your prospective employer to increase your overall compensation?
4. Have you ever received an offer letter? If so, what position was it for? What information did it include?
5. When you are negotiating your job offer, is it ever appropriate to exaggerate your accomplishments a little bit to get an offer that you think you deserve? Why or why not?

Exercises (7.5)

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?

Exercises (7.6)

1. Describe why Net Promoter Score is a closed customer feedback loop.
2. 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?

3. 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?
4. Research one of the companies that use Net Promoter Score and identify at least one way it impacts how the company does business.
5. 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?
6. 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?

Exercises (7.7)

1. Assume you just accepted a job offer to become a sales rep at a national food manufacturer. Write a personal note to your new boss to tell him how you are looking forward to starting your new job. Who are some other people in the company to whom you might also write a note?
2. What is a mentor? Identify someone who is currently a mentor to you. What makes him a good mentor? How might you be able to find additional mentors when you begin working?
3. Identify two resources that would be helpful to fine-tune your writing and speaking skills. How can you use these resources to help prepare you for your career?

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CHAPTER 8: RECRUITING, TRAINING AND LEADING SALES PERSONNEL

Chapter Outline

8.0 LEARNING OUTCOMES

Learning Outcomes

- Discuss the need for forecasting human resource needs and techniques for forecasting.
- Describe the impact of recruiting internal and external candidates.
- Explain the steps to an effective recruitment strategy.
- Develop a job analysis and job description.
- Explain the various sources of recruitment of salespeople.
- Outline the costs of recruitment.
- Discuss onboarding and its importance.
- Identify the different types of training available for new employees
- Outline ways to future proof a sales team.

8.1 RECRUITMENT

Photo by Clem Onojeghuo, Unsplash License

Recruitment is defined as a process that provides the organization with a pool of qualified job candidates from which to choose. As a process, recruitment involves an element of marketing and sales, as its objective is to raise the level of interest of customers (i.e., prospective employees) in what the company has to offer (i.e., jobs).

In today's workplace, recruitment has an impact on an organization's competitive success. Hiring the wrong person for a job can be costly to organizations. Therefore, highly talented and motivated employees offers a competitive advantage which is a firm's ability to add value to the company through it's assets (one being its human resources); and is able to lower its costs. When poorly hired employees with the wrong skills and/or experience success for companies is at risk.

Before companies recruit, they must implement proper staffing plans and forecasting to determine how many people they will need. Although it might seem straightforward, obtaining the right talent, at the right place and at the right time, is not easy and requires extensive planning.

Staffing Plan

Staffing Plan Six Main Steps

A **staffing plan** comprises six main steps:

1. **Evaluate the goals of the organization**. What is the organization's plan for growth? Does it need personnel to staff a new office or retail location? Is it hoping to multiply the size of its sales force to support a significant sales push? Does it intend to offer additional customer service or internal support to boost customer satisfaction?
2. **Identify the factors that might affect the staffing plan**. This is where the NOC and Statistics Canada come in handy. Large and small companies alike should examine information from local chambers of commerce, business publications and industry associations to predict possible developments in the market. That can include new businesses or other larger employers increasing their hiring or laying off employees.
3. **Establish the current talent landscape**. Keeping the organization's objectives in mind, there is a need for a complete picture of the current workforce. A detailed company organizational chart can illustrate the jobs, skills, and competencies of each member of the organization.
4. **Forecasting needs**. Many factors need to be accounted for when looking ahead for future needs: turnover rate, investments in new technology, the economy, the unemployment rate, and the competition (poaching) can all influence the ability to achieve one's staffing goals. Performing a trend analysis based on historical data

is an effective way to forecast labour needs.

5. **Conduct a gap analysis.** The difference between your future needs and the current landscape becomes the target to meet for your recruitment process.
6. **Develop a recruitment plan**.

Trend Analysis

Trend analysis examines past employment levels against selected business variables to predict future staffing requirements. To perform this analysis, an HR manager will select the factor(s) that influence labour levels the most and chart them for a four-to-five-year period. The headcount for the current time period is used with the historic data to arrive at a ratio to calculate future staffing needs. The usefulness of a trend analysis depends on the operational factor selected. For example, a moving company wants to determine how many employees it will need for the upcoming moving season. It uses *sales,* an operational factor and, according to historical records, it needs 3 movers for every $5,000 in sales. When the strategic plan calls for average weekly sales of $50,000 during the holiday shopping season, HR can predict a 30-employee staffing requirement. Another more complex example would be how hospitals prepared for the pandemic. The *number of nurses needed for each COVID patient in intensive care* would be an appropriate operational factor for hospital staff projections. A hospital may determine that it normally needs, on average, 0.2 nurses per intensive care patient per day. However, that ratio would rise significantly, to 0.8, from all of the protection measures required. Using projections of public health officials, a hospital predicted that when the pandemic was to hit, it would treat approximately 50 COVID patients. Thus, it determined that it would need 40 nurses as opposed to the normal 10.

Forecasting

The basis of the forecast will be the annual budget of the organization and the short-to long-term plans of the organization—for example, the possibility of expansion. In addition to this, the organizational life cycle will be a factor. Forecasting is based on both internal and external factors.

Internal Factors

1. Budget constraints
2. Expected or trend of employee separations
3. Production levels
4. Sales increases or decreases
5. Global expansion plans

External Factors

1. Changes in technology
2. Changes in laws
3. Unemployment rates
4. Shifts in population
5. Shifts in urban, suburban, and rural areas
6. Competition

Once the forecasting data are gathered and analyzed, the HR professional can see where gaps exist and then begin to recruit individuals with the right skills, education, and backgrounds.

8.2 THE RECRUITMENT PLAN

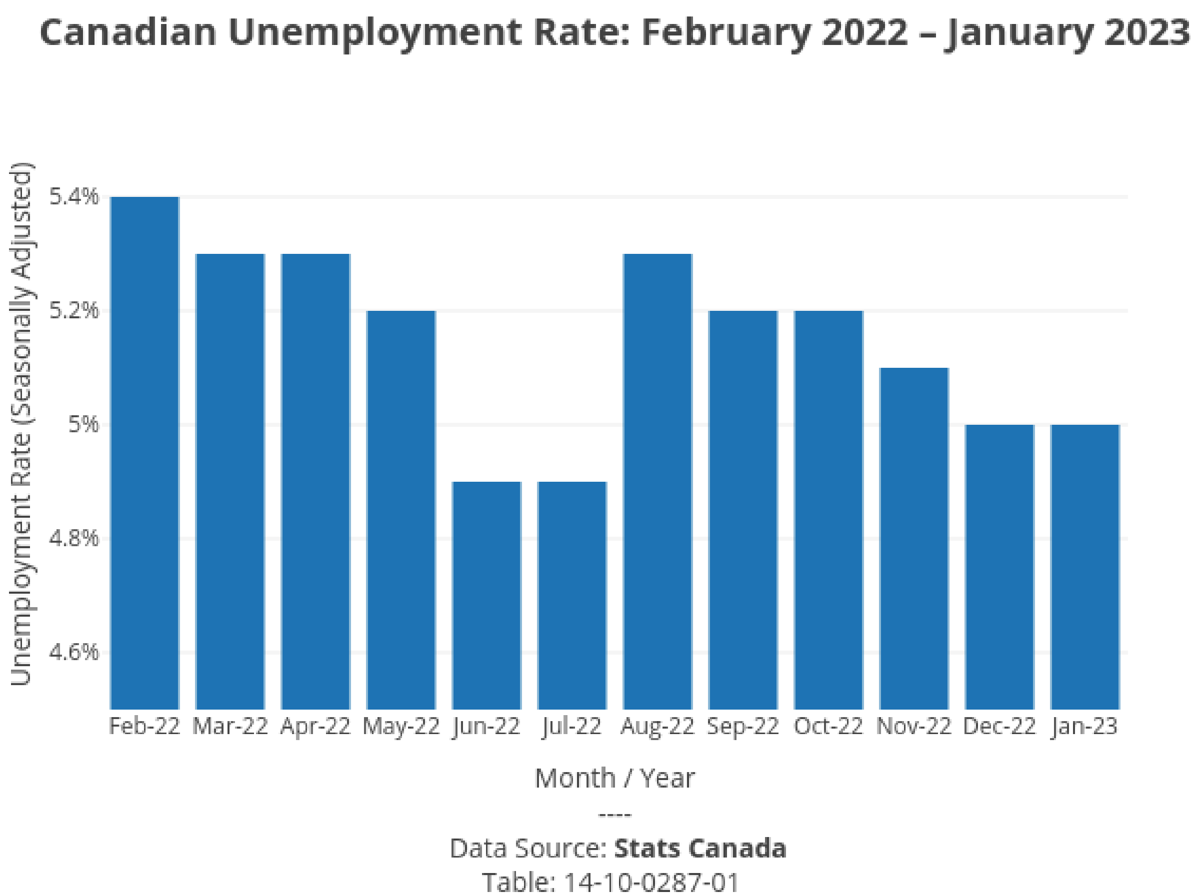
When devising a recruiting plan, an important element to consider is whether the pool of candidates will be internal, external, or both. All of these options have consequences for how recruiting will be conducted. Note that, for some organizations, there is really no choice to go internal (e.g., military) or external (e.g., small business).

Internal Recruitment

Assuming the job analysis and job description are ready, an organization may decide to look at internal candidates' qualifications first. **Internal candidates** are people who are already working for the company. If an internal candidate meets the qualifications, this person might be encouraged to apply for the job, and the job opening may not be published. Many organizations have formal job posting procedures and bidding systems in place for internal candidates. For example, job postings may be sent to a listserv or other avenues so all employees have access to them.

External Recruitment

The alternative to internal recruitment is external recruitment. For example, for a high-level executive position, it may be decided to hire an outside head-hunting firm. For an entry-level position, advertising on social networking websites might be the best strategy. When recruiting externally, an understanding of the labour market is essential. For example, the pandemic had a drastic effect on unemployment rates in Canada (see graph below). From a general recruiting perspective, this means that the available talent also varied in that period. Of course, the need for talent also shifted dramatically and, in general, most companies are not hiring as much (which causes the high unemployment numbers). However, recruiting strategy requires a finer-grained analysis of general unemployment numbers because there are vast variations in the availability of specific talent in the labour market. For example, the pandemic has led to an important shortage of workers in healthcare and agricultural industries but an abundance of workers in other areas (e.g., hospitality).



“Canadian Unemployment Rates” by Fanshawe College

Advantages and Disadvantages of Each Approach

In sum, both approaches to recruitment are valid, each one providing distinct advantages to the organization. The selection of one or both approaches depends on the situation (e.g., labour market, availability of internal talent, budget, etc.) and the objectives of the company. Here is a summary of advantages and disadvantages of each approach.

Table 8.2.1 Possible Advantages and Disadvantages of Hiring an Internal versus an External Candidate

Recruitment Type	Advantages	Disadvantages
Internal recruitment	• Rewards contributions of current staff	

Can be cost effective, as opposed to using a traditional recruitment strategy
Can improve morale
Knowing the past performance of the candidate can assist in knowing if they meet the criteria

- Can produce "inbreeding," which may reduce diversity and different perspectives
- May cause political infighting between people to obtain the promotions
- Can create bad feelings if an internal candidate applies for a job and doesn't get it

External recruitment

- Brings new talent into the company
- Can help an organization obtain diversity goals
- New ideas and insight brought into the company

- Implementation of recruitment strategy can be expensive
- Can cause morale problems for internal candidates
- Can take longer for training and orientation

8.3 RECRUITMENT STRATEGY

Although it might seem easy, recruitment of the right talent, at the right place and at the right time, takes skill and practice, but more importantly, it takes strategic planning. An understanding of the labour market and the factors determining the relevant aspects of the labour market is key to being strategic about your recruiting processes. Based on this information, when a job opening occurs, the HRM professional should be ready to fill that position.

Aspects of Developing a Recruitment Strategy

1. Refer to a staffing plan.
2. Confirm the job analysis is correct through questionnaires.
3. Write the job description and job specifications.
4. Have a bidding system to recruit and review internal candidate qualifications for possible promotions.
5. Determine the best recruitment strategies for the position.
6. Implement a recruiting strategy.

The first step in the recruitment process is acknowledgement of a job opening. At this time, the manager and/or the HRM look at the job description for the job opening (assuming it isn't a new job).

Assuming the job analysis and job description are ready, an organization may decide to look at internal candidates' qualifications first. **Internal candidates** are people who are already working for the company. If an internal candidate meets the qualifications, this person might be encouraged to apply for the job, and the job opening may not be published. Many organizations have formal job posting procedures and bidding systems in place for internal candidates. For example, job postings may be sent to a listserv or other avenue so all employees have access to them. However, the advantage of publishing open positions to everyone in and outside the company is to ensure the organization is diverse.

Then the best recruiting strategies for the type of position are determined. For example, for a high-level executive position, it may be decided to hire an outside head-hunting firm. For an entry-level position, advertising on social networking websites might be the best strategy. Most organizations will use a variety of methods to obtain the best results.

Another consideration is how the recruiting process will be managed under constraining circumstances such as a short deadline or a low number of applications. In addition, establishing a protocol for how applications and résumés will be processed will save time later. For example, some HRM professionals may use software such as Microsoft Excel to communicate the time line of the hiring process to key managers.

Once these tasks are accomplished, the hope is that you will have a diverse group of people to interview (called the **selection process**). Before this is done, though, it is important to have information to ensure the right people are recruited. This is where the job analysis and job description come in.

8.4 JOB ANALYSIS AND JOB DESCRIPTIONS

The **job analysis** is a formal system developed to determine what tasks people actually perform in their jobs. The purpose of a job analysis is to ensure creation of the right fit between the job and the employee and to determine how employee performance will be assessed. A major part of the job analysis includes research, which may mean reviewing job responsibilities of current employees, researching job descriptions for similar jobs with competitors, and analyzing any new responsibilities that need to be accomplished by the person with the position. According to research by Hackman and Oldham (Hackman & Oldham, 1976), a job diagnostic survey should be used to diagnose job characteristics prior to any redesign of a job.

To start writing a job analysis, data need to be gathered and analyzed, keeping in mind Hackman and Oldham's model. Figure 8.4.1 "Process for Writing the Job Analysis" shows the process of writing a job analysis. Please note, though, that a job analysis is different from a job design. **Job design** refers to how a job can be modified or changed to be more effective—for example, changing tasks as new technology becomes available.

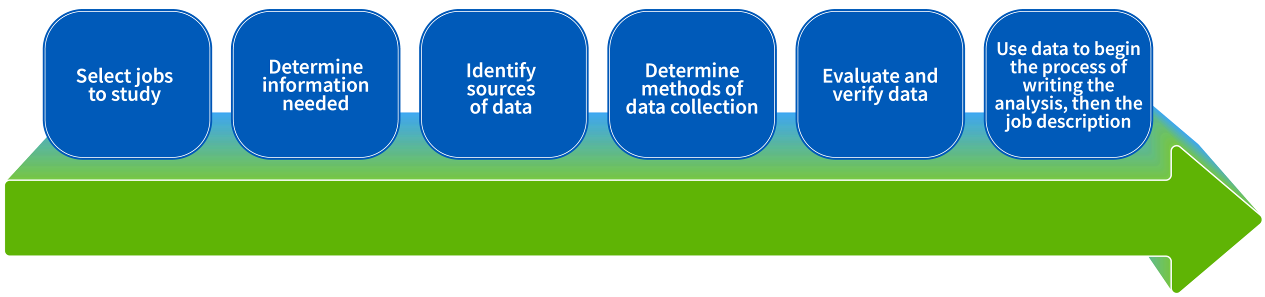


Figure 8.4.1 "Process for Writing the Job Analysis" by Freddy Vale CC BY-NC-SA 4.0

The information gathered from the job analysis is used to develop both the job description and the job specifications. A **job description** is a list of tasks, duties, and responsibilities of a job. **Job specifications**, on the other hand, discuss the skills and abilities the person must have to perform the job. The two are tied together, as job descriptions are usually written to include job specifications. A job analysis must be performed first, and then based on that data, we can successfully write the job description and job specifications. Think of the analysis as "everything an employee is required and expected to do". This questionnaire shows how an HR professional might gather data for a job analysis. Questionnaires can be completed on paper or online.

Sample Questionnaires

- SHRM – Job Analysis Questionnaire
- University of Guelph Job Evaluation Forms & Questionnaires

Two types of job analyses can be performed: a task-based analysis and a competency- or skills-based analysis. A **task-based analysis** focuses on the duties of the job, as opposed to a **competency-based analysis**, which focuses on the specific knowledge and abilities an employee must have to perform the job.

Example of a Task-Based Analysis

An example of a task-based analysis might include information on the following:

1. Write performance evaluations for employees.
2. Prepare reports.
3. Answer incoming phone calls.
4. Assist customers with product questions.
5. Cold-call three customers a day.

With task job analysis, the specific tasks are listed and it is clear. With competency based, it is less clear and more objective. However, competency-based analysis might be more appropriate for specific, high-level positions.

Example of a Competency-Based Analysis

For example, a competency-based analysis might include the following:

1. Able to utilize data analysis tools
2. Able to work within teams
3. Adaptable
4. Innovative

You can clearly see the difference between the two. The focus of task-based analyses is the job duties required, while the focus of competency-based analyses is on how a person can apply their skills to perform the job. One is not better than the other but is simply used for different purposes and different types of jobs. For example, a task-based analysis might be used for a receptionist, while a competency-based analysis might be used for a vice president of sales position. Consider the legal implications, however, of which job analysis is used. Because a competency-based job analysis is more subjective, it might be more difficult to tell whether someone has met the criteria.

Once you have decided if a competency-based or task-based analysis is more appropriate for the job, you can prepare to write the job analysis. Of course, this isn't something that should be done alone. Feedback from managers should be taken into consideration to make this task useful in all levels of the organization. Organization is a key component to preparing for your job analysis. For example, will you perform an analysis on all jobs in the organization or just focus on one department? Once you have determined how you will conduct the analysis, a tool to conduct the analysis should be chosen. Most organizations use questionnaires (online or hard copy) to determine the duties of each job title. Some organizations will use face-to-face interviews to perform this task, depending on time constraints and the size of the organization.

Common Types of Questions in a Job Analysis Questionnaire

A job analysis questionnaire usually includes the following types of questions, obviously depending on the type of industry:

1. Employee information such as job title, how long in position, education level, how many years of experience in the industry
2. Key tasks and responsibilities
3. Decision making and problem solving: this section asks employees to list situations in which problems needed to be solved and the types of decisions made or solutions provided.
4. Level of contact with colleagues, managers, outside vendors, and customers
5. Physical demands of the job, such as the amount of heavy lifting or ability to see, hear, or walk
6. Personal abilities required to do the job—that is, personal characteristics needed to perform well in this position
7. Specific skills required to do the job—for example, the ability to run a particular computer program
8. Certifications to perform the job

Once all employees (or the ones you have identified) have completed the questionnaire, you can organize the data, which is helpful in creating job descriptions. If there is more than one person completing a questionnaire for one job title, the data should be combined to create one job analysis for one job title. There are software packages available to help human resources perform this task.

Once the job analysis has been completed, it is time to write the job description and specifications, using the data you collected.

Job Description Components

Job descriptions should always include the following components:

1. Job functions (the tasks the employee performs)
2. Knowledge, skills, and abilities (what an employee is expected to know and be able to do, as well as personal attributes)
3. Education and experience required
4. Physical requirements of the job (ability to lift, see, or hear, for example)

Once the job description has been written, obtaining approval from the hiring manager is the next step. Then the HR professional can begin to recruit for the position. Before we discuss specific recruitment strategies, we should address the law and how it relates to hiring.

TIPS TO WRITING A GOOD JOB DESCRIPTION

- Be sure to include the pertinent information:
    - Title
    - Department
    - Reports to
    - Duties and responsibilities
    - terms of employment
    - qualifications needed
- Think of the job description as a snapshot of the job.
- Communicate clearly and concisely.
- Make sure the job description is interesting to the right candidate applying for the job.
- Avoid acronyms.
- Don't try to fit all job aspects into the job description.
- Proofread the job description.

WRITING A JOB DESCRIPTION

A short video on how to write an effective job description, with examples.

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=2007#oembed-1

Video: "How to Write a Job Description in 3 Easy Steps" By Easy Small Business HR.Com [5:46] *Transcript Available*

8.5 RECRUITING SALESPEOPLE

Recruitment of talented employees is an essential part of any company's ability to maintain success and ensure the achievement of standards within an organization. Recruiting sales personnel is no different. Recruiting sales personnel consists of actively compiling a diverse pool of potential candidates which can be considered for employment. In different industries, the constant need for talent creates a highly competitive marketplace for individuals, and it is important for any manager to be aware of these factors as they develop recruitment programs and policies.

Sources of Recruitment

Some companies, such as Southwest Airlines, are known for their innovative recruitment methods. Southwest looks for "the right kind of people" and are less focused on the skills than on the personality of the individual (Carey, 2008). When Southwest recruits, it looks for positive team players that match the underdog, quirky company culture. Applicants are observed in group interviews, and those who exhibit encouragement for their fellow applicants are usually those who continue with the recruitment process. This section will discuss some of the ways Southwest and many other *Fortune* 500 companies find this kind of talent.

Recruiters

Some organizations choose to have specific individuals working for them who focus solely on the recruiting function of HR. Recruiters use similar sources to recruit individuals, such as professional organizations, websites, and other methods discussed in this chapter. Recruiters are excellent at networking and usually attend many events where possible candidates will be present. Recruiters keep a constant pipeline of possible candidates in case a position should arise that would be a good match. There are three main types of recruiters:

1. **Executive search firm.** These companies are focused on high-level positions, such as management and CEO roles. They typically charge 10–20 percent of the first year salary, so they can be quite expensive. However, they do much of the upfront work, sending candidates who meet the qualifications.
2. **Temporary recruitment or staffing firm.** Suppose your receptionist is going on medical leave and you need to hire somebody to replace him, but you don't want a long-term hire. You can utilize the services of a temporary recruitment firm to send you qualified candidates who are willing to work shorter contracts. Usually, the firm pays the salary of the employee and the company pays the recruitment firm, so you don't have to add this person to your payroll. If the person does a good job, there may be opportunities for you to offer him or her a full-time, permanent position. Kelly Services, Manpower, and Snelling Staffing Services are examples of staffing firms.
3. **Corporate recruiter.** A corporate recruiter is an employee within a company who focuses entirely on recruiting for his or her company. Corporate recruiters are employed by the company for which they are recruiting. This type of recruiter may be focused on a specific area, such as technical recruiting.

A contingent recruiter is paid only when the recruiter starts working, which is often the case with temporary recruitment or staffing firms. A retained recruiter gets paid up front (in full or a portion of the fee) to perform a specific search for a company.

While the HR professional, when using recruiters, may not be responsible for the details of managing the search process, he or she is still responsible for managing the process and the recruiters. The job analysis, job description, and job specifications still need to be developed and candidates will still need to be interviewed.

Example: *Fortune* 500 Focus

In 2009, when Amazon purchased Zappos for 10 million shares of Amazon stock (roughly $900 million in 2009), the strategic move for Amazon didn't change the hiring and recruiting culture of Zappos. Zappos, again voted one of the best one hundred companies to work for by CNN Money (Sowa, 2008) believes it all starts with the people they hire. The recruiting staff always asks, "On a scale of 1–10, how weird do you think you are?" This question ties directly to the company's strategic plan and core value number three, which is "create fun and a little weirdness." Zappos recruits people who not only have the technical abilities for the job but also are a good culture fit for the organization. Once hired, new employees go through two weeks of training. At the end of the training, newly hired employees are given "the offer." The offer is $2,000 to quit on the spot. This ensures Zappos has committed people who have the desire to work with the organization, which all begins with the recruiting process.

Campus Recruiting

Colleges and universities can be excellent sources of new candidates, usually at entry-level positions. Consider technical colleges that teach cooking, automotive technology, or cosmetology. These can be great sources of people with specialized training in a specific area. Universities can provide people that may lack actual experience but have formal training in a specific field. Many organizations use their campus recruiting programs to develop new talent, who will eventually develop into managers.

Photo by COD Newsroom, CC BY 2.0

For this type of program to work, it requires the establishment of relationships with campus communities, such as campus career services departments. It can also require time to attend campus events, such as job fairs. IBM, for example, has an excellent campus recruiting program. For IBM, recruiting out of college ensures a large number of people to grow with the organization (IBM, n.d.) .

Setting up a formal internship program might also be a way to utilize college and university contacts. Walgreens, for example, partners with Apollo College to recruit interns; this can result in full-time employment for the motivated intern and money saved for Walgreens by having a constant flow of talent.

Professional Associations

Professional associations are usually nonprofit organizations whose goal is to further a particular profession. Almost every profession has its own professional organization. For example, in the field of human resources, the Society for Human Resource Management allows companies to post jobs relating to HR. The American Marketing Association, also a professional organization, allows job postings as well. Usually, there is a fee involved, and membership in this association may be required to post jobs.

Websites

If you have ever had to look for a job, you know there are numerous websites to help you do that. From the HR perspective, there are many options to place an ad, most of which are inexpensive. The downside to this method is the immense number of résumés you may receive from these websites, all of which may or may not be qualified. Many organizations, to combat this, implement software that searches for keywords in résumés, which can help combat this problem. Some examples of websites might include the following:

- Your own company website
- Indeed.com
- Monster
- CareerBuilder
- Workopolis
- Free sites such as Craigslist, Kijiji

Social Media

Facebook, Twitter, LinkedIn, and YouTube are excellent places to obtain a media presence to attract a variety of workers. In 2007, Sodexo, which provides services such as food service and facilities management, started using social media to help spread the word about their company culture. Since then, they have saved $300,000 on traditional recruiting methods (Deloitte, 2013). Sodexo's fifty recruiters share updates on Twitter about their excellent company culture. Use of this media has driven traffic to the careers page on Sodexo's website, from 52,000 to 181,000.

The goal of using social media as a recruiting tool is to create a buzz about your organization, share stories of successful employees, and tout an interesting culture. Even smaller companies can utilize this technology by posting job openings as their status updates. This technique is relatively inexpensive, but there are some things to consider. For example, tweeting about a job opening might spark interest in some candidates, but the trick is to show your personality as an employer early on. According to Bruce Morton of Allegis Group Services, using social media is about getting engaged and having conversations with people before they're even thinking about you as an employer (Lindow, 2011). Debbie Fisher, an HR manager for a large advertising agency, Campbell Mithun, says that while tweeting may be a good way to recruit people who can be open about their job hunt, using tools such as LinkedIn might be a better way to obtain more seasoned candidates who cannot be open about their search for a new job, because of their current employment situation. She says that LinkedIn has given people permission to put their résumé online without fear of retribution from current employers.

Example: Promoting the Company Using Social Media

Creativity with a social media campaign also counts. Campbell Mithun hired thirteen interns over the summer using a unique twist on social media. They asked interested candidates to submit thirteen tweets over thirteen days and chose the interns based on their creativity.

Many organizations use YouTube videos to promote the company. Within the videos is a link that directs viewers to the company's website to apply for a position in the company.

The company Facebook page can be used as a recruiting tool, and some organizations decide to use Facebook ads, which are paid on a "per click" or per impression (how many people potentially see the ad) basis. Facebook ad technology allows specific regions and Facebook keywords to be targeted (Black, 2010). Some individuals even use their personal

Facebook page to post status updates listing job opportunities and asking people to respond privately if they are interested.

Events

Many organizations, such as Microsoft, hold events annually to allow people to network and learn about new technologies. Microsoft's Professional Developer Conference (PDC), usually held in July, hosts thousands of web developers and other professionals looking to update their skills and meet new people.

Some organizations, such as Choice Career Fairs, host job fairs all over the country; participating in this type of job fair may be an excellent way to meet a large variety of candidates. Other events may not be specifically for recruiting, but attending these events may allow you to meet people who could possibly fill a position or future position. For example, in the world of fashion, Fashion Group International (FGI) hosts events internationally on a weekly basis, which may allow the opportunity to meet qualified candidates.

Referrals

Most recruiting plans include asking current employees, "Who do you know?" The quality of referred applicants is usually high, since most people would not recommend someone they thought incapable of doing the job. E-mailing a job opening to current employees and offering incentives to refer a friend can be a quick way of recruiting individuals. Due to the success of most formalized referral programs, it is suggested that a program be part of the overall HRM strategic plan and recruitment strategy. However, be wary of using referrals as the only method for recruitment, as this can lead to lack of diversity in a workplace. **Nepotism** means a preference for hiring relatives of current employees, which can also lead to lack of diversity and management issues in the workplace.

For example, the University of Washington offers $1,200 any time a current employee successfully refers a friend to work at their medical centres. Usually, most incentives require the new employee to be hired and stay a specified period of time. Some examples of incentives that can be used to refer a friend might include the following:

- A gift card to the employee
- A financial incentive
- Raffles for most referrals

These types of programs are called **employee referral programs (ERPs)** and tend to generate one of the highest returns on investment per hire (Lefkow, 2002).

To make an ERP program effective, some key components should be put into place:

1. Communicate the program to existing employees.
2. Track the success of the program using metrics of successful hires.
3. Be aware of the administrative aspect and the time it takes to implement the program effectively.
4. Set measurable goals up front for a specialized program.

Example: Accenture

Accenture recently won the ERE Media Award for one of the most innovative ERPs. Its program has increased new hires from referrals from 14 percent to 32 percent, and employee awareness of the program jumped from just 20 percent to 99 percent (Sullivan, 2009). The uniqueness of their program lies with the reward the employee receives. Instead of offering personal financial compensation, Accenture makes a donation to the charity of the employee's choice, such as a local elementary school. Their program also seeks to decrease casual referrals, so the employee is asked to fill out an online form to explain the skills of the individual they are referring. The company has also developed a website where current employees can go to track the progress of referrals. In addition, employee referral applications are flagged online and fast-tracked through the process—in fact, every referral is acted upon. As you can see, Accenture has made their ERP a success through the use of strategic planning in the recruitment process.

Table 8.5.1 Advantages and Disadvantages of Recruiting Methods

Recruitment Method	Advantages	Disadvantages
Outside recruiters, executive search firms, and temporary employment agencies	• Can be time saving	• Expensive

Less control over final candidates to be interviewed Campus recruiting/educational institutions

- Can hire people to grow with the organization
- Plentiful source of talent

- Time consuming
- Only appropriate for certain types of experience levels

Professional organizations and associations

- Industry specific
- Networking

- May be a fee to place an ad
- May be time-consuming to network

Websites/Internet recruiting

- Diversity friendly
- Low cost

- Quick

- Could be too broad
- Be prepared to deal with hundreds of résumés

Social media

- Inexpensive

- Time consuming
- Overwhelming response

Events

- Access to specific target markets of candidates

- Can be expensive
- May not be the right target market

SIG

- Industry specific

- Research required for specific SIGS tied to jobs

Referrals

- Higher quality people
- Retention

- Concern for lack of diversity
- Nepotism

Unsolicited résumés and applications

- Inexpensive, especially with time-saving keyword résumé search software

- Time consuming

Internet and/or traditional advertisements

- Can target a specific audience

- Can be expensive

Employee leasing

- For smaller organizations, it means someone does not have to administer compensation and benefits, as this is handled by leasing company
- Can be a good alternative to temporary employment if the job is permanent

- Possible costs
- Less control of who interviews for the position

Public employment agencies

- The potential ability to recruit a more diverse workforce
- No cost, since it's a government agency
- 2,300 points of service nationwide

- May receive many résumés, which can be time-consuming

Labour unions

- Access to specialized skills

- May not apply to some jobs or industries
- Builds relationship with the union

8.6 COSTS OF RECRUITMENT

Costs of Recruitment

Part of recruitment planning includes budgeting the cost of finding applicants. For example, let's say you have three positions you need to fill, with one being a temporary hire. You have determined your advertising costs will be $400, and your temporary agency costs will be approximately $700 for the month. You expect at least one of the two positions will be recruited as a referral, so you will pay a referral bonus of $500.

Here is how you can calculate the cost of recruitment for the month:

cost per hire = advertising costs + recruiter costs + referral costs + social media costs + event costs.

$$\$400 + \$700 + \$500 = \frac{\$1600}{3} = \$533 \text{ recruitment cost per hire}$$

In addition, when we look at how effective our recruiting methods are, we can look at a figure called the yield ratio. A yield ratio is the percentage of applicants from one source who make it to the next stage in the selection process (e.g., they get an interview). For example, if you received two hundred résumés from a professional organization ad you placed, and fifty-two of those make it to the interview state, this means a 26 percent yield (52/200). By using these calculations, we can determine the best place to recruit for a particular position. Note, too, that some yield ratios may vary for particular jobs, and a higher yield ratio must also consider the cost of that method, too. For an entry-level job, campus recruiting may yield a better ratio than, say, a corporate recruiter, but the corporate recruiter may have higher cost per hires.

Five Ways of Hiring High-Impact Sales Professionals

1. Asking the right questions: Who is a successful salesperson for you?
2. Clarity on defining the job role backed by skill analysis
3. Using psychometric assessments to test talent potential
4. Investing in the right assessment tools unique to your sales strategy
5. Combining assessment scores with structured interviews

1. Asking the right questions: Who is a successful salesperson for you?

A successful salesperson comes with product and customer knowledge and is driven to thrive in today's competitive economy by seeking out business opportunities and continuously learning and unlearning. There are four key traits that set them apart when it comes to closing deals and strengthening the sales culture: interpersonal skills, passion for the role, emotional intelligence and resilience. Organizations today need to add these traits to their list before setting out on their hiring process, as this will ensure that they recruit more strategically and will empower them to recognize the critical people skill sets in their talent pipeline. As a result, they will be able to hire faster and better, keeping the unique organizational vision in mind.

2. Clarity on defining the job role backed by skill analysis

This is a follow-up to the earlier strategy but is tied to the message we give our candidates. We all know that job descriptions (JD) are integral to inviting the desired candidates, and we can only write that sharp JD by having complete clarity beforehand on the skill sets we seek and the assigned responsibilities. So as much as it's about you outlining why this role adds value to the growth strategy, it also enables the potential hire to understand their purpose in the organization. This is key to bringing talent on board.

What recruiters need to zero in on today is potential. Corporate vision and values and defining hard and soft skills are all important, but the role's purpose and short plus long-term evolution must be communicated. If you want your talent to succeed, you must tell them why and how their skills serve the company.

3. Using psychometric assessments to test talent potential

Coming back to the importance of potential, psychometric assessments are known to be a valuable source of objective data which considerably increases your chances of making the 'right decisions' while predicting a candidate's potential and performance in relation to what defines the success of the role. Most importantly, it ensures a fairer and more reliable recruitment process by tackling unconscious biases such as affinity and confirmation bias. Additionally, reports have shown that investments in psychometrics help save on recruitment costs by ensuring that you zero in on the right candidates to improve employee retention. After all, it's not only about the performance of the individual but also how they will thrive in your unique working environment, the value they will bring, and the opportunities they will explore.

4. Investing in the right assessment tools unique to your sales strategy

While psychometric assessments will overall definitely accelerate the recruitment process and help deliver the desired results, it is also essential that leaders and recruiters strategically pick up the right assessment tools. Businesses will reap positive results only when intelligent investments are made, so tools must be handpicked to measure specific skill sets in line with the JDs. For instance, if you're interested in specific sales skills (like combativeness, affirmation, relationship skills, strategic approach, etc.), a behavioural assessment specifically designed for salespeople, like the SALES PROFILE-R, that includes these aspects will be more predictive than a generic assessment.

Along with knowing your objectives and purpose, budgets and resources have to be factored in, and organizations need to ensure that the chosen assessment tool is tested for reliability, and validity, is as bias-free as possible and uses the latest techniques in psychometrics.

5. Combining assessment scores with structured interviews

The final and deciding stage of any recruitment process comes down to interviews. Having received the candidate assessment scores, the next step is to find evidence of these traits through a structured interview plan with pre-determined questions to avoid bias and ensure consistency in the recruitment process. The assessment results can serve as a discussion point during the interview to tap into the desired skill sets. For example, behavioural/situational questions on negotiation and communication skills can enable you to understand the candidate's outlook on these skills and also helps in aligning it to the assessment scores to see if there is a coherence between the two.

Studies have shown that structured interviews are twice as effective in predicting job performance and help to reduce confirmation bias. Therefore, using it with the right tools, such as psychometrics, will enable a multi-criteria approach in recruitment that ensures bias-free, strategic and reliable decision-making in giving out the final offer letters.

8.7 ONBOARDING, ORIENTING AND TRAINING A NEW EMPLOYEE

Any effective company has training in place to make sure employees can perform his or her job. During the recruitment and selection process, the right person should be hired to begin with. But even the right person may need training in how your company does things. Lack of training can result in lost productivity, lost customers, and poor relationships between employees and managers. It can also result in dissatisfaction, which means retention problems and high turnover. All these end up being direct costs to the organization. In fact, a study performed by the American Society for Training and Development (ASTD) found that 41 percent of employees at companies with poor training planned to leave within the year, but in companies with excellent training, only 12 percent planned to leave (Branham, 2005). To reduce some costs associated with not training or undertraining, development of training programs can help with some of the risk. This is what this chapter will address.

For effective employee training, there are four steps that generally occur. First, the new employee goes through an onboarding, and then he or she will receive in-house training on job-specific areas. Next, the employee should be assigned a mentor, and then, as comfort with the job duties grows, he or she may engage in external training. **Employee training and development** is the process of helping employees develop their personal and organization skills, knowledge, and abilities.

Employee Orientation and Onboarding

The first step in training is an employee orientation and onboarding. **Employee orientation** and onboarding is the process used for welcoming a new employee into the organization, assimilating them into the culture and getting them the tools they need to start the job. The importance of employee orientation and onboarding is two-fold. First, the goal is for employees to gain an understanding of the company policies and learn how their specific job fits into the big picture. Employee orientation usually involves filling out new hire paperwork such as TD1 forms, Personal Tax Credits Return and the new employee's SIN.

The Goals of an Orientation and Onboarding

1. **To reduce start-up costs.** If an orientation is done right, it can help get the employee up to speed on various policies and procedures, so the employee can start working right away. It can also be a way to ensure all hiring paperwork is filled out correctly, so the employee is paid on time.
2. **To reduce anxiety.** Starting a new job can be stressful. One goal of an orientation is to reduce the stress and anxiety people feel when going into an unknown situation.
3. **To reduce employee turnover.** Employee turnover tends to be higher when employees don't feel valued or are not given the tools to perform. An employee orientation can show that the organization values the employee and provides tools necessary for a successful entry.
4. **To save time for the supervisor and coworkers.** A well-done orientation makes for a better prepared employee, which means less time having to teach the employee.
5. **To set expectations and attitudes.** If employees know from the start what the expectations are, they tend

to perform better. Likewise, if employees learn the values and attitudes of the organization from the beginning, there is a higher chance of a successful tenure at the company.

New employee **onboarding** is the process of integrating a new employee with a company and its culture, as well as getting a new hire the tools and information needed to become a productive member of the team.

Onboarding new hires at an organization should be a strategic process that lasts at least one year, staffing and HR experts say, because how employers handle the first few days and months of a new employee's experience is crucial to ensuring high retention.

Getting Started with the Onboarding Process

Finding the best candidates for positions in your organization is only part of building an effective team. The process of onboarding new employees can be one of the most critical factors in ensuring recently hired talent will be productive, contented workers.

However, in some organizations, onboarding is often confused with orientation (Little, 2020). While orientation might be necessary—paperwork and other routine tasks must be completed—onboarding is a comprehensive process involving management and other employees that can last up to 12 months.

Key Questions to Attain Team and Upper Management Buy-In

Before implementing a formal onboarding program, employers should answer some key questions to attain team and upper management buy-in, including:

- When will onboarding start?
- How long will it last?
- What impression do you want new hires to walk away with at the end of the first day?
- What do new employees need to know about the culture and work environment?
- What role will HR play in the process? What about direct managers? Co-workers?
- What kind of goals do you want to set for new employees?
- How will you gather feedback on the program and measure its success?

Once these questions have been answered, HR professionals and upper management can devise a plan of action to help new employees quickly assimilate company policies and workflow while getting fully acquainted with the organization's culture.

Human Resource Recall

Some companies use employee orientation as a way to introduce employees not only to the company policies and procedures but also to the staff. For an example of an orientation schedule for the day, see below figure.

Steps in Onboarding

1. Tour
2. Have clear goals and expectations
3. Create a schedule
4. Use digital documents
5. Match new employees with a coach or mentor
6. After onboarding training

"Employee training" by Nestlé,

1. Tour

Ensure new employees have had a tour of the company and met some of the staff.

2. Have clear goals and expectations

By setting clear goals and expectations for new employees, it helps them to understand the company, the staff, the policies, procedures; and what their job will be. Managers are able to help the new employees if they are having problems meeting the goals and expectations.

Be realistic about goals: Employees can feel overwhelmed when they start a new job. It is important to design a program that is simple and the employee is able to retain all the information. This way employees will feel comfortable and confident. Let them achieve small goals initially, and then build on more complex goals.

3. Create a schedule

Create a schedule that shows new employees what they will be spending time on each day of their orientation and to review the materials with them. If there is information that is required reading ahead of orientation, ensure it is forwarded to the new employee prior to the training. Ensure you build in some fun activities!

4. Use digital documents

When an employee starts a job there is a lot to learn i.e., policies, safety, products/services, rules and so on. This can create a great deal of paperwork. To lessen the paperwork, use digital documents. Employees can use devices in the training, and in their daily work when they need to find an important document. Having the documents at their finger tips also adds to reassurances for new employees.

5. Match new employees with a coach or mentor

The onboarding will help new employees learn about the job and the company. However, working with a coach or mentor in a real life experience integrates the learning. Ensuring that the new employee has someone they can reach out to for help or guidance can reduce stress, reduce errors on the job, and help the employee to become productive quicker.

6. After onboarding training

Some ideas to help employees blend into the company are to schedule informal events, speak to them about any challenges they are experiencing and solve them, and regularly review their progress.

8.8 NEED FOR TRAINING

The need for training varies depending on the type of organization that is being discussed; a manufacturing company has different training needs than an insurance firm. But regardless of the type of company being discussed, appropriate training systems can greatly benefit the company. Sales personnel will need different types of specialized training depending on the industry and the company's unique circumstances.

How does one decide on a training system? The process begins with a training needs assessment. This assessment ought to be a systematic and objective analysis of the training needs in three main areas – organizational, job, and person. Organizational needs deal mostly with the skills the company is looking for, the labour force, etc. whereas the job needs focus on the skills that the company views as necessary for a specific position. Then there are the person needs, and these are the most variable needs. Often these needs arise after a gap is seen in the expected performance compared to the actual performance of the employee. Training can also be a part of a young employee's "exploration" stage, where training can be used to focus the employee's interest and development towards a specific area.

Training Methods

Designing and implementing the training systems requires the company to consider several things; the training method, the material the training will deal with, who will provide the training, how to evaluate the effectiveness of the training, etc. On-the-job training relies on the employee to recognize the skills and knowledge he or she will need as they perform their work, and then develop those skills on their own. Technical training focuses on a specific need of specific employees. Mentoring systems pair a younger or less experienced employee with an individual that has experience and success within the company who can offer guidance, aid and insight to the younger/less experienced employees. Coaching systems involve the manager offering developmental assistance to the employee through observation, assessment, providing feedback, questioning, etc.

The training of a salesperson who will be working in a country other than their own can be broken into three segments – pre-departure, on-site, and repatriation. The pre-departure training consists of formal language training, training with respect to the local culture (culture sensitivity), education about the country (history, geography, government, etc.), and education about the company's operation in the foreign country. Such training allows for easier assimilation of the employee into the country and the company's office there. Once on site, training takes the shape of training at any other branch of the company. When the employee abroad returns, a repatriation program designed to reduce culture shock and to integrate the experience abroad is useful.

In-House Training

In-house training occurs when someone from within the company is delivering the training information, while external training is usually delivered by someone who does not work for the company and is not physically on-site. "FL Technics Training" by Tadas1980, CC BY-SA 3.0.

In-house training programs are learning opportunities developed by the organization in which they are used. This is usually the second step in the training process and often is ongoing. In-house training programs can be training related to a specific job, such as how to use a particular kind of software. In a manufacturing setting, in-house training might include an employee learning how to use a particular kind of machinery. Many companies provide in-house training on various HR topics as well, meaning it doesn't always have to relate to a specific job.

Examples of In-House Training

- Ethics training
- Sexual harassment training
- Multicultural training
- Communication training
- Management training
- Customer service training

- Operation of special equipment
- Training to do the job itself
- Basic skills training

As you can tell by the list of topics, HR might sometimes create and deliver this training, but often a supervisor or manager delivers the training.

Mentoring

After the employee has completed orientation and in-house training, companies see the value in offering mentoring opportunities as the next step in training. Sometimes a mentor may be assigned during in-house training. A mentor is a trusted, experienced advisor who has direct investment in the development of an employee. A mentor may be a supervisor, but often a mentor is a colleague who has the experience and personality to help guide someone through processes. While mentoring may occur informally, a mentorship program can help ensure the new employee not only feels welcomed but is paired up with someone who already knows the ropes and can help guide the new employee through any on-the-job challenges.

To work effectively, a mentoring program should become part of the company culture; in other words, new mentors should receive in-house training to be a mentor. Mentors are selected based on experience, willingness, and personality. IBM's Integrated Supply Chain Division, for example, has successfully implemented a mentorship program. The company's division boasts 19,000 employees and half of IBM's revenues, making management of a mentorship program challenging. However, potential mentors are trained and put into a database where new employees can search attributes and strengths of mentors and choose the person who closely meets their needs. Then the mentor and mentee work together in development of the new employee. "We view this as a best practice," says Patricia Lewis-Burton, vice president of human resources, Integrated Supply Chain Division. "We view it as something that is not left to human resources alone. [In fact,] the program is embedded in the way our group does business" (Witt, 2005, para. 11).

Some companies use short-term mentorship programs because they find employees training other employees to be valuable for all involved. Starbucks, for example, utilizes this approach. When it opens a new store in a new market, a team of experienced store managers and baristas are sent from existing stores to the new stores to lead the store-opening efforts, including training of new employees.

External Training

External training includes any type of training that is not performed in-house. This is usually the last step in training, and it can be ongoing. It can include sending an employee to a seminar to help further develop leadership skills or helping pay tuition for an employee who wants to take a marketing class. To be a Ford automotive technician, for example, you must attend the Ford ASSET Program, which is a partnership between Ford Motor Company, Ford dealers, and select technical schools (Sheridan Technical Center, n.d.).

How Would You Handle This?

Example: To Train or Not to Train

Towanda Michaels is the human resource manager at a medium-size pet supply wholesaler. Casey Cleps is a salesperson at the organization and an invaluable member of the team. Last year, his sales brought in about 20 percent of the company revenue alone. Everybody likes Casey: he is friendly, competent, and professional.

Training is an important part of the company, and an e-mail was sent last month that said if employees do not complete the required safety training by July 1, they would be let go.

It is July 15, and it has just come to Towanda's attention that Casey has not completed the online safety training that is required for his job. When she approaches him about it, he says, "I am the best salesperson here; I can't waste time doing training. I already know all the safety rules anyway."

Would you let Casey go, as stated in the e-mail? How would you handle this?

8.9 FUTURE PROOF YOUR SALES TEAMS

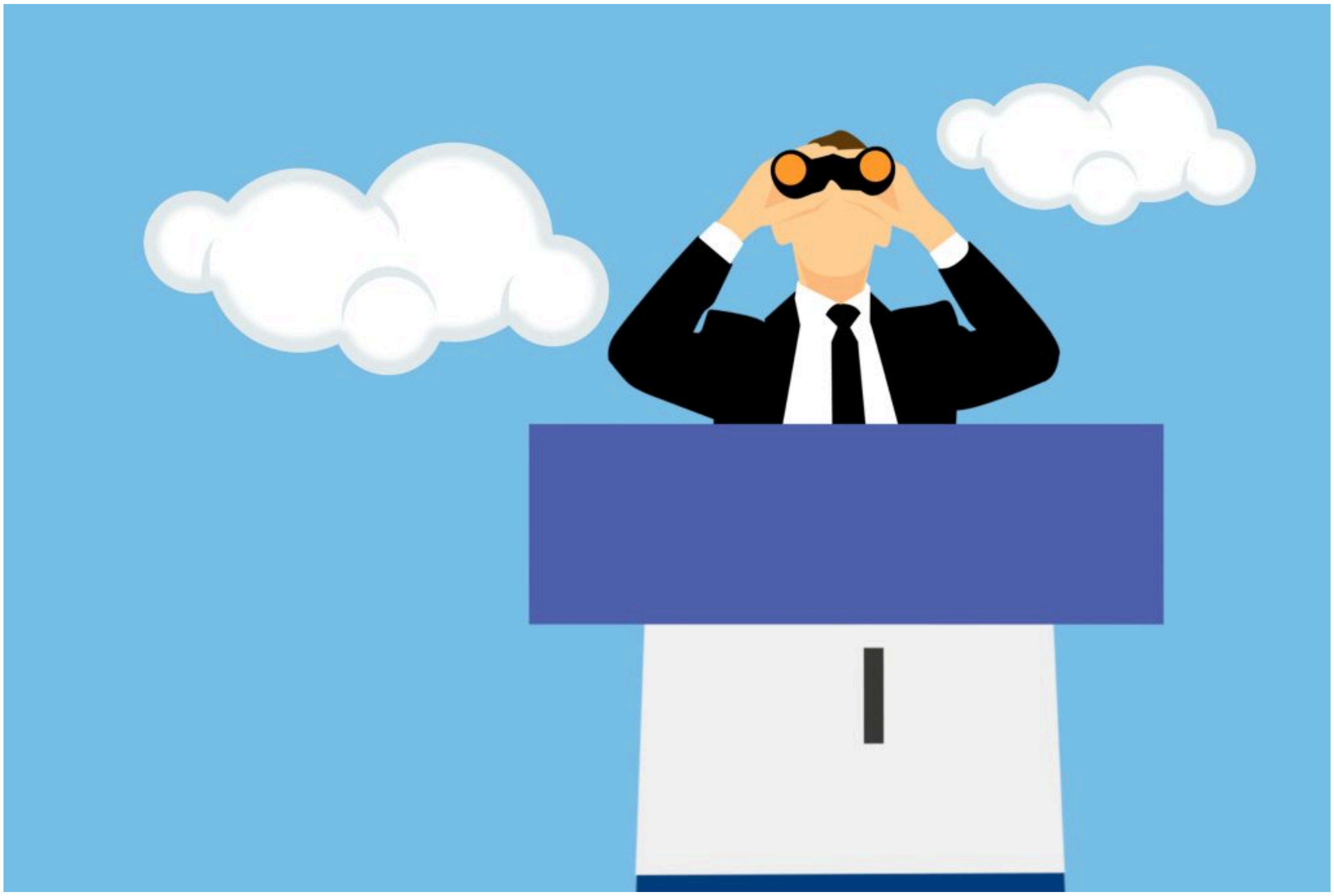


Photo by Mohamed Hassan, PxHere License

As new-age technologies dominate the business landscape across industries, maintaining competitive agility is becoming an indispensable business need. The 'digital age' is triggering a disruption of traditional business operations and instituting new growth strategies and organizational processes. More companies are transforming the way they sell and are realizing the evolving consumption patterns for both B2C and B2B market segments. Emerging technologies such as artificial intelligence (AI), natural language processing, machine learning, virtual reality, and automation solutions such as chatbots are increasingly finding applications in sales.

However, as sales practices undergo this tech-upgrade, finding industry-ready talent is becoming more challenging, with a wide gap between the available and the required skill set. If teams cannot effectively use or interpret the new-age sales platforms, any investment in these technologies will be a waste. An estimate on the loss of productivity due to the absence of required attention to training and other learning initiatives globally amounts to nearly $7 trillion annually. Therefore, upskilling the workforce for efficient sales enablement is a necessity for organizations, and through regular training initiatives, they can ensure that their sales squad remains relevant. This will ensure that they are equipped to adapt to market upheavals and technological advancements.

Enabling the salesperson of tomorrow

Salespeople play a crucial role in driving the economy globally. In the evolving digital scenario, where tech-powered sales enablement strategies are redefining the seller's journey, they require familiarity with the latest tools for remaining relevant. With the ongoing adoption of leading-edge tools by almost every market player companies need to continuously update their salespeople about the advancements at each step of the journey, or they will be left behind.

Sellers are using intelligent database systems powered by AI for identifying new customers and deepening their market penetration. Advanced data analytics and predictive modelling are becoming the critical sources for prioritizing probable buyers. Similarly, businesses are migrating towards smart CRM tools and marketing process automation for quicker prospect outreach and better-qualified leads. Contrary to the widespread assumption of automation taking away jobs, data-driven, automated processes are making quicker sales; thereby, enabling the salesperson to optimize time as well as prioritize work effectively. Therefore, familiarizing employees with digital tools and coaching them with the right knowledge is necessary for an organization's sales units to make themselves future-ready.

Instilling the right training approach

While training holds the key to future-ready sales employees, it is crucial to choose the right training design and program. IDEA (Induct, Develop, Enable, and Assess) is an approach that encompasses the entire training process. It begins with the 'induct' phase that involves an overview analysis of business functions to be trained and identification of skill gaps and other factors such as location, medium, duration, and accessibility. The information so obtained can go into the next phase, i.e., 'develop' to establish the appropriate training structure and aligning it with critical organizational objectives.

The 'enable' phase facilitates activities as per the design of training delivery. And lastly, the 'assess' phase offers a thorough evaluation of the training program to determine top learning and make any improvements required. Given its application, it can safely be considered a virtuous cycle aimed towards sustaining workforce development in the face of technology disruption, diversity of the company's operations, or even manpower churn.

Besides a well-developed strategy, it is essential to realize that the main objective of training should not be to merely conduct an upskilling session for employees. The focus should instead be on establishing a sustainable practice that continuously shifts along with the changing requirements and the latest market trends. Furthermore, apart from equipping them with the know-how of the latest sales tools, these programs should hone the analytical abilities of the learners to leverage data-driven reports and draw actionable insights.

In the technology-driven age and amidst automated customer interaction platforms, training programs must not only realize the relevance of the 'human voice' but also coach salespeople to develop their soft skills and have more personal customer conversations. In fact, while about 65 percent of employees admit the positive influence of quality training programs on their engagements, companies are found to achieve 73 percent quota attainment through consistent coaching practices, according to CSO Insights.. These efforts can help organizations build the qualities of multitasking, dynamism, and the culture of staying relevant in their sales brigade.

Integrated efforts to bring true reforms

To solve the conundrum faced due to unprecedented market changes, the education system will need to be updated to account for the varying skill requirements and upcoming trends. Establishing a flexible and innovative curriculum in academic institutes and conjoining them with vocational courses and R&D centres targeted at training the workforce to be 'industry-ready' will also be imperative to generate future-ready salespeople.

With the coming together of government functionaries, industry experts, and leading researchers around the globe, it is possible to identify and frame solutions for most prominent learning needs of people, hence adapting future sales teams to technologies that will likely emerge. Such integrated efforts will not just develop teams that can deliver results even in the fast-paced and constantly evolving sales environment, but also seed a growth mindset for constant upskilling and reskilling of salespeople to keep them geared for tomorrow.

Thus, training the sales team and equipping them with the skills needed to thrive in the future is imperative to achieving sustained success. Organizations must prioritize the need to upskill their workforce and incentivize learning to ensure that the learning journeys are engaging, fun and challenging.

8.10 KEY TAKEAWAYS & TERMS

Key Takeaways

- The *recruitment process* provides the organization with a pool of qualified applicants.
- Some companies choose to hire *internal candidates*—that is, candidates who are already working for the organization. However, diversity is a consideration here as well.
- A *job analysis* is a systematic approach to determine what a person actually does in their job. This process might involve a questionnaire to all employees. Based on this analysis, an accurate *job description* and *job specifications* can be written. A job description lists the components of the job, while job specifications list the requirements to perform the job.
- HR professionals must have a recruiting plan before posting any job description. The plan should outline where the job announcements will be posted and how the management of candidate materials, such as résumés, will occur. Part of the plan should also include the expected cost of recruitment.
- Many organizations use recruiters. Recruiters can be executive recruiters, which means an outside firm performs the search. For temporary positions, a temporary or staffing firm such as Kelly Services might be used. Corporate recruiters work for the organization and function as a part of the HR team.
- Campus recruiting can be an effective way of recruiting for entry-level positions. This type of recruiting may require considerable effort in developing relationships with college campuses.
- Almost every profession has at least one professional association. Posting announcements on their websites can be an effective way of targeting for a specific job.
- Most companies will also use their own website for job postings, as well as other websites such as Monster.
- Social media is also a popular way to recruit. Usage of websites such as Twitter and Facebook can get the word out about a specific job opening, or give information about the company, which can result in more traffic being directed to the company's website.
- Recruiting at special events such as job fairs is another option. Some organizations have specific job fairs for their company, depending on the size. Others may attend industry or job-specific fairs to recruit specific individuals.
- SIGs, or special/specific interest groups, are usually very specialized. For example, project managers may have an interest group that includes a discussion board for posting of job announcements.
- Employee referrals can be a great way to get interest for a posted position. Usually, incentives are offered to the employee for referring people they know. However, diversity can be an issue, as can nepotism.
- Our last consideration in the recruitment process is recruitment costs. We can determine this by looking at the total amount we have spent on all recruiting efforts compared to the number of hires. A yield ratio is used to determine how effective recruiting efforts are in one area. For example, we can look at the number of total applicants received from a particular form of media, and divide that by the number of those applicants who make it to the next step in the process (e.g., they receive an interview).

Key Terms

Competency-based analysis: an analysis that focuses on the specific knowledge and abilities an employee must have to perform the job.

Corporate recruiter. A corporate recruiter is an employee within a company who focuses entirely on recruiting for his or her company. Corporate recruiters are employed by the company for which they are recruiting. This type of recruiter may be focused on a specific area, such as technical recruiting.

Employee orientation has the purpose of welcoming new employees into the organization. An effective employee orientation can help reduce start-up costs, reduce anxiety for the employee, reduce turnover, save time for the supervisor and colleagues, and set expectations and attitudes.

Employee referral programs (ERPs): when a current employee refers a friend or someone they know in exchange for incentives

Employee training and development is the framework for helping employees develop their personal and organizational skills, knowledge, and abilities. Training is important to employee retention.

Executive search firm. These companies are focused on high-level positions, such as management and CEO roles. They typically charge 10–20 percent of the first year salary, so they can be quite expensive. However, they do much of the upfront work, sending candidates who meet the qualifications.

External training is any type of training not performed in-house; part of the last training step, external training can also be ongoing. It can include sending employees to conferences or seminars for leadership development or even paying tuition for a class they want to take.

In-house training program: any type of program in which the training is delivered by someone who works for the company. This could include management or HR. Examples might include sexual harassment training or ethics training. In-house training can also include components specific to a job, such as how to use a specific kind of software. In-house training is normally done as a second and ongoing step in employee development.

Internal candidates are people who are already working for the company

Job analysis is a formal system developed to determine what tasks people actually perform in their jobs

Job description: a list of tasks, duties, and responsibilities of a job

Job design refers to how a job can be modified or changed to be more effective—for example, changing tasks as new technology becomes available

Job specifications: discuss the skills and abilities the person must have to perform the job

Mentor: a seasoned employee who is paired with a new employee to train them.

Nepotism means a preference for hiring relatives of current employees, which can also lead to lack of diversity and management issues in the workplace

Onboarding is the process of integrating a new employee with a company and its culture, as well as getting a new hire the tools and information needed to become a productive member of the team

Professional associations are usually nonprofit organizations whose goal is to further a particular profession

Recruitment is defined as a process that provides the organization with a pool of qualified job candidates from which to choose.

Recruitment process: a process that provides the organization with a pool of qualified job candidates from which to choose

Selection process: the process of interviewing candidates.

Staffing plan: a comprehensive plan comprised of six steps that is developed to obtain the right talent, at the right place and at the right time

Task-based analysis: an analysis that focuses on the duties of the job

Temporary recruitment or staffing firm. Utilizing the services of a temporary recruitment firm to send you qualified candidates who are willing to work shorter contracts.

Trend analysis examines past employment levels against selected business variables to predict future staffing requirements

8.11 EXERCISES

Exercises (8.1 – 8.3)

1. Do an Internet search for "job description." Review three different job descriptions and then answer the following questions for each of the jobs:
    1. What are the job specifications?
    2. Are the physical demands mentioned?
    3. Is the job description task based or competency based?
    4. How might you change this job description to obtain more qualified candidates?
2. Why do the five steps of the recruitment process require input from other parts of the organization? How might you handle a situation in which the employees or management are reluctant to complete a job analysis?

Exercises (8.5)

1. Perform an Internet search on professional associations for your particular career choice. List at least three associations, and discuss recruiting options listed on their websites (e.g., do they have discussion boards or job advertisements links?).
2. Have you ever experienced nepotism in the workplace? If yes, describe the experience. What do you think are the upsides and downsides to asking current employees to refer someone they know?

Exercises (8.7)

1. Why do you think some companies do not follow the four training steps? What are the advantages of doing so?
2. What qualities do you think a mentor should have? List at least five.
3. Have you ever worked with a mentor in a job, at school, or in extracurricular activities? Describe your experience.

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CHAPTER 9: LEADING AND MOTIVATING A SALES TEAM

Chapter Outline

9.0 LEARNING OUTCOMES

Learning Outcomes

- Compare and contrast leadership and management.
- Specify the contexts in which various leadership styles are effective.
- Discuss how to develop your own leadership skills.
- Outline strategies for managing a global sales team using a hybrid model.
- Distinguish between goals and objectives.
- Define motivation, and understand why it is important in the workplace.
- Discuss conditions required to make goals effective.
- Explain how incentive systems can be used to motivate employees.
- Examine strategies to motivate a sales team during a downturn.

9.1 THE NATURE OF LEADERSHIP

The many definitions of leadership each have a different emphasis. Some definitions consider leadership an act or behaviour, such as initiating structure so group members know how to complete a task. Others consider a leader to be the centre or nucleus of group activity, an instrument of goal achievement who has a certain personality, a form of persuasion and power, and the art of inducing compliance (Bass, 1990). Some look at leadership in terms of the management of group processes.

Leadership is frequently defined as the act of influencing others to work toward a goal. Leaders exist at all levels of an organization. Some leaders hold a position of authority and may use the power that comes from their position, as well as their personal power, to influence others; they are called **formal leaders**. In contrast, **informal leaders** are without a formal position of authority within the organization but demonstrate leadership by influencing others through personal forms of power. Effective leadership helps individuals and groups achieve their goals by focusing on the group's maintenance needs (the need for individuals to fit and work together by having, for example, shared norms; relationships) and task needs (the need for the group to make progress toward attaining the goal that brought them together).

One caveat is important here: *Leaders do not rely on the use of force to influence people.* Instead, people willingly adopt the leader's goal as their own goal. If a person is relying on force and punishment, the person is a dictator, not a leader. Leaders give their followers direction. Leaders are key players in determining the success or failure of coordinated tasks and organizational initiatives. **Leaders** are people who take charge of or guide the activities of others. They are often seen as the focus or orchestrater of group activity, the people who set the tone of the group so that it can move forward to attain its goals. Leaders provide the group with what is required to fulfill its maintenance and task-related needs.

Photo by Tony Barnard, CC BY 4.0

Leader versus Manager

According to many, the dual concepts of leader and manager/leadership and management are not interchangeable, nor are they redundant. This can be confusing, as generally, to be a good manager one needs to be an effective leader. Many CEOs have been hired in the hope that their leadership skills, their ability to formulate a vision, and get others to "buy into" that vision, will propel the organization forward. This is not always the case. Effective leadership necessitates the ability to manage—to set goals; plan, devise, and implement strategy; make decisions and solve problems; and organize and control. Effective leadership calls for the ability to manage, and effective management requires leadership.

"3.1 Leading People and Organizations & 3.3 The Nature of Leadership & 3.4 The Leadership Process" from Principles of

9.2 LEADERSHIP STYLES

Given the large amount of research done on leadership, it is not surprising that there are several different ways to define or categorize leadership styles. In general, effective leaders do not fit solely into one style in any of the following classifications. Instead, they are able to adapt their leadership style to fit the relational and situational context (Wood, 1977). One common way to study leadership style is to make a distinction among autocratic, democratic, and laissez-faire leaders (Lewin, Lippitt, & White, 1939).

These leadership styles can be described as follows:

- **Autocratic leaders** set policies and make decisions primarily on their own, taking advantage of the power present in their title or status to set the agenda for the group.
- **Democratic leaders** facilitate group discussion and like to take input from all members before making a decision.
- **Laissez-faire leaders** take a "hands-off" approach, preferring to give group members freedom to reach and implement their own decisions.

Thomas Harris and John Sherblom (1999) specifically note three leadership styles that characterize the modern business or organization, and reflect our modern economy. We are not born leaders but may become them if the context or environment requires our skill set.

1. A **leader-as-technician** role often occurs when we have skills that others do not. If you can fix the copy machine at the office, your leadership and ability to get it running again are prized and sought-after skills. You may instruct others on how to load the paper or how to change the toner, and even though your pay grade may not reflect this leadership role, you are looked to by the group as a leader within that context. Technical skills, from internet technology to facilities maintenance, may experience moments where their particular area of knowledge is required to solve a problem. Their leadership will be in demand.
2. The **leader-as-conductor** involves a central role of bringing people together for a common goal. In the common analogy, a conductor leads an orchestra and integrates the specialized skills and sounds of the various components the musical group comprises. In the same way, a leader who conducts may set a vision, create benchmarks, and collaborate with a group as they interpret a set script. Whether it is a beautiful movement in music or a group of teams that comes together to address a common challenge, the leader-as-conductor keeps the time and tempo of the group.
3. A **leader-as-coach** combines many of the talents and skills we've discussed here, serving as a teacher, motivator, and keeper of the goals of the group. A coach may be autocratic at times, give pointed direction without input from the group, and stand on the sidelines while the players do what they've been trained to do and make the points. The coach may look out for the group and defend it against bad calls, and may motivate players with words of encouragement. Coaches are teachers, motivators, and keepers of the goals of the group. Coaches serve to redirect the attention and energy of the individuals to the overall goals of the group. We can recognize some of the behaviors of coaches, but what specific traits have a positive influence on the group?

Coaching

"The Five Coaching Traits" by Freddy Vale CC BY-NC-SA 4.0

Thomas Peters and Nancy Austin (1985) identify five important traits that produce results:

1. Orientation and education
2. Nurturing and encouragement
3. Assessment and correction
4. Listening and counselling
5. Establishing group emphasis

9.3 FINDING YOUR OWN LEADERSHIP STYLE

Finding Your Own Leadership Style

Watch this video, which helps you ask the right questions about the type of leader you want to be.

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=2065#oembed-1

Video: "Finding Your Own Leadership Style – 5 Tips to Find Your Unique Voice" By Evil Genius Leadership Consultants [11:47] *Transcript Available*

How Great Leaders Inspire Action

Watch this presentation on how good leaders inspire their coworkers. How do these leaders work? Remember the importance of ethical leadership, communicating clearly with your team and customers, building relationships, and adopting a problem-solving approach. Your colleagues are watching and eager to be inspired.

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=2065#oembed-2

Video: "How great leaders inspire action | Simon Sinek" By TED [18:34] *Transcript Available*

9.4 MANAGING A GLOBAL SALES TEAM USING A HYBRID MODEL

Following the Covid-19 pandemic, it's clear there's been a profound, permanent change in how people want to work. Teams can be spread far and wide and yet be connected by technology. Modern day managers and leaders should be able to manage and bridge these gaps to effectively manage and co-ordinate the teams which may be spread geographically. This period has proved that companies can adopt hybrid working policies without affecting their productivity – and this model is now the preferred option for millions of people and businesses around the world.

Consider Human Relations, Not 'Human Resources'

People brought more of themselves to work than ever during the pandemic. Living through national lockdowns and long periods of forced remote working inspired a new level of honesty about our physical, mental, and emotional health, and this kind of authenticity is powerful. It allows for the building of strong, nurturing relationships between leaders and their teams.

A leadership style that's fundamentally open, that's built around kindness, honesty, and encouragement, is also a shield against the phenomenon of 'quiet quitting' that's been hitting headlines lately. By valuing people's contributions and investing in them, you keep them motivated and engaged. Businesses keen to build strong, committed teams need to think about their people not as 'resources', but as individuals they have to get to know, value and appreciate.

Photo by rawpixel.com, CC0

Encourage a Healthy Work-Life Balance

There's been a fundamental shift in attitudes to work-life balance in the wake of Covid-19. People's focus on well-being has tightened, and they want to fit work around life – not the other way around. Business leaders who don't focus on the well-being of their employees do so at their peril. They should realize it really is a case of enlightened self-interest. A better work-life balance makes for happier, more engaged and productive employees who will stay with a company for longer and perform at much higher levels.

> IWG's latest research shows that 88% of employees regard hybrid working as a key benefit they'd expect in a new job role, while more than 50% wouldn't even consider applying for a position that didn't offer it (Koning, 2022).

Building a hybrid working policy that enables people to draw clear lines between their home and professional lives is now vital. Combining opportunities for home working with access to local, flexible workspace is key, as is a continued emphasis on regular 'face time' at the company HQ.

> Research from Accenture shows 63% of high growth firms have embraced 'productivity anywhere' models of working, underlining the relationship between employees' well being and commercial success (Shaw, 2021).

Build Trust, But Keep Employees Accountable

Hybrid working requires a huge amount of trust. There's arguably a re-balancing of responsibility, which means individuals are more accountable for their job performance than they might have been five or ten years ago.

Great leadership in this new world of work is about loosening the reins while still finding ways to make sure targets are met and the business performs.

This means establishing clear KPIs and finding new ways to stay connected. When it comes to training and coaching sessions, it is better to operate on a 'little and often' approach, as opposed to holding long workshops a couple of times per quarter.

Yet trust cuts both ways. To be a great hybrid leader, you have to inspire trust as well as offer it. You should be very committed to 'active listening': giving people my undivided attention when they need it, looking for feedback from all levels of the business and always following up on those 'grass-roots' insights, wherever and whoever they come from.

Bring People Together

While remote working has many benefits and disparate teams can do brilliant work, it's vital to keep bringing people together. Regular, quality interactions are invigorating for teams: they fire creativity, strengthen bonds, and inspire people to learn from one another.

With so many people working in so many markets, it isn't always possible to bring teams together physically – but when people are able to spend time face-to-face, make sure those moments really count.

Hold curated meetings and workshops, get together in local flexspaces and hold regional and global sales conferences. In a hybrid world, offering clear incentives for great work is another key way to maintain your teams' momentum. There should be monthly and annual awards, as well as prizes such as dinners out and team-building days, celebrate success.

"Workshop in Wikimedia Armenia Office" by Beko, CC BY-SA 4.0

Lead by Example

Finally, and perhaps most importantly, it's become clear in the past five years that leaders have to be at the centre of whatever cultural shift their business is trying to achieve.

You can't expect middle managers and the people who report to them to master driving performance in a hybrid environment if you, as a senior leader, are not lighting the way.

Becoming a great hybrid leader isn't an optional extra for those at the top of business – increasingly, it's now an essential skill that must be mastered if you want to achieve success. More than this, it's an incredible opportunity to re-humanise the workplace, moving away from presenteeism and micro-management into a modern era where employees' productivity, professional development and personal happiness are paramount.

9.5 THE NATURE OF GOALS AND OBJECTIVES

Goals and objectives are a critical component of leadership; unfortunately, because their role and importance seem obvious, they also tend to be neglected in managerial practice or poorly aligned with the organization's strategy. Often, they are just poorly communicated. You can imagine why this might be problematic, particularly since leader's need to evaluate employee performance—it would be nice if employees could be evaluated based on how their achievement of individual goals and objectives contributes to those critical to the organization's survival and success.

What Are Goals and Objectives?

Goals and objectives provide the foundation for measurement. While the terms are often used interchangeably, **goals** are outcome statements that define what an organization is trying to accomplish, both programmatically and organizationally. Goals are usually a collection of related programs, a reflection of major actions of the organization, and provide rallying points for leaders.

Example: Financial Goal – Growing Revenues

Walmart might state a financial goal of growing its revenues 20% per year or have a goal of growing the international parts of its empire. Try to think of each goal as a large umbrella with several spokes coming out from the centre. The umbrella itself is a goal.

In contrast to goals, **objectives** are very precise, time-based, measurable actions that support the completion of a goal – you have likely heard of **SMART goals** (which will be discussed further later in the chapter).

Umbrella Analogy

"Umbrella' by Karen Arnold, CC0

Objectives typically must:

1. be related directly to the goal
2. be clear, concise, and understandable
3. be stated in terms of results
4. begin with an action verb
5. specify a date for accomplishment
6. be measurable

Apply our umbrella analogy and think of each spoke as an objective. Going back to the Walmart example, and in support of the company's 20% revenue growth goal, one objective might be to "open 20 new stores in the next six months." Without specific objectives, the general goal could not be accomplished—just as an umbrella cannot be put up or down without the spokes. Importantly, goals and objectives become less useful when they are unrealistic or ignored. For instance, if your college has set goals and objectives related to class sizes but is unable to ever achieve them, then their effectiveness as a management tool is significantly decreased.

Measures are the actual metrics used to gauge performance on objectives. For instance, the *objective* of improved financial performance can be *measured* using a number metrics, ranging from improvement in total sales, profitability, efficiencies, or stock price. You have probably heard the saying, "what gets measured, gets done." Measurement is critical to today's organizations. It is a fundamental requirement and an integral part of strategic planning. Without measurement, you cannot tell where you have been, where you are now, or if you are heading in the direction you are intending to go. While such statements may sound obvious, the way that most organizations have set and managed goals and objectives has generally not kept up with this commonsense view.

Goals and Objectives

One of the major challenges is that goals and objectives are often not tied to strategy, and ultimately to vision and mission. Instead, you may often see a laundry list of goals and objectives that lack any larger organizing logic. Or the organization may have adopted boilerplate versions of non-financial measurement frameworks such as Kaplan and Norton's Balanced Scorecard, Accenture's Performance Prism, or Skandia's Intellectual Capital Navigator (Ittner & Larcker, 2003).

Purpose of Goals and Objectives

Broadly speaking, goals and objectives serve to:

- Gauge and report performance
- Improve performance

- Align effort
- Manage accountabilities

Goals, Objectives, and Planning

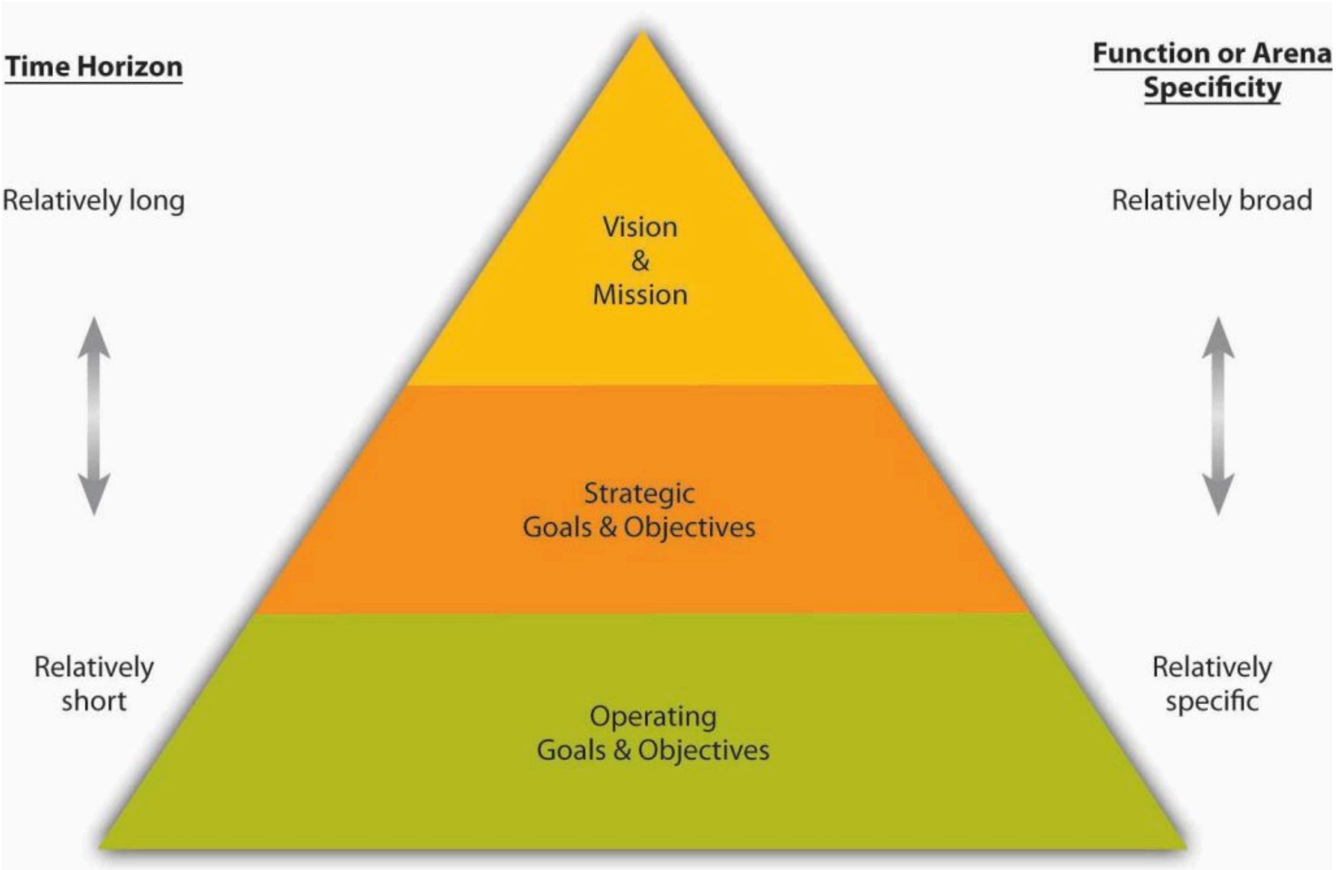
Planning typically starts with a vision and a mission. Then leaders develop a strategy for realizing the vision and mission, and must communicate this well; their success and progress in achieving vision and mission will be indicated by how well the underlying goals and objectives are achieved. A vision statement usually describes some broad set of goals—what the organization aspires to look like in the future. Mission statements too have stated goals—what the organization aspires to be for its stakeholders. For instance, Mars, Inc., the global food giant, sets out five mission statement goals in the areas of quality, responsibility, mutuality, efficiency, and freedom. Thus, goals are typically set for the organization as a whole and set the stage for a hierarchy of increasingly specific and narrowly set goals and objectives.

Unless the organization consists of only a single person, there are typically many working parts that make up the whole. Functional departments like accounting and marketing will need to have goals and objectives that, if measured and tracked, help show if and how those areas are contributing to the organization's goals and objectives. Goals and objectives can also be set for the way that departments interact. For instance, are the accounting and marketing areas interacting in a way that is productive?

Goals, Objectives, and Organizing, Leading, and Controlling

The way that the firm is organized can affect goals and objectives in a number of ways. For instance, a functional organizational structure, where departments are broken out by finance, marketing, operations, and so on, will likely want to track the performance of each department, but exactly what constitutes performance will probably vary from function to function.

In terms of leadership, it is usually top managers who set goals and objectives for the entire organization. Ideally, then, lower-level managers would set or have input into the goals and objectives relevant to their respective parts of the business. For example, a CEO might believe that the company can achieve a sales growth goal of 20% per year. With this organizational goal, the marketing manager can then set specific product sales goals, as well as pricing, volume, and other objectives, throughout the year that show how marketing is on track to deliver its part of organizational sales growth. Goal setting is thus a primary function of leadership, along with communicating the vision and holding others accountable for their respective goals and objectives that help achieve that vision.



Goals and Objectives in Planning

Finally, goals and objectives can provide a form of control since they create a feedback opportunity regarding how well or how poorly the organization executes its strategy. Goals and objectives also are a basis for reward systems and can align interests and accountability within and across business units. For instance, in an organization with several divisions, you can imagine that leaders and employees may behave differently if their compensation and promotion are tied to overall company performance, the performance of their division, or some combination of the two.

9.6 MOTIVATION

"Motivation" by U3190069, CC BY-SA 4.0

Motivation refers to an internally generated drive to achieve a goal or follow a particular course of action. Highly motivated employees focus their efforts on achieving specific goals. It's the manager's job, therefore, to motivate employees—to get them to try to do the best job they can. Motivated employees call in sick less frequently, are more productive, and are less likely to convey bad attitudes to customers and coworkers. They also tend to stay in their jobs longer, reducing turnover and the cost of hiring and training employees. But what motivates employees to do well? How does a manager encourage employees to show up for work each day and do a good job? Paying them helps, but many other factors influence a person's desire (or lack of it) to excel in the workplace.

It is a general presumption that the motivation of an employee plays a pivotal role in amplifying his/her productivity and performance. To attain maximum achievement in the organizations, it is inevitable that the employees must perform optimally. It is a unanimous consensus that workers will accomplish their tasks better when they are highly motivated. The recognition of their achievements may be translated into intrinsic rewards; and through these rewards, the employees may motivate and perform up to their maximum capacity.

Knowledge about human nature is very important for understanding motivation but human nature is not as simple to understand because every human is different from others. Organizations are using different human resource tactics and practices to motivate their employees. Reward management system and participation of employees in decision-making are frequently used practices by organizations to accomplish their objectives.

The Reward Management System

The **reward management system** includes intrinsic rewards and extrinsic rewards like salary, bonuses, recognition, praise, flexible working hours, and social rights. With the help of a reward management system, enterprises can appeal, retain, and motivate employees to attain high performance of the employee.

As you train your employees, coach them, provide feedback, and evaluate their performance, remember that, at their core, these activities can motivate or deflate your sales personnel. A driven, motivated, imaginative sales team will do wonders. However, a defeated, uninspired team will not get you where you want to be. They may destroy your team's morale or cause members to leave altogether. Motivating others is a critical skill for anyone managing a team.

Listen to this conversation to explore ways to become a more motivational leader.

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=2072#oembed-1

Video: "#SalesChats Ep. 65: How to drive sales motivation & maximize energy & focus w/ John Doerr" By SalesPOP! [29:30] *Transcript Available*

9.7 MOTIVATING EMPLOYEES THROUGH GOAL SETTING

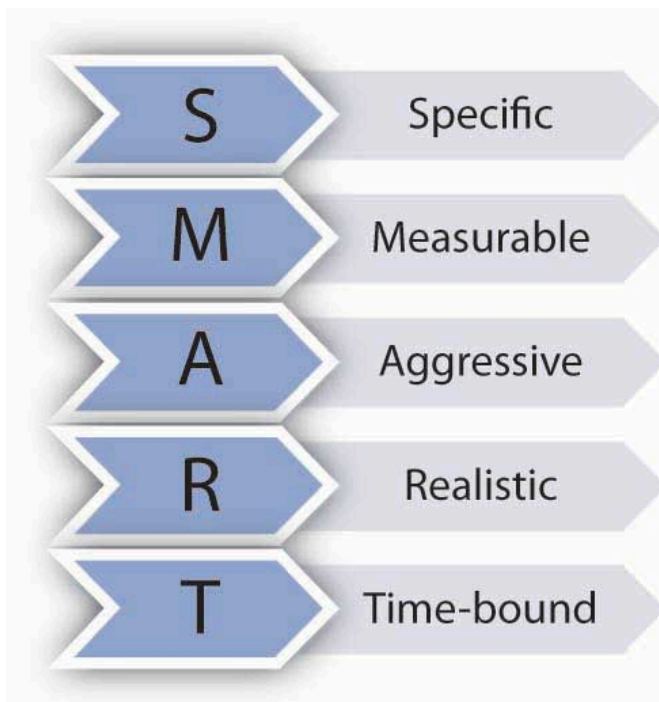
Goal-Setting Theory

Goal-setting theory (Locke & Latham, 1990) is one of the most influential and practical theories of motivation. In fact, in a survey of organizational behaviour scholars, it has been rated as the most important (out of 73 theories) (Miner, 2003). The theory has been supported in over 1,000 studies with employees ranging from blue-collar workers to research-and-development employees, and there is strong support that setting goals is related to performance improvements (Ivancevich & McMahon, 1982; Latham & Locke, 2006; Umstot, Bell, & Mitchell, 1976). According to one estimate, goal setting improves performance at least 10%–25% (Pritchard et al., 1988). Based on this evidence, thousands of companies around the world are using goal setting in some form, including Coca Cola Company, PricewaterhouseCoopers International Ltd., Nike Inc., Intel Corporation, and Microsoft Corporation, to name a few.

Setting SMART Goals

Are you motivated simply because you have set a goal? The mere presence of a goal does not motivate individuals. Think about New Year's resolutions that you made but failed to keep. Maybe you decided that you should lose some weight but then never put a concrete plan in action. Maybe you decided that you would read more but didn't. Why did your goal fail?

SMART goals help people achieve results. Accumulating research evidence indicates that effective goals are SMART. A **SMART goal** is a goal that is **s**pecific, **m**easurable, **a**ggressive, **r**ealistic, and **t**ime-bound.



"Smart Goals"

Specific and Measurable

Effective goals are specific and measurable. For example, "increasing sales to a region by 10%" is a specific goal, whereas deciding to "delight customers" is not specific or measurable. When goals are specific, performance tends to be higher (Tubbs, 1986). Why? If goals are not specific and measurable, how would you know whether you have reached the goal? A wide distribution of performance levels could potentially be acceptable. For the same reason, "doing your best" is not an effective goal, because it is not measurable and does not give you a specific target.

Certain aspects of performance are easier to quantify. For example, it is relatively easy to set specific goals for productivity, sales, number of defects, or turnover rates. However, not everything that is easy to measure should be measured. Moreover, some of the most important elements of someone's performance may not be easily quantifiable (such as employee or customer satisfaction).

So how do you set specific and measurable goals for these soft targets? Even though some effort will be involved, metrics such as satisfaction can and should be quantified. For example, you could design a survey for employees and customers to track satisfaction ratings from year to year.

Aggressive

This may sound counterintuitive, but effective goals are difficult, not easy. Aggressive goals are also called stretch goals.

Example: “Most Admired Companies”

According to a Hay Group study, one factor that distinguishes companies that are ranked as “Most Admired Companies” in *Fortune* magazine is that they set more difficult goals (Stein, 2000). People with difficult goals outperform those with easier goals (Mento, Steel, & Karren, 1987; Phillips & Gully, 1997; Tubbs, 1986; Yukl & Latham, 1978). Why? Easy goals do not provide a challenge. When goals are aggressive and require people to work harder or smarter, performance tends to be dramatically higher. Research shows that people who have a high level of self-efficacy and people who have a high need for achievement tend to set more difficult goals for themselves (Phillips & Gully, 1997).

Realistic

While goals should be difficult, they should also be based in reality. In other words, if a goal is viewed as impossible to reach, it will not have any motivational value. In fact, setting impossible goals and then punishing people for not reaching these goals is cruel and will demotivate employees.

Time-Bound

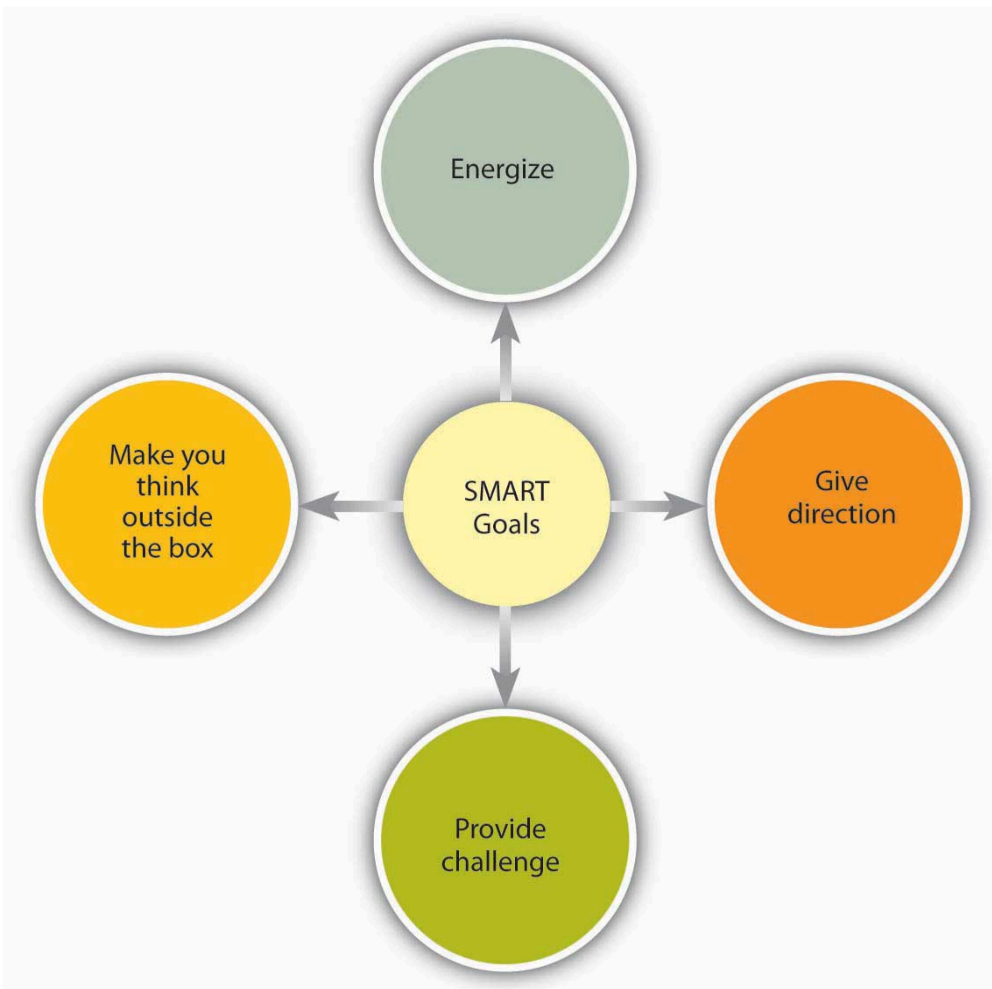
The goal should contain a statement regarding when the proposed performance level will be reached. For example, “increasing sales to a region by 10%” is not a time-bound goal, because there is no time limit. Adding a limiter such as “by December of the current fiscal year” gives employees a sense of time urgency.

Example: Sample SMART Goal

Here is a sample SMART goal: Wal-Mart Stores Inc. recently set a goal to eliminate 25% of the solid waste from U.S. stores by the year 2009. This goal meets all the conditions of being SMART (as long as 25% is a difficult yet realistic goal) (Heath & Heath, 2008). Even though it seems like a simple concept, in reality many goals that are set within organizations may not be SMART. For example, Microsoft recently conducted an audit of its goal setting and performance review system and found that only about 40% of the goals were specific and measurable (Shaw, 2004).

Why Do SMART Goals Motivate?

There are at least four reasons why goals motivate (Latham, 2004; Seijts & Latham, 2005; Shaw, 2004). First, goals give us direction. When you have a goal of reducing shipment of defective products by 5% by September, you know that you should direct your energy toward defects. The goal tells you what to focus on. For this reason, goals should be set carefully. Giving employees goals that are not aligned with company goals will be a problem, because goals will direct employees' energies to a certain end. Second, goals energize people and tell them not to stop until the goal is accomplished. If you set goals for yourself such as "I will have a break from reading this textbook when I finish reading this section," you will not give up until you reach the end of the section. Even if you feel tired along the way, having this specific goal will urge you to move forward. Third, having a goal provides a challenge. When people have goals and proceed to reach them, they feel a sense of accomplishment. Finally, SMART goals urge people to think outside the box and rethink how they are working. If the goal is not very difficult, it only motivates people to work faster or longer. If a goal is substantially difficult, merely working faster or longer will not get you the results. Instead, you will need to rethink the way you usually work and devise a creative way of working. It has been argued that this method resulted in designers and engineers in Japan inventing the bullet train. Having a goal that went beyond the speed capabilities of traditional trains prevented engineers from making minor improvements and inspired them to come up with a radically different concept (Kerr & Landauer, 2004).



SMART goals motivate for a variety of reasons. Sources: Based on information contained in Latham, G. P. (2004). The motivational benefits of goal-setting. Academy of Management Executive, 18, 126–129; Seijts, G. H., & Latham, G. P. (2005). Learning versus performance goals: When should each be used? Academy of Management Executive, 19, 124–131; Shaw, K. N. (2004). Changing the goal-setting process at Microsoft. Academy of Management Executive, 18, 139–142.

When Are Goals More Effective?

Even when goals are SMART, they are not always equally effective. Sometimes, goal setting produces more dramatic effects compared to other methods. At least three conditions that contribute to effectiveness have been identified (Latham, 2004; Latham & Locke, 2006).

Feedback

To be more effective, employees should receive feedback on the progress they are making toward goal accomplishment. Providing employees with quantitative figures about their sales, defects, or other metrics is useful for feedback purposes.

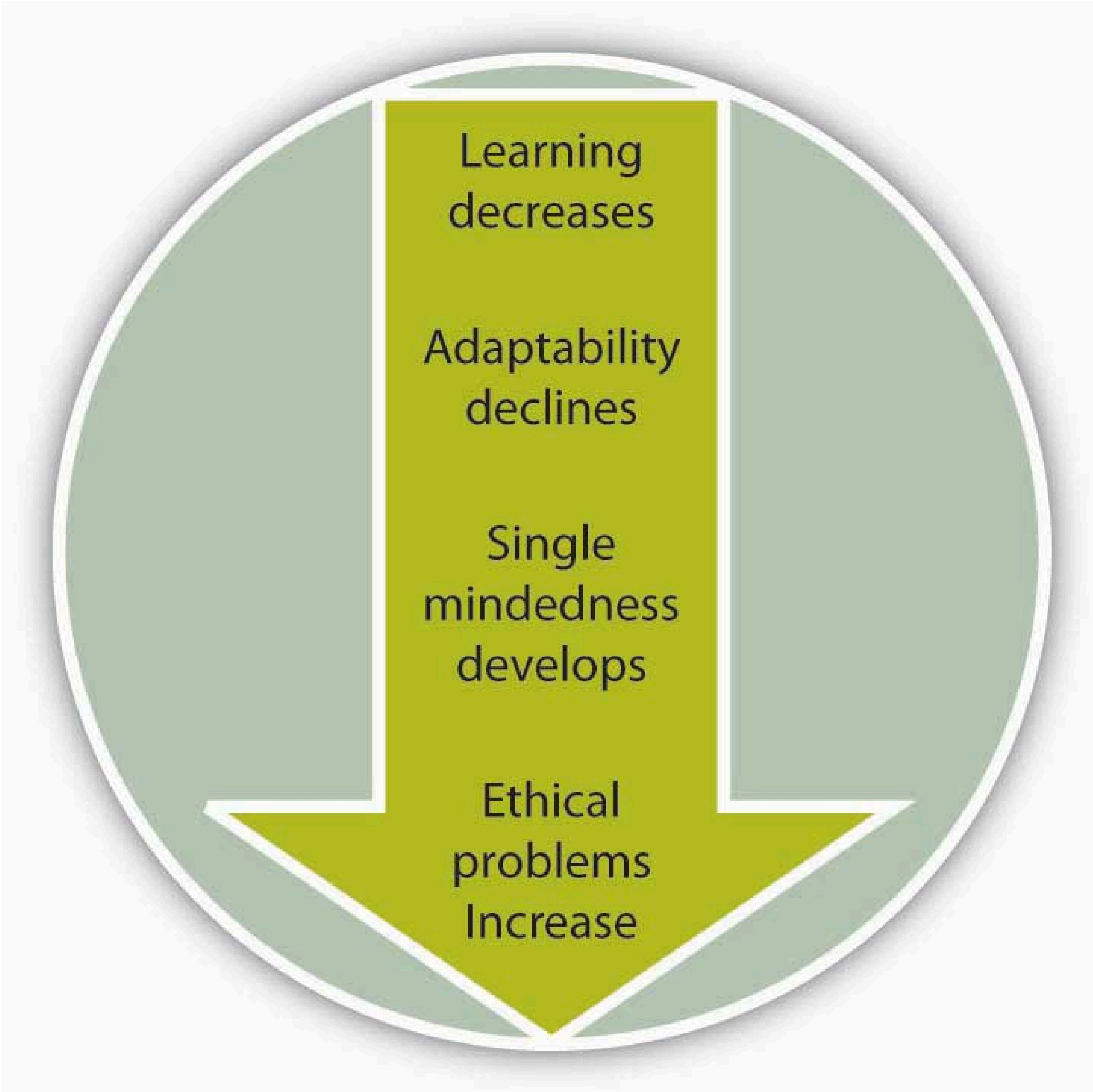
Ability

Employees should have the skills, knowledge, and abilities to reach their goals. In fact, when employees are lacking the necessary abilities, setting specific outcome goals has been shown to lead to lower levels of performance (Seijts & Latham, 2005). People are likely to feel helpless when they lack the abilities to reach a goal, and furthermore, having specific outcome goals prevents them from focusing on learning activities. In these situations, setting goals about learning may be a better idea. For example, instead of setting a goal related to increasing sales, the goal could be identifying three methods of getting better acquainted with customers.

Goal Commitment

SMART goals are more likely to be effective if employees are committed to the goal (Donovan & Radosevich, 1998; Klein et al., 1999; Wofford, Goodwin, & Premack, 1993). As a testament to the importance of goal commitment, Microsoft actually calls employee goals "commitments" (Shaw, 2004). **Goal commitment** refers to the degree to which a person is dedicated to reaching the goal. What makes people dedicated or committed to a goal? It has been proposed that making goals public may increase commitment to the goal, because it creates accountability to peers. When individuals have a supportive and trust-based relationship with managers, goal commitment tends to be higher. When employees participate in goal setting, goal commitment may be higher. Last, but not least, rewarding people for their goal accomplishment may increase commitment to future goals (Klein & Kim, 1998; Latham, 2004; Pritchard et al., 1988).

Are There Downsides to Goal Setting?



Potential Downsides of Goal Setting – Sources: Based on LePine, J. A. (2005). Adaptation of teams in response to unforeseen change: Effects of goal difficulty and team composition in terms of cognitive ability and goal orientation. Journal of Applied Psychology, 90, 1153–1167; Locke, E. A. (2004). Linking goals to monetary incentives. Academy of Management Executive, 18, 130–133; Pritchard, R. D., Roth, P. L., Jones, S. D., Galgay, P. J., & Watson, M. D. (1988). Designing a goal-setting system to enhance performance: A practical guide. Organizational Dynamics, 17, 69–78; Seijts, G. H., & Latham, G. P. (2005). Learning versus performance goals: When should each be used? Academy of Management Executive, 19, 124–131.

As with any management technique, there may be some downsides to goal setting (Locke, 2004; Pritchard et al., 1988; Seijts & Latham, 2005). First, as mentioned earlier, setting goals for specific outcomes may hamper employee performance if employees are lacking skills and abilities needed to reach the goals. In these situations, setting goals for behaviours and learning may be more effective than setting goals for outcomes. Second, goal setting may prevent employees from adapting and changing their behaviours in response to unforeseen threats. For example, one study found that when teams had difficult goals and employees within the team had high levels of performance expectations, teams had difficulty adapting to unforeseen circumstances (LePine, 2005). Third, goals focus employee attention on the activities that are measured. This focus may lead to sacrificing other important elements of performance. If goals are set for production numbers, quality may suffer. As a result, it is important to set goals touching on all critical aspects of performance. Finally, an aggressive pursuit of goals may lead to unethical behaviours. If employees are rewarded for goal accomplishment but there are no rewards for coming very close to reaching the goal, employees may be tempted to cheat.

Ensuring Goal Alignment Through Management by Objectives (MBO)

Goals direct employee attention toward a common end. Therefore, it is crucial for individual goals to support team goals and team goals to support company goals. A systematic approach to ensure that individual and organizational goals are aligned is **Management by Objectives (MBO)**.

First suggested by Peter Drucker (Greenwood, 1981; Muczyk & Reimann, 1989; Reif & Bassford, 1975), MBO involves the following process:

1. Setting company wide goals derived from corporate strategy
2. Determining team- and department-level goals
3. Collaboratively setting individual-level goals that are aligned with corporate strategy
4. Developing an action plan
5. Periodically reviewing performance and revising goals

A review of the literature shows that 68 out of the 70 studies conducted on this topic displayed performance gains as a result of MBO implementation (Rodgers & Hunter, 1991). It also seems that top management commitment to the process is the key to successful implementation of MBO programs (Rodgers, Hunter, & Rogers, 1993). Even though formal MBO programs have fallen out of favour since the 1980s, the idea of linking employee goals to corporate-wide goals is a powerful idea that benefits organizations.

9.8 MOTIVATING EMPLOYEES THROUGH PERFORMANCE INCENTIVES

Performance Incentives

Perhaps the most tangible way in which companies put motivation theories into action is by instituting incentive systems. **Incentives** are reward systems that tie pay to performance. There are many incentives used by companies, some tying pay to individual performance and some to company-wide performance. Pay-for-performance plans are very common among organizations. According to one estimate, 80% of all American companies have merit pay, and the majority of *Fortune* 1000 companies use incentives (Stajkovic & Luthans, 1998).

Research shows that companies using pay-for-performance systems actually achieve higher productivity, profits, and customer service. These systems are more effective than praise or recognition in increasing retention of higher performing employees by creating higher levels of commitment to the company (Cadsby, Song, & Tapon, 2007; Peterson & Luthans, 2006; Salamin & Hom, 2005). Moreover, employees report higher levels of pay satisfaction under pay-for-performance systems (Heneman, Greenberger, & Strasser, 1988).

At the same time, many downsides of incentives exist. For example, it has been argued that incentives may create a risk-averse environment that diminishes creativity. This may happen if employees are rewarded for doing things in a certain way, and taking risks may negatively affect their paycheck. Despite their limitations, financial incentives may be considered powerful motivators if they are used properly and if they are aligned with company-wide objectives.

The Most Frequently Used Incentives

- Piece Rate Systems
- Individual Bonuses
- Merit Pay
- Sales Commissions
- Awards
- Team Bonuses
- Gainsharing
- Profit Sharing
- Stock Options

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Piece Rate Systems

Under **piece rate incentives**, employees are paid on the basis of individual output they produce. For example, a manufacturer may pay employees based on the number of purses sewn or number of doors installed in a day. In the agricultural sector, fruit pickers are often paid based on the amount of fruit they pick.

These systems are suitable when employee output is easily observable or quantifiable and when output is directly correlated with employee effort. Piece rate systems are also used in white-collar jobs such as cheque-proofing in banks. These plans may encourage employees to work very fast, but may also increase the number of errors made. Therefore, rewarding employee performance minus errors might be more effective. Today, increases in employee monitoring technology are making it possible to correctly measure and observe individual output.

Individual Bonuses

Bonuses are one-time rewards that follow specific accomplishments of employees. For example, an employee who reaches the quarterly goals set for her may be rewarded with a lump sum bonus. Employee motivation resulting from a bonus is generally related to the degree of advanced knowledge regarding bonus specifics.

Merit Pay

In contrast to bonuses, **merit pay** involves giving employees a permanent pay raise based on past performance. Often the company's performance appraisal system is used to determine performance levels and the employees are awarded a raise, such as a 2% increase in pay. One potential problem with merit pay is that employees come to expect pay increases. In companies that give annual merit raises without a different raise for increases in cost of living, merit pay ends up serving as a cost-of-living adjustment and creates a sense of entitlement on the part of employees, with even low performers expecting them. Thus, making merit pay more effective depends on making it truly dependent on performance and designing a relatively objective appraisal system.

Sales Commissions

In many companies, the paycheque of sales employees is a combination of a base salary and commissions. **Sales commissions** involve rewarding sales employees with a percentage of sales volume or profits generated. Sales commissions should be designed carefully to be consistent with company objectives. For example, employees who are heavily rewarded with commissions may neglect customers who have a low probability of making a quick purchase. If only sales volume (as opposed to profitability) is rewarded, employees may start discounting merchandise too heavily, or start neglecting existing customers who require a lot of attention (Sales incentive plans, 2006). Therefore, the blend of straight salary and commissions needs to be managed carefully.

Awards

Some companies manage to create effective incentive systems on a small budget while downplaying the importance of large bonuses. It is possible to motivate employees through **awards**, plaques, or other symbolic methods of recognition to the degree these methods convey sincere appreciation for employee contributions. For example, Yum! Brands Inc, the parent company of brands such as KFC and Pizza Hut, recognizes employees who go above and beyond job expectations through creative awards such as the seat belt award (a seat belt on a plaque), symbolizing the roller-coaster-like, fast-moving nature of the industry. Other awards include things such as a plush toy shaped like a jalapeño pepper.

Photo via pxfuel, CC0

Team Bonuses

In situations in which employees should cooperate with each other and isolating employee performance is more difficult, companies are increasingly resorting to tying employee pay to team performance. This is known as **team bonuses**.

Gainsharing

Gainsharing is a company-wide program in which employees are rewarded for performance gains compared to past performance. These gains may take the form of reducing labour costs compared to estimates or reducing overall costs compared to past years' figures. These improvements are achieved through employee suggestions and participation in management through employee committees.

Profit Sharing

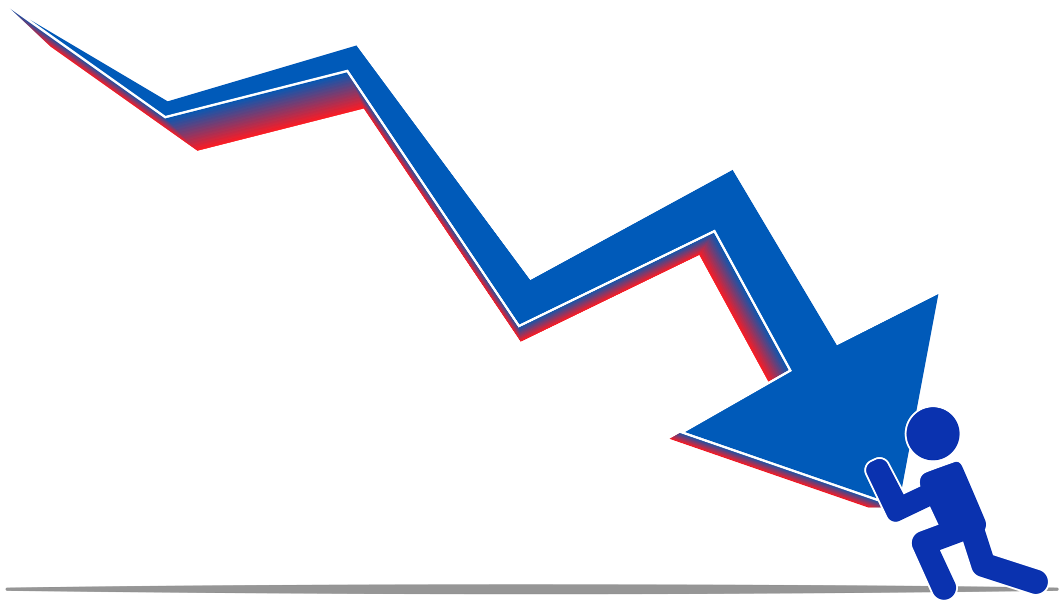
Profit sharing programs involve sharing a percentage of company profits with all employees. These programs are company-wide incentives and are not very effective in tying employee pay to individual effort, because each employee will have a limited role in influencing company profitability. At the same time, these programs may be more effective in creating loyalty and commitment to the company by recognizing all employees for their contributions throughout the year.

Stock Options

A **stock option** gives an employee the right, but not the obligation, to purchase company stocks at a predetermined price. For example, a company would commit to sell company stock to employees or managers 2 years in the future at $30 per share. If the company's actual stock price in 2 years is $60, employees would make a profit by exercising their options at $30 and then selling them in the stock market. The purpose of stock options is to align company and employee interests by making employees owners. However, options are not very useful for this purpose, because employees tend to sell the stock instead of holding onto it. In the past, options were given to a wide variety of employees, including CEOs, high performers, and in some companies all employees. For example, Starbucks Corporation was among companies that offered stock to a large number of associates. Options remain popular in start-up companies that find it difficult to offer competitive salaries to employees. In fact, many employees in high-tech companies such as Microsoft and Cisco Systems Inc became millionaires by cashing in stock options after these companies went public. In recent years, stock option use has declined. One reason for this is the changes in options accounting.

9.9 MOTIVATING THE SALES TEAM DURING A SLOWDOWN

Entrepreneurs are good leaders who create opportunities in situations where resources may seem scarce to others. During an inevitable economic slowdown, leadership is understandably frustrated by insufficient growth and apprehension, pessimism, and uncertainty are bound to prevail. But the concept of 'Business Cycles,' as taught in Economics, may be out of place, more often than not. A slowing economy is no justification for low sales as people are still buying and selling. What's surprising is that there are a few businesses that continue to grow through slowdowns as well.



"Economic Downturn" by Freddy Vale CC BY-NC-SA 4.0

The key is to keep the sales organization and the multiple sub-teams engaged and motivated, even during times of adverse press headlines and the seemingly overarching pessimism. How does one do that? The near notorious 'daily focus' on the topline numbers and sales conversions is quite unavoidable in any logical sales organization and the constituent teams, be it times good or bad. Hence, during times of weakness in the market, smart sales managers and leaders broaden the focus and energies to cover other critical aspects of the sales culture. This requires getting the basics right – say, identifying micro segments in the market, recognition, team building, capabilities advancement and personal development, and other factors as relevant to the specific team. However, it's important to customize this effort for best results – If you know what motivates any one individual person, you can focus on drawing that motivation out on a regular basis. Effectively, the organization can maintain its positive and results-driven attitude on a daily basis – a 'super strength' particularly in times of pessimism.

A key refrain – 'Nobody seems to be buying!'

There are fundamental differences between the time of slow sales and recession. So, instead of being caught in the downturn mentality, you must look at it as an opportunity to ask yourself some vital questions. For instance; is your business big enough to get impacted, or can we find more customers to add? Are you missing out on clients who would have considered buying nevertheless? Well, this is the time to align everyone in the sales organization with the 'recession sales win strategy' (prudent to develop one if it doesn't exist yet!). Here's where, often times, it's the prerogative and the undoubted responsibility of sales managers to make sure their team maintains the winning approach and attitude.

> This is validated by hard data too – as per research by a leading multinational organization on Top-Performing Sales Organization, 55% of Top Performers agree that managers are effective at creating and sustaining maximum selling energy, compared to only 32% of the rest.

Having a true focus on value for buyers (and when we say true, we mean that everyone says they focus on value, but in reality some do and some don't), correlates highly to seller motivation. In our field work, perhaps nothing is as demotivating to sellers as needing to hit quota and selling as much as possible regardless of whether it adds value to buyers. Vibrant sales organizations have value at the core.

The health of your pipeline and getting your team re-organized for it

A sign of difficult times for the sales team is the often dreaded excuse – "This year's budget is already frozen; however, they would be happy to consider you in the next financial year." This is a clarion call for leaders and managers to evaluate their pipeline with objectivity. Updating it regularly and calling a spade a spade is a good idea. Closely tied to your pipeline planning is getting the internal teams organized to capture the market. Are there learnings from the past that establish the way forward? Any past patterns of internal constraints that limited sales wins? Can we iron out frequently encountered problem areas between or within teams? In short, is the sales organization ready to attack the market in the most effective and efficient way? Can we enhance the sum of the parts of the various teams for more effective synergies? Just a little extra effort can prove to be a significant increase in value. Instead of viewing the recession as a sales problem, see it as a time of strategic opportunity, when investments of time and energy can result in significant long-term gains.

Continuous skills and capacity building – time to walk the talk

The real test for any sales organization is when the odds are stacked against it. This test can separate the more capable organization from the less capable ones. For, in such times, sharp sales skills become a necessity and not just a virtue. However, ironically, building capability is often the first thing that leaders and managers do away with when faced with adverse circumstances. As highlighted earlier, slowdowns are opportunities to build significant long term gains. The right perspective is critical – sales training is not an event, it is an ongoing process to improve skills, knowledge and results of the complete sales organization. As validated by the Top-Performing Sales Organization research, the top companies prioritize and actively work to maximize the time sales managers spend coaching their teams versus other activities. This research also highlights that 'Elite companies' prioritize improving sales force effectiveness twice as much as the Rest of the companies.

In summary, slowdowns can help sharpen the long term capabilities of sales teams. Times of slowdown need not mean lost revenues and importantly, lost sales energies, with the right 'recession sales strategy' and calibrated capacity building. Times of pessimism in the industry can be smartly utilized to develop the winning sales organization that can suitably navigate tepid times, as well as be ready to capitalize on the eventual 'upcycle'.

9.10 KEY TAKEAWAYS & TERMS

Key Takeaways

- Companies use a wide variety of incentives to reward performance. This is consistent with motivation theories showing that rewarded behaviour is repeated.
- Piece rate, individual bonuses, merit pay, and sales commissions tie pay to individual performance.
- Team bonuses are at the department level, whereas gainsharing, profit sharing, and stock options tie pay to company performance.
- While these systems may be effective, people tend to demonstrate behaviour that is being rewarded and may neglect other elements of their performance. Therefore, reward systems should be designed carefully and should be tied to a company's strategic objectives.
- Motivation describes a generated drive that propels people to achieve goals or pursue particular courses of action.
- Goal-setting theory is one of the most influential theories of motivation. In order to motivate employees, goals should be SMART (specific, measurable, aggressive, realistic, and time-bound).
- SMART goals motivate employees because they energize behaviour, give it direction, provide a challenge, force employees to think outside the box, and devise new and novel methods of performing.
- Goals are more effective in motivating employees when employees receive feedback on their accomplishments, have the ability to perform, and are committed to goals.
- Poorly derived goals have the downsides of hampering learning, preventing adaptability, causing a single-minded pursuit of goals at the exclusion of other activities, and encouraging unethical behaviour. Companies tie individual goals to company goals using management by objectives.

Key Terms

Autocratic leaders set policies and make decisions primarily on their own, taking advantage of the power present in their title or status to set the agenda for the group.

Awards: symbolic methods of recognition to the degree these methods convey sincere appreciation for employee contributions

Bonuses are one-time rewards that follow specific accomplishments of employees

Democratic leaders facilitate group discussion and like to take input from all members before making a decision.

Formal leaders: leaders who hold a position of authority and may use the power that comes from their position, as well as their personal power, to influence others

Gainsharing is a company-wide program in which employees are rewarded for performance gains compared to past performance

Goals are outcome statements that define what an organization is trying to accomplish, both programmatically and organizationally

Goal commitment refers to the degree to which a person is dedicated to reaching the goal.

Incentives are reward systems that tie pay to performance

Informal leaders: leaders that are without a formal position of authority within the organization but demonstrate leadership by influencing others through personal forms of power

Laissez-faire leaders take a "hands-off" approach, preferring to give group members freedom to reach and implement their own decisions.

Leaders: people who take charge of or guide the activities of others

Leader-as-coach combines many of the talents and skills we've discussed here, serving as a teacher, motivator, and keeper of the goals of the group

Leader-as-conductor involves a central role of bringing people together for a common goal

Leader-as-technician: a role that often occurs when one employee has skills that others do not

Leadership is a complex of beliefs, communication patterns, and behaviours that influence the functioning of a group and move a group toward the completion of its task

Measures are the actual metrics used to gauge performance on objectives

Merit pay involves giving employees a permanent pay raise based on past performance

Motivation refers to an internally generated drive to achieve a goal or follow a particular course of action

Objectives are very precise, time-based, measurable actions that support the completion of a goal

Piece rate incentives: employees are paid on the basis of individual output they produce

Profit sharing programs involve sharing a percentage of company profits with all employees

Reward management system: practice used by organizations to achieve their objectives which includes intrinsic rewards and extrinsic rewards like salary, bonuses, recognition, praise, flexible working hours, and social rights

Sales commissions involve rewarding sales employees with a percentage of sales volume or profits generated

SMART goal is a goal that is **s**pecific, **m**easurable, **a**ggressive, **r**ealistic, and **t**ime-bound

Stock option: gives an employee the right, but not the obligation, to purchase company stocks at a predetermined price.

Team bonuses: tying employee pay to team performance in situations in which employees should cooperate with each other and isolating employee performance is more difficult

9.11 EXERCISES

Exercises (9.2)

An interactive H5P element has been excluded from this version of the text. You can view it online here:
https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=2189#h5p-9

Exercises (9.8)

1. Have you ever been rewarded under any of the incentive systems described in this chapter? What was your experience with them?
2. What are the advantages and disadvantages of bonuses compared to merit pay? Which one would you use if you were a manager at a company?
3. What are the advantages of using awards as opposed to cash as an incentive?
4. How effective are stock options in motivating employees? Why do companies offer them?
5. Which of the incentive systems in this section do the best job of tying pay to individual performance? Which ones do the worst job?

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CHAPTER 10: SALES BUDGET AND SALES FORECASTING

Chapter Outline

10.0 LEARNING OUTCOMES

Learning Outcomes

- Recognize the role of budgeting in planning, control, and decision making
- Explain why budgets matter.
- Prepare a sales budget.
- Discuss budgeting methods
- Explain the difference between sales budgeting and sales forecasting
- Explain why accuracy is important in forecasting.
- Outline the different sales forecasting methods

10.1 TYPES OF BUDGETS

In most businesses, the most important, over-arching budget for the entire organization is known as the **master budget**, and represents a comprehensive financial plan for the entire organization.

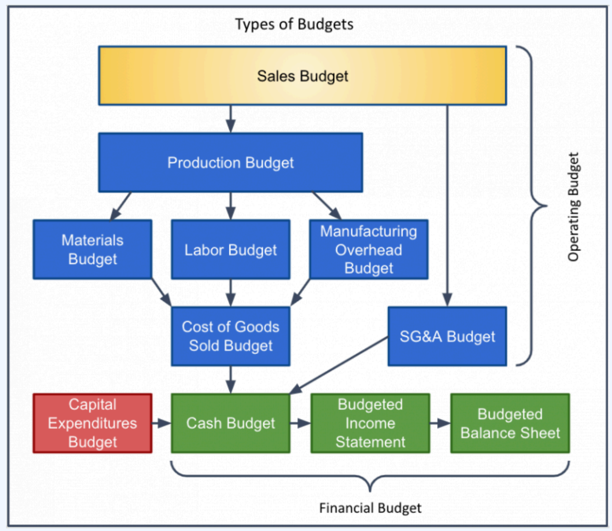
The master budget is typically composed of two distinct parts: the operating budget and the financial budget. These in turn can be composed of other, smaller budgets representing specific parts of the businesses costs and revenues.

Operating Budget

- Sales Budget Cash Budget
- Production Budget Budgeted Balance Sheet
- Direct Materials & Purchases Budget Capital Expenditures Budget
- Direct Labour Budget
- Overhead Budget
- Selling and Administrative Expenses Budget
- Ending Finished Goods Inventory Budget

Financial Budget

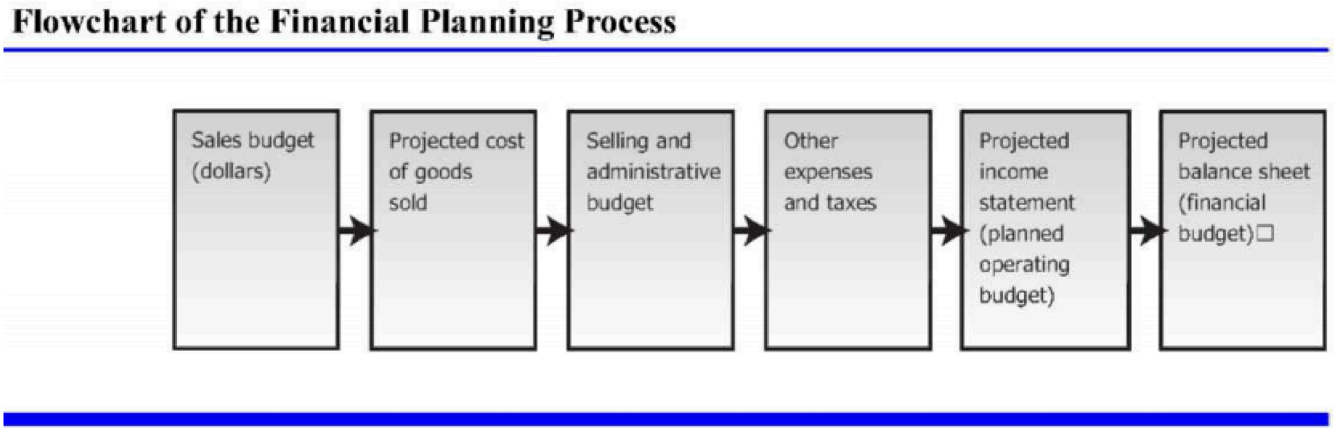
- Cash Budget
- Budgeted Balance Sheet
- Capital Expenditures Sheet



The **operating budget** shows the incoming-generating activities of an organization . This includes all costs and revenues associated with sales, production, inventory, overhead, etc. Businesses will usually prepare the operating budget for their business prior to the financial budget, since elements of the financial budget will be affected by the operating budget.

The **financial budget** shows an overall financial position by detailing the inflow and outflow of cash from a company. The elements of this budget are not directly tied to the income-generation of the company, and include any expected borrowing or investments, and managing the company's assets.

In the diagram below, we depict a flowchart of the financial planning process that you can use as an overview of the elements in a master budget. Thus, the starting point in preparing a master budget is the operating budget. Since the planned operating budget shows the net effect of many interrelated activities, management must prepare the supporting budgets, such as sales, production, and purchases, in a logical order before preparing the planned operating budget.


Flowchart of the Financial Planning Process
Sales budget (dollars)
Projected cost of goods sold
Selling and administrative budget
Other expenses and taxes
Projected income statement (planned operating budget)
Projected balance sheet (financial budget)

10.2 WHY BUDGETS MATTER

Why do budgets matter? It seems like a ton of work to put together all of the information needed to complete a master budget. We need to know how many units we are going to produce, and all of the costs that go into each of those units. We also have to have all of our payroll information, and overhead costs. Hours and hours of work may go into creating the master budget, even for a small company!

Why Does the Budget Matter?

The budget matters for a variety of reasons:

1. We can see if the company will make money or lose money at our anticipated level of sales.
2. We can analyze our expenses based on expectations. This will help us know when costs are high or where we can save money in our processes or purchases.
3. We can hold staff accountable for their departments. This is especially true if they participated in putting the budget together for their own department!
4. It creates a living document to help grow the business and become more profitable over time.

Photo by OpenClipart-Vectors, CC0

It would be tough to run your household without an idea of the interaction between what is coming in for income, and what is going out for expenses right? Let's think about the business master budget as a big household with a few more moving parts!

10.3 SALES BUDGET

The cornerstone of the budgeting process is the sales budget because the usefulness of the entire operating budget depends on it. The **sales budget** involves estimating or forecasting how much demand exists for a company's goods or services and then determining if a realistic, attainable profit can be achieved based on this demand. Assumptions such as sales in units, sales price, manufacturing costs per unit, and direct material needed per unit involve a significant amount of time and input from various parts of the business. It is important to obtain all of the information, however, because the more accurate the information, the more accurate the resulting budget, and the more likely management is to effectively monitor and achieve its budget goals.

When management has a solid estimate of sales for each quarter, month, week, or other relevant time period, they can determine how many units must be produced. From there, they determine the expenditures, such as direct materials necessary to produce the units. It is critical for the sales estimate to be accurate so that management knows how many units to produce.

If the business under-estimates customer demand, they will not have enough inventory to satisfy customers, and they will not have ordered enough material or scheduled enough direct labour to manufacture more units. Customers may then shop somewhere else to meet their needs. Likewise, if sales are overestimated, management will have purchased more material than necessary and have a larger labour force than needed. This overestimate will cause management to have spent more cash than was necessary. No manager has a crystal ball and can predict demand precisely – but the better management and the marketing department can become at predicting demand, the businesses resources of materials, labour and cash can be most optimally utilized.

How to Prepare a Sales Budget

The sales budget details the expected sales in units and the sales price for the budget period. The information from the sales budget is carried to several places in the master budget. It is used to determine how many units must be produced as well as when and how much cash will be collected from those sales.

The sales budget requires the business to generate a sales forecast for the year. The marketing department will work with management to build a sales forecast for the period (usually a year, broken down by quarters or months).

The sales forecast will use the following information to generate sales:

- Sales activity for the business from previous years
- Competitor sales activity
- Industry trends
- Economy-wide trends
- Planned marketing campaigns
- Weather

Example: Big Bad Bikes Sales Budget

For example, Big Bad Bikes used the above information to estimate the number of units that will be sold in each quarter of the coming year. The number of units is multiplied by the sales price to determine the sales by quarter as shown in the table below.

"Motorcycle Shop" by The Light Photo, CC BY-NC-ND 2.0

Table 10.3.1 Big Bad Bikes Sales Budget for the year Ended December 31, 2019

	Q1	Q2	Q3	Q4	Total
Expected Sales (units)	1,000	1,000	1,500	2,500	6,000
Sales per Unit	$70	$70	$75	$75	
Total Sales Revenue	**$70,000**	**$70,000**	**$112,500**	**$187,500**	**$440,000**

The sales budget leads into the production budget to determine how many units must be produced each week, month, quarter, or year. It also leads into the cash receipts budget.

Fluctuations in Sales Budgets

The expected sales units in the Big Bad Bikes example above shows that the new product is expected to increase sales in Quarter 3 and Quarter 4. This may be due to the fact that it will take time to build demand for this new product. It may also be because they expect greater sales towards Christmas.

Sales budgets for fruit and vegetable products may depend on the seasons. Sales budgets for livestock producers (such as beef, pork and lamb) will fluctuate in accordance with the reproductive schedules of animals, whereas for chickens it might be more standard. Sales budgets for seafood producers are highest in Australia around Easter (as Good Friday is a day where traditionally Christians eat seafood) and Christmas (where hot summers mean large turkey dinners that we see on television in the USA and Europe are not the normal). Butchers budget for almost non-existent sales of camel meat in Australia except around Ramadan, where camel burgers at night markets have become a common fixture at Ramadan night markets.

It is important to understand your business, your customers and your market when preparing a sales budget.

10.4 BUDGETING METHODS

Creating a budget requires the following:

- The time period for the budget (annually, quarterly, monthly, or other)
- Sales Price of the products
- Sales Units

How is this information determined?

Photo by Jernej Furman, CC BY 2.0

Historical Method

The simplest method for determining the sales budget is often using a percentage of last year's sales, known as the **historical method**. This method does not take into account any changes in the market or unexpected circumstances. However, many firms use this method because it is simple and straightforward.

The Affordable Method

The **affordable method,** is an approach to budgeting based on what the business can afford. It is a method used often by small businesses. Unfortunately, things often cost more than anticipated, and you may not have enough money. Many businesses think they're going to have enough budgeted, but then they run out and cannot spend as much. Such a situation may have happened to you when you planned a weekend trip based on what you thought you could afford, and you did not have enough money. As a result, you had to modify your plans and not do everything you planned.

Competitive Parity

Another method is called **competitive parity**—that is, budgeting based on competitive data or industry data. During a recession, some firms feel like they must spend as much—if not more—than their competitors to get customers to buy from them. Other companies are forced to cut back on their spending or pursue more targeted promotions.

Objective or Task Method

A more rational and ideal approach is the **objective or task method**, whereby marketing managers first determine what they want to accomplish (objectives) with their communication. Then they determine what activities—commercials, sales promotions, and so on—are necessary to accomplish the objectives. Finally, they conduct research to figure out how much the activities, or tasks, cost in order to develop a budget.

10.5 FORECASTING

> *Budgeting is a quantified expectation for what a business wants to achieve, and a forecast is an estimate of what will be achieved (Accounting Tools, 2023).*

Forecasting is the process of making predictions of the future based on past and present data. This is most commonly by analysis of trends. Prediction is a similar, but more general term. Both might refer to formal statistical methods employing time series, cross-sectional or longitudinal data, or alternatively to less formal judgmental methods.

Sales forecasting can involve either formal or informal techniques or a combination of both. Formal sales forecasting techniques often involve the use of statistical tools. For example, to predict sales for the coming period, management may use economic indicators (or variables) such as the gross national product (GNP) or gross national personal income, and other variables such as population growth, per capita income, new construction, and population migration. To use economic indicators to forecast sales, a relationship must exist between the indicators (called independent variables) and the sales that are being forecast (called the dependent variable). Then management can use statistical techniques to predict sales based on the economic indicators.

Management often supplements formal techniques with informal sales forecasting techniques such as intuition or judgment. In some instances, management modifies sales projections using formal techniques based on other changes in the environment. Examples include the effect on sales of any changes in the expected level of advertising expenditures, the entry of new competitors, and/or the addition or elimination of products or sales territories. In other instances, companies do not use any formal techniques. Instead, sales managers and salespersons estimate how much they can sell. Managers then add up the estimates to arrive at total estimated sales for the period.

Usually, the sales manager is responsible for the sales budget and prepares it in units and then in dollars by multiplying the units by their selling price. The sales budget in units is the basis of the remaining budgets that support the operating budget. Many will contribute to the sales budget including: product managers, sales leaders, sales representatives, marketing managers, business partners and external consultants.

Example: GelSoft

To illustrate this step, assume that GelSoft makes gel-filled seats for bicycles. Management forecasts sales for the first quarter at 40,000 units. Sales are projected to increase by 5% each quarter, reflecting higher demand as a result of increased marketing. The selling price for each seat is set at $34 and is not scheduled to be increased during the budget period (year). GelSoft's sales budget would be prepared by showing the sales units for each quarter multiplied by the budgeted sales price to get the sales in dollars.

Table 10.5.1 GelSoft's Sales Budget

	Q1	Q2	Q3	Q4	Total
Sales in units	40,000	42,000	44,100	46,305	172,405
Budgeted Price	$34	$34	$34	$34	
Sales	**$1,360,000**	**$1,428,000**	**$1,499,400**	**$1,574,370**	**$5,861,770**

To calculate the number of units for each quarter, we must add the increase in additional units to the current units. For example, Q2's units are equal to Q1 + an additional 5%.

To simplify we can add 5% to 1 to create the multiplier 1.05

Multiply the first quarter sales by 1.05: $40{,}000 \times 1.05 = 42{,}000$

Another way to do this is to take 5% of $40{,}000$, which is $2{,}000$, and add it to the base of $40{,}000$.

Continue to do this for each quarter, using the prior quarter as the base.

Table 10.5.2 GelSoft's Projected Sales for Each Quarter

Quarter	Projected Increase	Multiplier	Units (rounded)
Q1			40,000
Q2	5%	1.05	42,000
Q3	5%	1.05	44,100
Q4	5%	1.05	46,305
Total Projected Sales			**172,405**

Having accurate sales figures is the key to the entire budgeting process. If this budget is inaccurate, it rolls downhill and the rest of the budgets will be off as well. In big companies, there might be mathematical models and statistics involved in figuring out these numbers. Don't worry. We won't be doing that in this course, but knowing the importance of this information is the key.

This budget will affect the variable portions of the selling and administrative budgets and will also feed into the production budget. The production budget is needed to figure out direct materials, direct labour and manufacturing overhead budgets. Once these are all done, then comes the finished goods inventory budget.

Here is a short review of how to create a sales budget:

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=1814#oembed-1

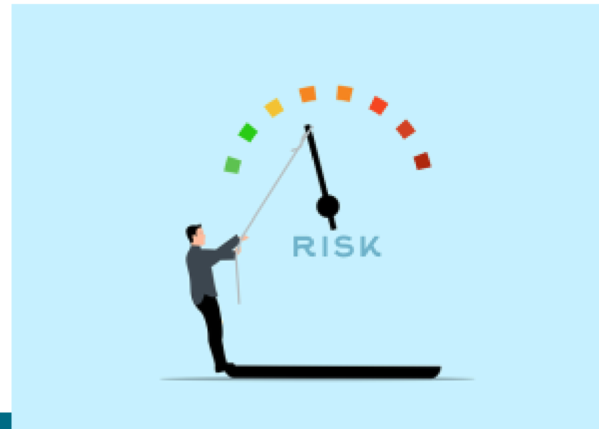
Video: "The Sales Budget" By Edspira [15:34] *Transcript Available*

10.6 FORECASTING ACCURACY

Risk, Uncertainty, and Accuracy

Risk and uncertainty are central to forecasting and prediction; it is generally considered good practice to indicate the degree of uncertainty attached to specific forecasts. In any case, the data must be up to date in order for the forecast to be as accurate as possible. In some cases, the data used to predict the variable of interest is itself forecasted (Wikipedia, 2019).

Accuracy is important when it comes to forecasts. If executives overestimate the demand for a product, the company could end up spending money on manufacturing, distribution, and servicing activities it won't need.



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Example: Data Impact

Data Impact, a software developer, recently overestimated the demand for one of its new products. Because the sales of the product didn't meet projections, Data Impact lacked the cash available to pay its vendors, utility providers, and others. Employees had to be terminated in many areas of the firm to trim costs.

Underestimating demand can be just as devastating. When a company introduces a new product, it launches marketing and sales campaigns to create demand for it. But if the company isn't ready to deliver the amount of the product the market demands, then other competitors can steal sales the firm might otherwise have captured. Sony's inability to deliver the e-Reader in sufficient numbers made Amazon's Kindle more readily accepted in the market; other features then gave the Kindle an advantage that Sony is finding difficult to overcome.

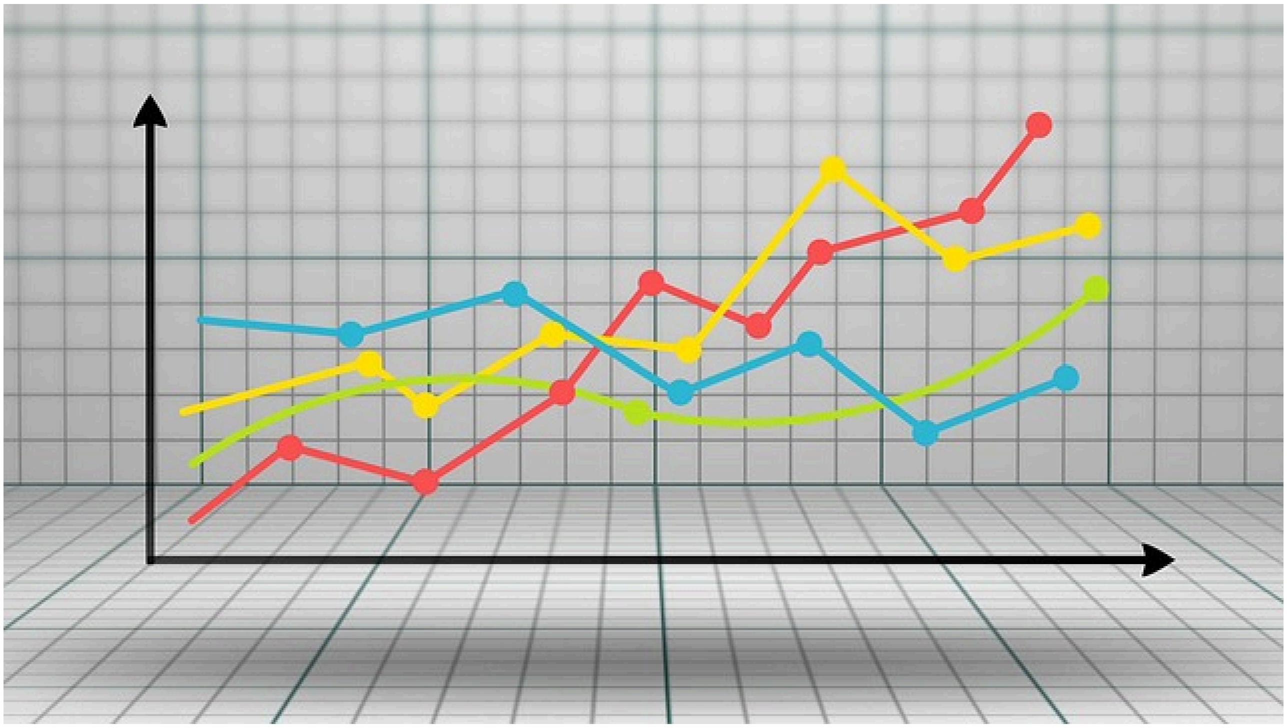
The firm has to do more than just forecast the company's sales. The process can be complex, because how much the company can sell will depend on many factors such as how much the product will cost, how competitors will react, and so forth. Each of these factors has to be taken into account in order to determine how much the company is likely to sell. As factors change, the forecast has to change as well. Thus, a sales forecast is actually a composite of a number of estimates and has to be dynamic as those other estimates change.

Market Potential and Sales Potential

A common first step is to determine **market potential**, or total industry-wide sales expected in a particular product category for the time period of interest. (The time period of interest might be the coming year, quarter, month, or some other time period.) Some marketing research companies, such as Nielsen, Gartner, and others, estimate the market potential for various products and then sell that research to companies that produce those products.

Once the firm has an idea of the market potential, the company's **sales potential** can be estimated. A firm's sales potential is the maximum total revenue it hopes to generate from a product or the number of units of it the company can hope to sell. The sales potential for the product is typically represented as a percentage of its market potential and equivalent to the company's estimated maximum market share for the time period. In your budget, you'll want to forecast the revenues earned from the product against the market potential, as well as against the product's costs.

10.7 SALES FORECAST METHODS



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There is no universal set of forecasting techniques that can be used for all types of businesses. Forecasting can fall into a fairly comprehensive range of techniques with respect to level of sophistication. Some forecasting can be done on an intuitive basis (e.g., back-of-the-envelope calculations); others can be done with standard computer programs (e.g., Excel) or programs that are specifically dedicated to forecasting in a variety of environments.

A brief review of basic forecasting techniques shows that they can be divided into two broad classes: **qualitative forecasting** methods and **quantitative forecasting** methods. Actually, these terms can be somewhat misleading because qualitative forecasting methods do not imply that no numbers will be involved. The two techniques are separated by the following concept: qualitative forecasting methods assume that one either does not have historical data or that one cannot rely on past historical data.

A start-up business has no past sales that can be used to project future sales. Likewise, if there is a significant change in the environment, one may feel uncomfortable using past data to project into the future. A restaurant operates in a small town that contains a large automobile factory. After the factory closes, the restaurant owner should anticipate that past sales will no longer be a useful guideline for projecting what sales might be in the next year or two because the owner has lost a number of customers who worked at the factory. Quantitative forecasting, on the other hand, consists of techniques and methods that assume you can use past data to make projections into the future.

You will find examples below of both qualitative forecasting methods and quantitative forecasting methods for sales forecasting. Each method is described, and their strengths and weaknesses are given.

Qualitative Forecasting Methods

Qualitative forecasting techniques are subjective, based on the opinion and judgment of consumers and experts; they are appropriate when past data are not available. They are usually applied to intermediate- or long-range decisions.

- Simple Extrapolation
- Sales Force
- Expert Opinion
- Delphi
- Historical Analogy
- Market Research

Simple Extrapolation

Simple extrapolation is an that approach uses some data and simply makes a projection based on these data. The data might indicate that a particular section of town has many people walk through the section each day. Knowing that number, a store might make a simple estimate of what sales might be.

- **Strength:** An extremely simple technique that requires only the most basic analytical capabilities.
- **Weakness:** Its success depends on the "correctness" of the assumptions and the ability to carry them over to reality. You might have the correct number of people passing your store, but that does not mean that they will buy anything.

Sales Force

In firms with dedicated **sales forces**, you would ask them to estimate what future sales might be. These values would be pieced together with a forecast for next year.

- **Strength:** The sales force should have the pulse of your customers and a solid idea of their intentions to buy. Its greatest strength is in the B2B environment.
- **Weakness:** Difficult to use in some business-to-customer (B2C) environments. Sales force members are compensated when they meet their quotas, but this might be an incentive to "low-ball" their estimates.

Expert Opinion

Similar to sales force approach, the **expert opinion** technique ask experts within the company to produce estimates of future sales. These experts may come from marketing, R&D, or top-level management.

- **Strength:** Coalescing sales forecasts of experts should lead to better forecasts.
- **Weakness:** Teams can produce biased estimates and can be influenced by particular members of the team (i.e., the CEO).

Delphi

In the **Delphi technique**, a panel of outside experts would be asked to estimate sales for a particular product or service. The results would be summarized in a report and given to the same panel of experts. They would then be asked to read their forecast. This might go through several iterations. Best used for entirely new product service categories. One has to be able to identify and recruit "experts" from outside the organization.

- **Strength:** Best used for entirely new product service categories.
- **Weakness:** One has to be able to identify and recruit "experts" from outside the organization.

Historical Analogy

With a **historical analogy**, one finds a similar product's or service's past sales (life cycle) and extrapolates to your product or service. A new start-up has developed an innovative home entertainment product, but nothing like it has been seen in the market. You might examine past sales of CD players to get a sense of what future sales of the new product might be like.

- **Strength:** One can acquire a sense of what factors might affect future sales. It is relatively easy and quick to develop.
- **Weakness:** One can select the wrong past industry to compare, and the future may not unfold in a similar manner.

Market Research

Market research is making use of questionnaires and surveys to evaluate customer attitudes toward a product or a service.

- **Strength:** One gains very useful insights into the stated desires and interests of consumers. Can be highly accurate in the short term.
- **Weakness:** Experienced individuals should do these. They can take time to conduct and are relatively expensive.

Quantitative Forecasting Methods

Quantitative forecasting models are used to forecast future data as a function of past data. They are appropriate to use when past numerical data is available and when it is reasonable to assume that some of the patterns in the data are expected to continue into the future. These methods are usually applied to short- or intermediate-range decisions.

- Trend Analysis
- Moving Average
- Seasonality Analysis
- Exponential Smoothing
- Causal models—regression analysis

Trend Analysis

A **trend analysis** is a technique that assumes that sales will follow some form of pattern. For example, sales are projected to increase at 15 percent a year for the next five years.

- **Strength:** Extremely simple to calculate.
- **Weakness:** Sales seldom follow the same growth rate over any length of time.

Moving Average

Moving average is a technique takes recent class data for N number of periods, adds them together, and divides by the number N to produce a forecast.

- **Strength:** Easy to calculate.
- **Weakness:** The basic use of this type of model fails to consider the existence of trends or seasonality in the data.

Seasonality Analysis

Many products and services do not have uniform sales throughout the year. They exhibit seasonality. **Seasonality analysis** attempts to identify the proportion of annual sales sold for any given time. The sales of swimming pool supplies in the Northeast, for example, would be much higher in the spring and summer than in the fall and winter.

- **Strength:** Many products and services have seasonal demand patterns. By considering such patterns, forecasts can be improved.
- **Weakness:** Requires several years of past data and careful analysis. Useful for quarterly or monthly forecasts.

Exponential Smoothing

Exponential smoothing is an analytical technique that attempts to correct forecasts by some proportion of the past forecast error.

- **Strength:** Incorporates and weighs most recent data. Attempts to factor in recent fluctuations.
- **Weakness:** Several types of this model exist, and users must be familiar with their strengths and weaknesses. Requires extensive data, computer software, and a degree of expertise to use and interpret results.

Causal models—regression analysis

Causal models, of which there are many, attempt to identify why sales are increasing or decreasing. **Regression** is a specific statistical technique that relates the value of the dependent variable to one or more independent variables. The dependent variable sales might be affected by price and advertising expenditures, which are independent variables.

- **Strength:** Can be used to forecast and examine the possible validity of relationships, such as the impact on sales by advertising or price.

- **Weakness:** Requires extensive data, computer software, and a high degree of expertise to use and interpret results.

Forecasting key items such as sales is crucial in developing a good business plan. However, forecasting is a very challenging activity. The further out the forecast, the less likely it will be accurate. Everyone recognizes this fact. Therefore, it is useful to draw on a variety of forecasting techniques to develop your final forecast for the business plan. To do that, you should have a fairly solid understanding of the strengths and weaknesses of the various approaches. There are many books, websites, and articles that could assist you in understanding these techniques and when they should or should not be used. In addition, one should be open to gathering additional information to assist in building a forecast. Some possible sources of such information would be associations, trade publications, and business groups. Regardless of what technique is used or the data source employed in building a forecast for business plan, one should be prepared to justify why you are employing these forecasting models.

Other Forecasting Resources

- The Balance Website provides three simplified approaches to sales forecasting.
- Time-critical decision making for business administration This site has an e-book format with several chapters devoted to analytical forecasting techniques.

10.8 KEY TAKEAWAYS AND TERMS

Key Takeaways

- The master budget is the over-arching budget for the entire organization. It includes both the operating and financial budget.
- Budgets are important in determining how much money a company can make, and how much they anticipate to spend. It is essential in planning.
- The budgeting process begins with an estimate of sales based on a forecast.
- The sales forecast can be determined from sales from previous years, industry trends, competitors activity, the economy, marketing efforts, and even the weather.
- The four budgeting methods are: historical method, affordable method, competitive parity, and task method.
- Budgeting is a quantified expectation for what a business wants to achieve, and a forecast is an estimate of what will be achieved.
- Accurate sales figures is the key to the entire budgeting process. Overestimates and underestimates can have dramatic impacts on the planning of the organization.
- Sales forecasting is divided into two broad categories: qualitative forecasting and quantitative forecasting.

Key Terms

Affordable method: an approach to budgeting based on what the business can afford – used often by small businesses

Causal models attempt to identify why sales are increasing or decreasing

Competitive parity: budgeting based on competitive data or industry data

Delphi technique: a panel of outside experts are asked to estimate sales for a particular product or service – the results are summarized in a report and given to the same panel of experts

Expert opinion technique ask experts within the company to produce estimates of future sales – these experts may come from marketing, R&D, or top-level management.

Exponential smoothing is an analytical technique that attempts to correct forecasts by some proportion of the past forecast error

Financial budget: shows an overall financial position by detailing the inflow and outflow of cash from a company

Forecasting is the process of making predictions of the future based on past and present data – most commonly by analysis of trends

Historical analogy: finding a similar product's or service's past sales (life cycle) and extrapolating to your product or service

Historical method: using a percentage of last year's sales to determine the sales budget

Market potential is the total industry-wide sales expected in a particular product category for the time period of interest.

Market research is making use of questionnaires and surveys to evaluate customer attitudes toward a product or a service

Master budget: the most important, over-arching budget for the entire organization – typically composed of two distinct parts: the operating budget and the financial budget

Moving average is a technique takes recent class data for N number of periods, adds them together, and divides by the number N to produce a forecast

Objective (Task) method: a more rational and ideal approach whereby marketing managers first determine what they want to accomplish (objectives) with their communication

Operating budget: shows the incoming-generating activities of an organization – this includes all costs and revenues associated with sales, production, inventory, overhead, etc.

Qualitative forecasting techniques are subjective, based on the opinion and judgment of consumers and experts; they are appropriate when past data are not available. They are usually applied to intermediate- or long-range decisions

Quantitative forecasting models are used to forecast future data as a function of past data. They are appropriate to use when past numerical data is available and when it is reasonable to assume that some of the patterns in the data are expected to continue into the future.

Regression is a specific statistical technique that relates the value of the dependent variable to one or more independent variables

Sales budget: involves estimating or forecasting how much demand exists for a company's goods or services and then determining if a realistic, attainable profit can be achieved based on this demand

Sales force: asking a firm to estimate what future sales might be – these values would be pieced together with a forecast for next year

Sales forecasting can involve either formal or informal techniques or a combination of both. Formal sales forecasting techniques often involve the use of statistical tools, while informal sales forecasting techniques are those such as judgment or intuition.

Sales potential the maximum total revenue it hopes to generate from a product or the number of units of it the company can hope to sell.

Seasonality analysis attempts to identify the proportion of annual sales sold for any given time

Simple extrapolation is an that approach uses some data and simply makes a projection based on these data

Trend analysis: a technique that assumes that sales will follow some form of pattern

10.9 TEST YOUR KNOWLEDGE

Test Your Knowledge

An interactive H5P element has been excluded from this version of the text. You can view it online here:
https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=1838#h5p-1

10.10 EXERCISES

Exercises (10.4)

1. Explain four different ways to set a product's promotion budget.
2. What is mobile marketing?

Exercises (10.6-10.7)

1. Which forecasting method would be most accurate for forecasting sales of hair-care products in the next year? How would your answer change if you were forecasting for the next month? For home appliances?
2. What is the role of expert opinion in all forecasts?
3. How can forecasting accuracy be improved?

10.11 CHAPTER REFERENCES

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CHAPTER 11: SALES ANALYTICS

Chapter Outline

11.0 LEARNING OUTCOMES

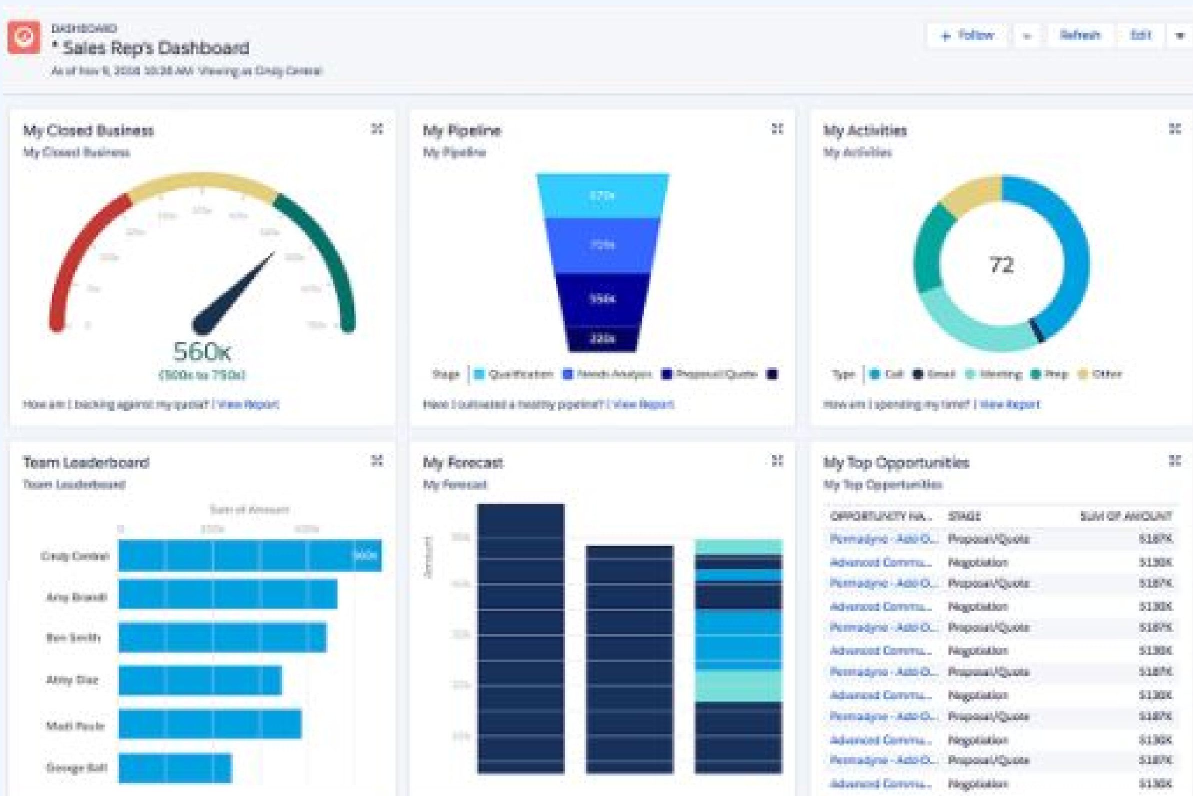
Learning Outcomes

- Define sales analytics.
- Discuss the different metrics that sales people and sales managers use.
- Outline the steps in conducting a sales analysis.
- Explain the different types of data analytics.
- Discuss the different types of dashboards and their purpose.
- List the five elements of a sales enablement strategy
- Define customer relationship marketing.
- Describe the importance of customer relationship marketing.

11.1 SALES ANALYTICS AND SALES METRICS

If your company reported its best-ever quarterly sales results, your first instinct would probably involve a good number of fist pumps. But then you'd pivot to an important question:

What happened to make the quarter so successful? The answer would be found in sales data analysis based on specific metrics. You'd take those key sales metrics, study them, and form actionable insights to steer future business decisions.



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What is Sales Analytics?

Sales analytics is the process of compiling and analyzing sales data in a way that compares sales expectations with actual sales results. For instance, you could compare the year's sales revenue with your company's historical sales data and look for upward or downward trends. Similarly, you could study your customers' average purchase value or your sales reps' lead conversion rates, and then compare actual results to expected performance. The goal is to leverage information about sales trends to craft a data-driven sales strategy. All members of a sales organization are stakeholders in the process and share the goal of increasing revenue. *Sales analytics help to gain important customer insight!*

Companies large and small use sales analytics tools to understand their businesses. Sales analytics allow you to analyze your customers' purchasing habits, your product performance, and your sales team's performance. Armed with sales analytics metrics, your company's sales reps, marketers, and product managers can strategize future initiatives and improve their overall sales and marketing efforts.

Many businesses have limited resources to pour into sales and marketing. By amassing sales analytics, you can maximize those resources. For instance, a sales analytics tool may scan your website traffic and reveal that your ecommerce store records most of its purchases from computers running Microsoft Windows during daytime business hours. This could lead you to conclude that a lot of people buy your products while they're at work. You could then orient your sales funnel to capture those profitable customers—perhaps by purchasing sponsored posts on a business-centric social network like LinkedIn or by pursuing cross-selling opportunities with a B2B vendor. If, at any point, you notice your product sales diminishing, you can also use analytics to change course and try something new.

Metrics Used by Salespeople

The key metric, or measure, salespeople are evaluated on are the revenues they generate. Sometimes the average revenue generated per customer and the average revenue generated per sales call are measured to determine if a salesperson is pursuing customers that are the most lucrative. How many prospects and suspects a salesperson has in the pipeline are two other measures. The more potential buyers there are in the pipeline, the more revenue a salesperson is likely to generate.

Conversion ratios are an extremely important metric. **Conversion ratios** measure how good a salesperson is at moving customers from one stage in the selling cycle to the next. For example, how many leads did the salesperson convert to suspects? A 10:1 ratio means it took ten leads for the salesperson to get one suspect who agreed to move to the next step. A salesperson with a 5:1 ratio only needs to pursue five leads to get a suspect. So, if the representative can make only ten sales calls in a day, then the salesperson with the 5:1 ratio will have produced two suspects versus just one suspect for the other salesperson. As a result, the second rep will have more suspects in the pipeline at the end of the day. Similarly, how many suspects did the salesperson convert to prospects and finally to customers? If all the other conversion ratios (suspect-to-prospect ratio and prospect-to-customer ratio) are the same for the two salespeople, then the rep with the 5:1 ratio will close twice as many sales as the one with a 10:1 ratio.

Salespeople can track their conversion ratios to identify which stages of the sales cycle they need to work on. For example, the sales representative with 10:1 ratio can study what the rep with the 5:1 ratio is doing in order to try to improve his efficiency and sales levels. His conversion ratios also tell him how many sales calls he has to make each day or week to generate a sale and how many calls must be made on leads, suspects, and prospects to convert them.

How many sales calls of each type a representative has to make in a certain period of time are activity goals. As Figure 11.1.1.1 "How Activities and Conversions Drive Sales" illustrates, activities and conversions drive sales. More calls translate into more conversions, and more conversions translate into more sales. You can think of it as sort of a domino effect.

Figure 11.1.1"How Activities and Conversions Drive Sales"

A **win-loss analysis** is an "after the battle" review of how well a salesperson performed given the opportunities she faced. Each sales opportunity after the customer has bought something (or decided to buy nothing) is examined to determine what went wrong and what went right. (Keep in mind that to some extent, all salespeople think back through their sales call to determine what they could have said or done differently and what they should say or do again in the future.) When several professionals are involved in the selling process, a win-loss analysis can be particularly effective because it helps the sales team work together more effectively in the future. Like a team watching a film after a football game, each member of the sales team can review the process for the purpose of improvement. When the results are fed to managers, the analysis can help a company develop better products. A marketing manager who listens carefully to what salespeople say during a win-loss analysis can develop better advertising and marketing campaigns. Communicating the same message to the entire market can help shorten the sales cycle for all a company's sales representatives.

Another important metric used by many salespeople is how much money they will make. Most salespeople are paid some form of incentive pay, such as a bonus or commission, which is determined by how much they sell. A bonus is paid at the end of a period of time based on the total amount sold, while a commission is typically thought of as a payment for each sale. A bonus plan can be based on how well the company, the individual salesperson, or the salesperson's team does. Some salespeople are paid only on the basis of commission, but most are paid a salary plus a commission or a bonus.

Commissions are more common when sales cycles are short and selling strategies tend to be more transactional than relationship oriented. Perhaps one exception is financial services. Many financial services salespeople are paid a commission but expected to also build a long-lasting relationship with clients. Some salespeople are paid only salary. As might be expected, these salespeople sell very expensive products that have a very long sales cycle. If they were only paid on commission, they would starve before the sale was made. They may get a bonus to provide some incentive, or if they receive a commission, it may be a small part of their overall compensation.

Metrics Used by Sales Managers

The sales manager is interested in all the same metrics as the salesperson, plus others. The metrics we discussed earlier can be used by the sales manager to evaluate salespeople, promote them, or pinpoint areas in which they need more training. Sales managers also use sales cycle metrics to make broader decisions. Perhaps everyone needs training in a particular stage of the sales process, or perhaps the leads generated by marketing are not effective, and new marketing ideas are warranted. Sales cycle metrics at the aggregate level can be very useful for making effective managerial decisions.

Sales managers also look at other measures such as **market share**, or how much of the market is buying from the firm versus its competitors; sales by product or by customer type; and sales per salesperson. Sales by product or by product line, especially viewed over time, can provide the sales executive with insight into whether a product should be divested or needs more investment. If the sales for the product line are declining but the product's market share is holding firm, then the entire market is shrinking. A shrinking market can mean the firm needs to look for new markets or develop new offerings.

Time is yet another element that sales managers look at. If the firm's sales are declining, is the company in a seasonal slump it will come out of, or does the firm have a serious, ongoing problem? Sales executives are also constantly concerned about what the firm's sales are doing relative to what was forecasted for them. Forecasts turn in to sales quotas, or minimum levels of sales performance for each salesperson. In addition, forecasts turn into orders for raw materials and component parts, inventory levels, and other expenditures of money. If the forecast is way off, then money is lost, either because the company ran out of products or because too much was spent to build up inventories that didn't sell.

Example: Sales Data Sales Managers Utilize

In the tables below, you can see a sample of data a sales manager may review. As you can see, most of the sales teams are performing near quota. But what about the Midwest? Selling 7 percent more is a good thing, but an astute manager would want to know why sales were short by over $200,000. Inventory can be balanced against the Southeast's shortfall, but that adds cost to ship from the plant to Atlanta, then to Chicago. Accurate forecasts would have put that product in the Midwest's Chicago warehouse to start with.

Example of the Sales Data Sales Managers Utilize

Table 11.1.1 Analysis by U.S. Region

Region	Quota ($)	Actual ($)	Difference ($)	Performance
Northeast	4,167,000	4,147,400	-19,600	99.5%
Southeast	3,588,250	3,425,100	-163,150	95%
Midwest	3,472,500	3,698,875	226,375	107%
Northwest	5,093,000	5,209,880	116,880	102%
Southwest	5,112,750	5,120,250	7,500	100%
Western	4,861,500	4,948,920	87,420	102%
Total	**26,295,000**	**26,550, 425**	**225,425**	**101%**

Table 11.1.2 Analysis by Salesperson (Southwest Region)

Salesperson	Quota ($)	Actual ($)	Difference ($)	Performance
Becky (Atlanta-South)	868,000	851,000	-17,000	98%
Juan (South Florida)	804,000	810,000	+6,000	101%
Jerry (Carolinas)	592,000	416,000	-176,000	70%
Mack (Alabama/Miss.)	370,000	372,000	+2,000	103%
Earl (Atlanta-North)	609,000	631,000	+22,000	104%
Dave (Tennessee)	345,000	345,000	0	100%
Total	**3,588,000**	**3,425,000**	**-163,000**	**95%**

Tables such as this provide information that managers use to evaluate sales performance against expected sales, or quota.

Similarly, a manager would be concerned about Jerry's lack of sales. That one salesperson accounts for the entire region's shortfall against quota. Was the shortfall due to Jerry's inability to sell, or did something happen in the territory? For example, if a hurricane came ashore in the Carolinas or if Jerry had a health problem arise, the manager's concern would be different than if Jerry lost a major account or had a history of failing to reach quota.

Sales executives don't just focus on sales, though. They also focus on costs. Why? Because many sales executives are held accountable not only for their firms' sales levels but also for profit levels. Money has to be spent to sell products, of course: If the firm spends too little, the sales force will be unable to perform effectively. If the budget to attend trade shows is cut, for example, the quantity and quality of leads salespeople get could fall—and so could their sales. But if the firm spends too much on trade shows, the cost per lead generated increases with no real improvement in the sales force's productivity. Perhaps the "additional" leads are duplicates or take too much time to follow up on.

Customer satisfaction is another important metric. Salespeople and their bosses want satisfied customers. Dissatisfied customers not only stop buying a company's products, they often tell their friends and family members about their bad purchasing experiences. Sometimes they go so far as to write blogs or bad product reviews on web sites such as Epinions.com. Some research studies have shown that average customer satisfaction scores are less important than the number of complaints a company gets. Perhaps it's because of the negative word-of-mouth that unhappy customers generate.

In addition to tracking complaints, companies measure customer satisfaction levels through surveys. An average score of 3 on a scale of 1 to 5 could mean two things. The score could mean that everyone is, on average, happy and therefore gave the company a rating of 3.0. Or the score could mean that half of the customers are wildly enthusiastic and gave the company a 5 while the other half was bitterly disappointed and rated the company a 1. If the latter is the case, then half of the company's customers are telling their friends about their negative experience and discouraging many others from buying. Sometimes companies hire firms like TeleSight, an organization capable of tracking satisfaction scores for an entire industry. Using a service like this, the sales executive can not only track the company's customer satisfaction scores but also see how they compare with the scores of the industry overall

11.2 SALES METRICS FOR ECOMMERCE

Eight Sales Metrics for eCommerce

There are eight key metrics for assisting in forecasting future sales.

1. Average order value
2. Customer lifetime value (CLV)
3. Sales growth
4. Product performance
5. Lead conversion rate
6. Sell-through rate
7. Sales funnel performance
8. Sales pipeline performance

1. Average order value

Average order value is a metric that reveals how much people are spending during a typical visit to your ecommerce store. You can find this total by dividing the total revenue generated by the total number of sales in a time period. When you do your sales forecasting, you can assume that future customers will spend about the same amount per purchase as your current customers. Average order value is particularly useful as a factor in calculating customer lifetime value.

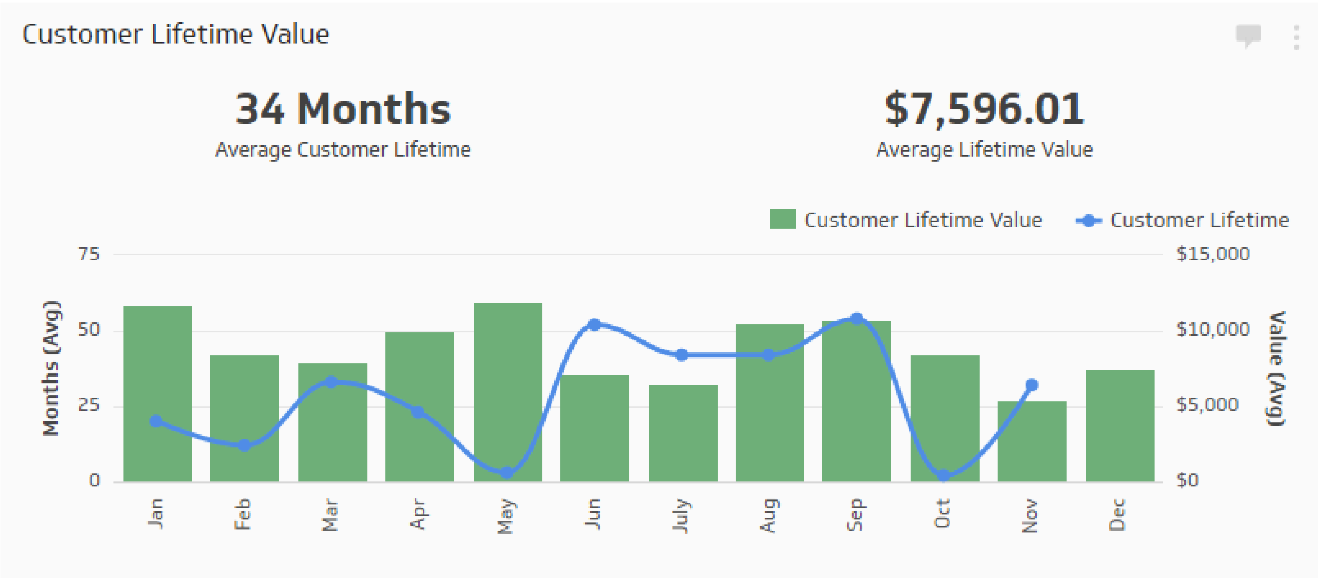
Mean	Median	Mode
$24	$15	$15

Total number of orders:	82
Total sales	$1,972

A histogram of order frequency, along with the mean, median, and mode calculated. Graph by Shopify Blog CC BY 4.0

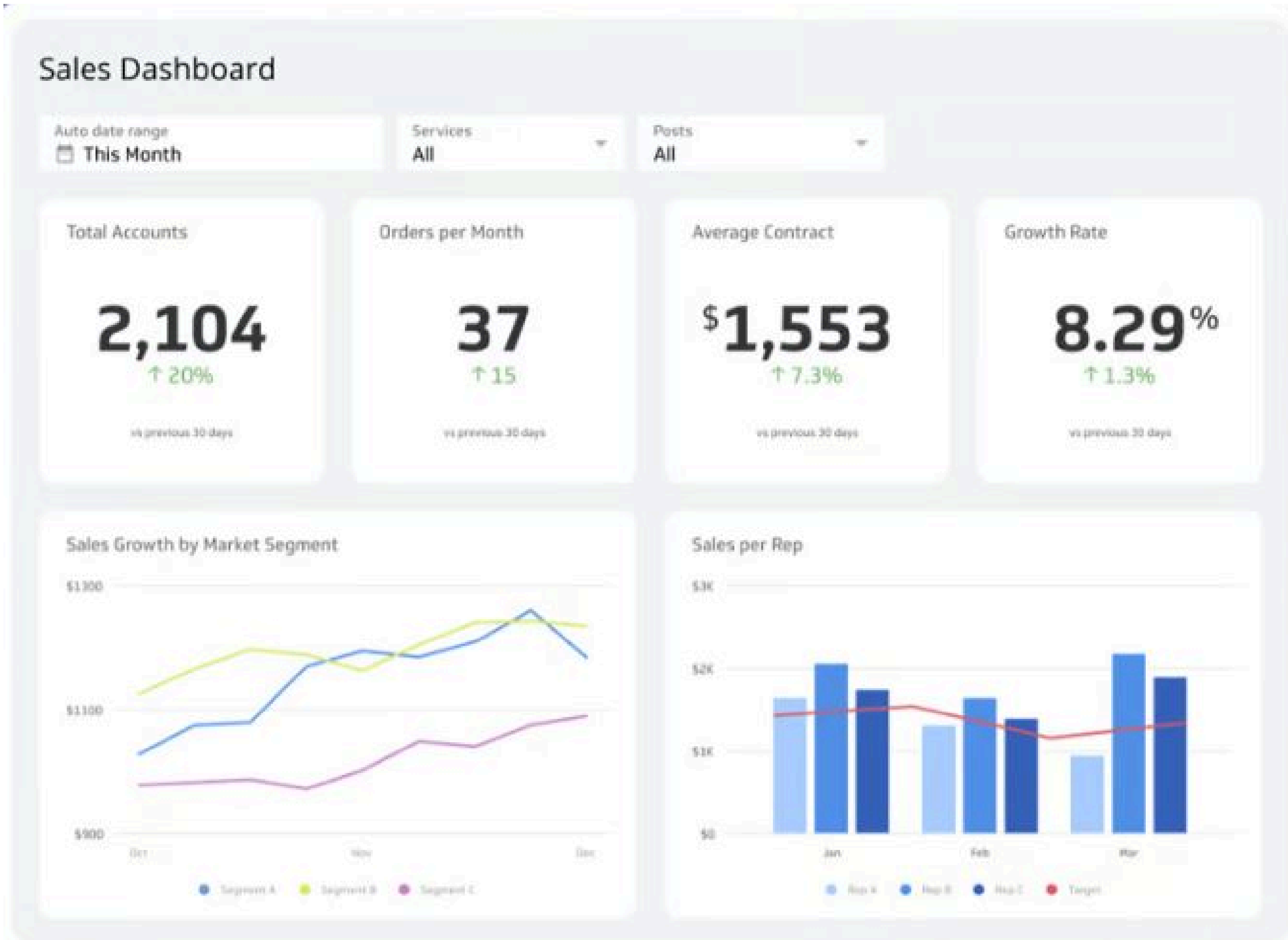
2. Customer lifetime value (CLV)

The **customer lifetime value (CLV)** metric represents your prediction for how much money a particular customer will spend with your business over their entire relationship with your company. You start by studying how much they've spent with you in prior sales cycles and then use predictive analytics to estimate how much they might spend in each future sales cycle.



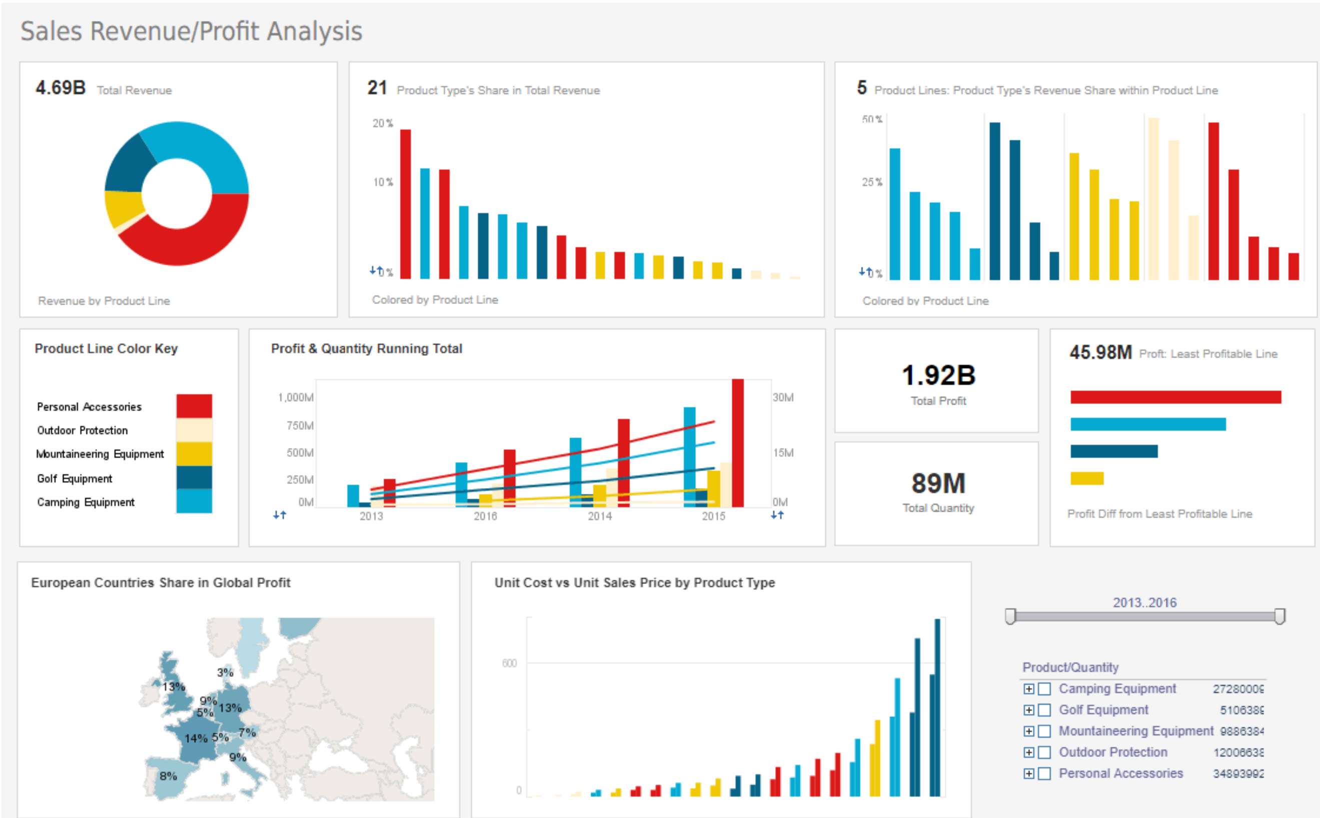
3. Sales growth

The **sales growth** metric looks at sales reports over a sustained period of time. It compares historical data with current sales performance to determine how much sales have grown or declined over time. You can promote sales growth by expanding your customer base and sales channels and by rolling out new products.



4. Product performance

The **product performance** metric breaks down sales by individual products. This is useful because the topline number on sales reports doesn't always paint a complete picture. Your company's revenue could be evenly divided among all the products it sells, or one product could be generating the majority of sales while the other SKUs lag behind. Knowing which products sell the best allows you to appropriately allocate marketing resources.



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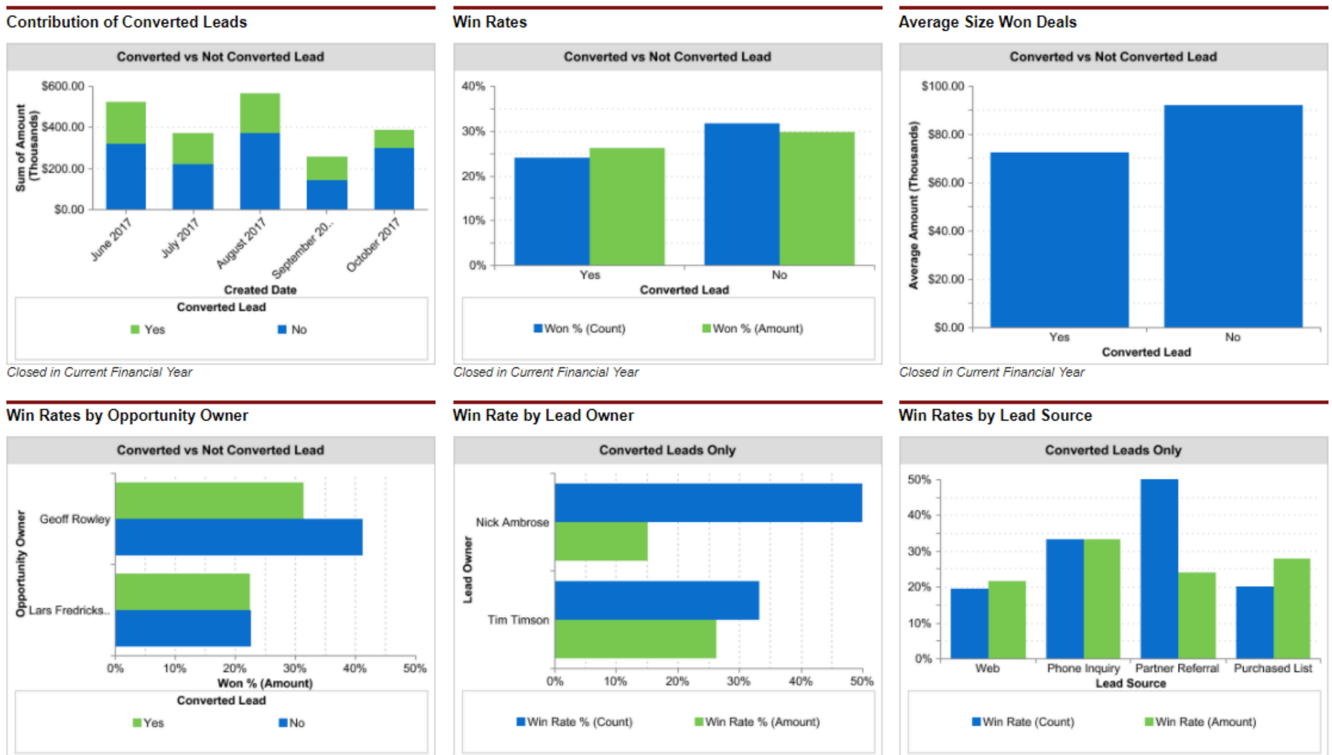
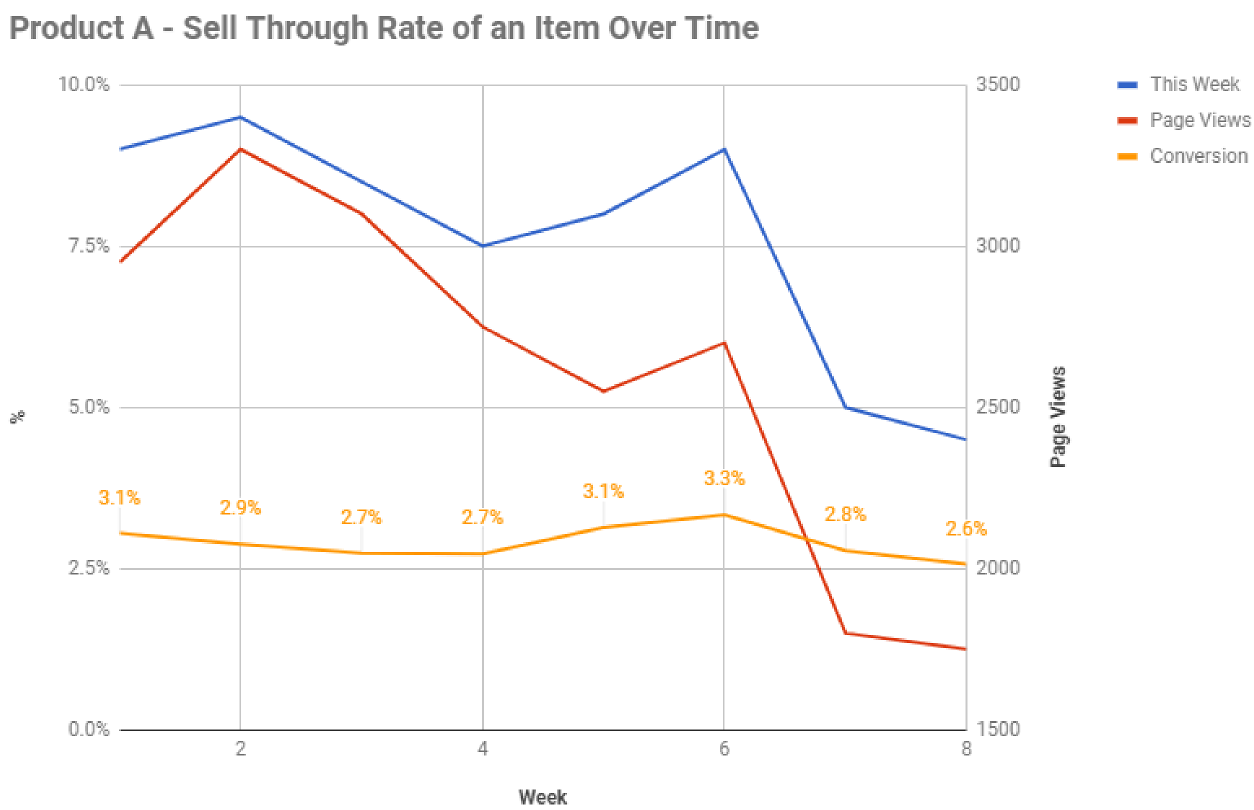
5. Lead conversion rate

A referral to your ecommerce store is known as a **lead**. A **lead conversion** is when that lead results in an actual sale. Your **lead conversion rate** may reveal information about the customer experience once a user is on your website or browsing your ecommerce store. You can determine whether you're converting enough leads, and, if you aim to improve, you can drill down on conversion rate optimization to get better results.



6. Sell-through rate

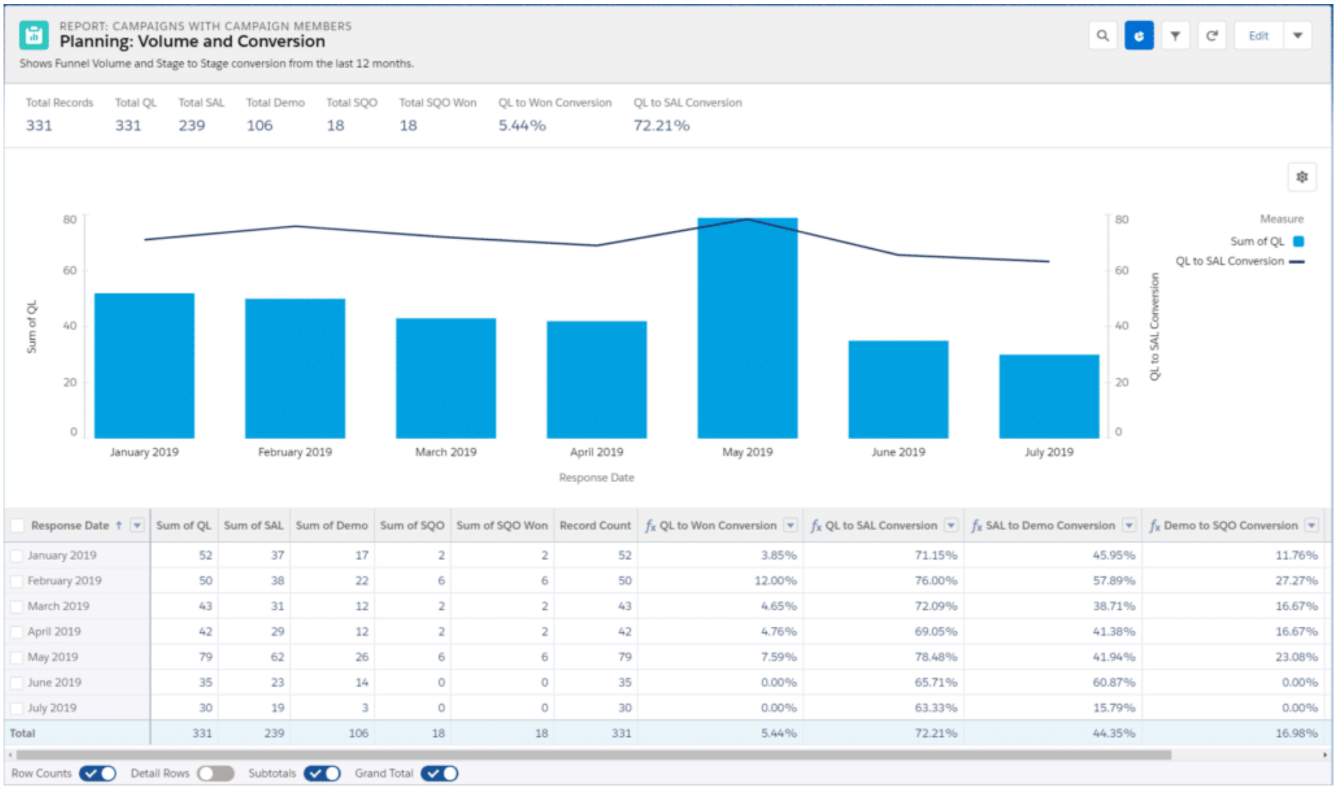
Your **sell-through rate** is the rate at which you can sell off your existing inventory. To find your quarterly sell-through rate, divide the amount of inventory you sold in a quarter by the amount of inventory you acquired during that quarter. If you added 1,000 pieces of inventory and sold 850 pieces, you have an 85% sell-through rate. If you added 1,000 pieces of inventory, but only sold 318, your sell-through rate is 31.8%. Your target sell-through rate depends on your industry, but a goal of 80% or higher is ideal.



[© e-Commerce Sell Through Rate Over Time by Santiago Oleas Coria Inc. All Rights Reserved.]

7. Sales funnel performance

Your company's sales funnel is the series of customer interactions that turn prospects into paying customers. The sales funnel begins the moment a prospective customer becomes aware of your brand, and it continues when they visit your site and eventually buy your products. **Sales funnel analytics** go beyond a customer's behaviour on your website. You'll have to study the success of ad campaigns and social media posts to find out what's feeding your sales funnel with the most valuable prospects. You can also use analytics to identify sales funnel leaks—instances where a potential client begins the customer journey, but doesn't complete a purchase.

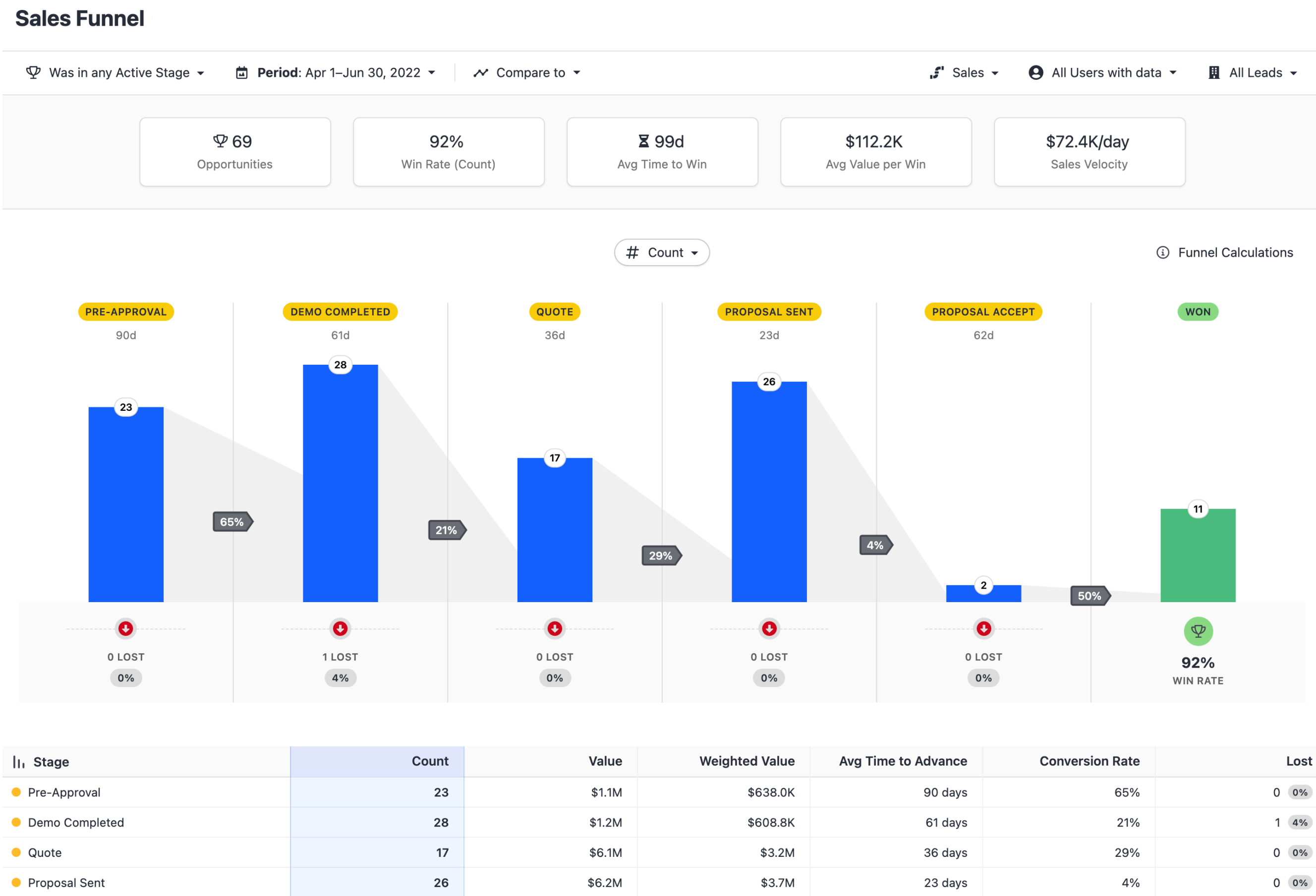


Response Date	Sum of QL	Sum of SAL	Sum of Demo	Sum of SQO	Sum of SQO Won	Record Count	QL to Won Conversion	QL to SAL Conversion	SAL to Demo Conversion	Demo to SQO Conversion
January 2019	52	37	17	2	2	52	3.85%	71.15%	45.95%	11.76%
February 2019	50	38	22	6	6	50	12.00%	76.00%	57.89%	27.27%
March 2019	43	31	12	2	2	43	4.65%	72.09%	38.71%	16.67%
April 2019	42	29	12	2	2	42	4.76%	69.05%	41.38%	16.67%
May 2019	79	62	26	6	6	79	7.59%	78.48%	41.94%	23.08%
June 2019	35	23	14	0	0	35	0.00%	65.71%	60.87%	0.00%
July 2019	30	19	3	0	0	30	0.00%	63.33%	15.79%	0.00%
Total	331	239	106	18	18	331	5.44%	72.21%	44.35%	16.98%

- An example of a Google Analytics Website Performance Metric

8. Sales pipeline performance

A sales pipeline is a means of organizing and studying potential customers as they move through your company's sales funnel. There are seven stages in a sales pipeline: prospecting, lead qualification, demonstration, proposal, negotiation and commitment, opportunity won, and post-purchase. Your **sales pipeline velocity** is the speed at which a prospect moves through your pipeline and becomes a paying customer. Use sales pipeline analysis to track the customer experience and generate sales forecasts and sales targets based on current conditions.



Stage	Count	Value	Weighted Value	Avg Time to Advance	Conversion Rate	Lost
Pre-Approval	23	$1.1M	$638.0K	90 days	65%	0 0%
Demo Completed	28	$1.2M	$608.8K	61 days	21%	1 4%
Quote	17	$6.1M	$3.2M	36 days	29%	0 0%
Proposal Sent	26	$6.2M	$3.7M	23 days	4%	0 0%

11.3 SALES DATA ANALYSIS

To conduct a sales analysis, a clear objective, collection tools, an analytical study, and the willingness to make changes is required. Here's the process, broken into four steps:

1. Determine a sales metric to analyze
2. Collect data using analytics tools
3. Analyze your results
4. Apply your findings to future initiatives

1. Determine a sales metric to analyze

Start the sales analytics process by picking a metric you want to study. This could be sales pipeline velocity or the performance of a sales channel. By focusing on a specific metric and not getting too broad, you improve your chances of achieving actionable insights. For instance, studying a specific Instagram ad campaign might give you more precise knowledge than bunching together all your social media campaigns from the past year.

2. Collect data using analytics tools

You can sort through customer data by using tools like Google Analytics, Shopify Analytics, Zoho Analytics, or Microsoft's Power BI. They can help you monitor site traffic, user behaviour on your site, and the overall sales funnel. These tools can also turn data into reports filled with charts and graphics, making it easy for your team to recognize trends in the data.

3. Analyze your results

Use your raw data to analyze your company performance and learn about how your customers interact with your website or ecommerce store. Analysis often works best when you're comparing two things, such as website traffic in two successive quarters or the total sales volume of two similarly priced products.

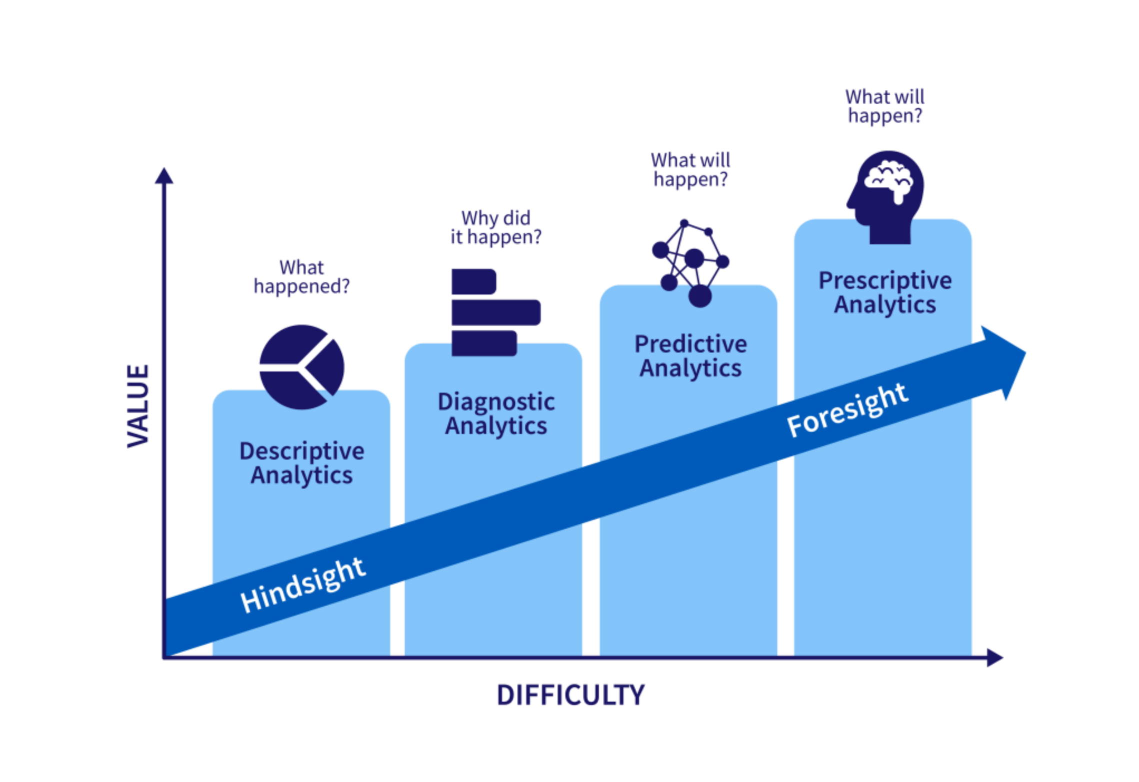
4. Apply your findings to future initiatives

You may find that you're pricing your products too high—or too low. You may find that customers tend to leave your site at a certain point in the sales funnel, which could indicate problems with the user experience (UX). The true value of sales analytics comes when you take action to address your findings, make changes, and then reassess your sales metrics over time.

11.4 TYPES OF ANALYTICS

Analytics is a very broad term, but no matter the type of data, or size of data you are using, generally all analytics can be categorized in four ways: describe, diagnose, predict, and prescribe. These four categories range from summarizing historical information to providing insight for the future by investigating the data and attempting to answer the following questions:

- **Descriptive Analytics:** What happened?
- **Diagnostic Analytics:** Why did it happen?
- **Predictive Analytics:** What might happen?
- **Prescriptive Analytics:** What to do next?



"Analytics" by Freddy Vale CC BY-NC-SA 4.0

Calculating some summary statistics such as mean, median, mode and standard deviation is an example of **descriptive analytics**.

Similarly matching, or creating a scatter plot diagram are examples of **diagnostic techniques** that can help identify outliers.

Predictive techniques involve using regression analysis and attempts to find similarities between historical data sets to be able to forecast into the future.

Lastly, **prescriptive** analytics involve using decision support systems, machine learning and artificial intelligence to analyze the information and recommend a course of action. Multiple predictions are generated and an optimized solution is recommended. For example, if you use a GPS on a long road trip, you may have experienced 'dynamic route updates', or the suggestion of new alternate routes that may be quicker due to slowing traffic or an accident.

11.5 DATA VISUALIZATION AND DASHBOARDS

Charts and Graphs by Wallusy, Pixabay License

Data visualization is the graphical representation of information and data. These graphical representations (such as charts, graphs, and maps) can quickly summarize data in a way that is more intuitive and can lead to new insights and understandings. Just as a picture of a landscape can convey much more than a paragraph of text attempting to describe it, graphical representation of data can quickly make meaning of large amounts of data. Many times, visualizing data is the first step towards a deeper analysis and understanding of the data collected by an organization. Examples of data visualization software include **Tableau** and **Google Data Studio.**

Dashboards

Dashboards are a type of data visualization that provide a heads-up display of critical indicators, letting managers get a graphical glance at key performance metrics. Some tools may allow data to be exported into spreadsheets. Even the lowly spreadsheet can be a powerful tool for modelling "what if" scenarios and creating additional reports. However, if data can be easily exported, then it can potentially leave the firm dangerously exposed, raising privacy, security, legal, and competitive concerns.

These dashboards help to study and simplify data from different databases, files and different web sources so you can monitor your business more effectively. It helps us to understand the old trends, data and also manage real-time information. These dashboards look similar to automobile dashboards, and just like you take a look "under the hood" to find a problem with cars, it is advisable to to look "under the hood" for problems the businesses may be facing. This will help the decision makers simplify the data analysis process and make better faster data-driven decisions.

Difference Between a Dashboard and a Report?

Dashboard and reports are similar as well as different. Both provide past data and bring different metrics together. However, reports are more like a snap-shot. They are static while dashboards are more live and interactive. The reports give information on areas of interest but dashboards keep an eye on these areas.

Importance of Dashboards

1. More value out of your Data: A properly designed dashboard is a fantastic tool to gather information and integrate cross-functional operations so as to better the core business metrics. Anyone on the team can use the dashboard and get meaningful insights so that the decisions are beneficial for the business.
2. Consolidate multiple data points: Dashboards bring the data from different metrics together on a single interface, so the reports can be compiled more easily, quickly and more meaningfully.
3. Align teams and departments: Dashboards provide a very clear and objective picture of what is currently happening and what is impacting the performance. They make the data very meaningful and understandable for all the teams to and departments, which would aid proper co-ordination between the overall organization.

Types of Dashboards

There are three types of dashboards: operational, strategic, and analytical. It becomes imperative for any business to understand which one is the right type.

- The **operational dashboards** give us a idea of what is happening now.
- The **strategic dashboards** keep an eye on the Key Performance Indicators (KPI).
- The **analytical dashboards** depend on data and help to identify the various trends.

Operational dashboards

Operational dashboards look into the current situation and answer: “What is happening now?” This dashboard will monitor real-time data against key metrics and KPIs. These can be used for your daily operations and contain contextual information, which facilitates the decision making process for any business.

Metrics you can track on an operational dashboard

- Website performance metrics like new users, bounce rates etc.
- Count of follower and activities like comments, likes etc. on social media channels.
- Return on ad spending to evaluate the digital advertising expenditure (Hayward, 2023).

Strategic Dashboards

Strategic dashboards are generally used by executives to keep and eye on the KPIs. These require less frequent updates of data as compared to the operational dashboard. These help the executives to summarize performance and keep and eye on the effectiveness of the work they do over a period of time (month, quarter, or year).

Metrics you can track on a strategic dashboard

- Monthly, quarterly, or yearly performance (fiscal or non-fiscal)
- Accounts and and new openings, growth rate.
- Earnings before interest, tax, depreciation, and amortization (EBIDTA) (Hayward, 2023).

Analytical Dashboards

Analytical dashboards generally analyze larger amounts of data. They are very helpful to understand and identify trends, insights and establish targets based on the information they unearth.

Metrics you can track on an analytical dashboard

- Annual contract value to understand what an average customer contract is worth
- Company spending habits (Hayward, 2023).

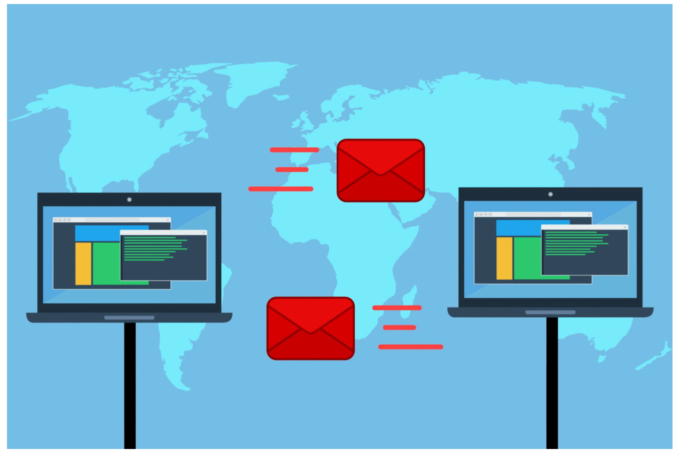
The following table will help you take a decision on which is the best dashboard for your business depending on the reporting requirements.

Table 11.5.1 Choosing the Right Dashboard Based on Business Reporting Requirements

What question are you looking to answer?	Best Fit: Operational	Best Fit: Strategic	Best Fit: Analytical
What problem are we trying to solve?	Increased data awareness and access to time-sensitive data	Line of sight into top-line organizational KPIs	Access to trends or deeper insights
Who will use the dashboards?	Managers and their teams	Directors and executives	Analysts and executives
What gaps exist in our performance?	Daily performance	Monthly, quarterly performance	Performance issues, weekly performance
What are our goals?	Increased employee awareness and tracking against goals	Setting strategic goals, achieving KPI targets	Setting analytics goals and increased visibility into key processes

Source: Hayward, 2023.

11.6 SALES ENABLEMENT



Graphic via pxfuel.com, CC0

As new-age technologies dominate the business landscape across industries, maintaining competitive agility is becoming an indispensable business need. The 'digital age' is triggering a disruption of traditional business operations and instituting new growth strategies and organizational processes. More companies are transforming the way they sell and are realizing the evolving consumption patterns for both B2C and B2B market segments. Emerging technologies such as artificial intelligence (AI), natural language processing, machine learning, virtual reality, and automation solutions such as chatbots are increasingly finding applications in sales.

However, as sales practices undergo this tech-upgrade, finding industry-ready talent is becoming more challenging, with a wide gap between the available and the required skill set. If teams cannot effectively use or interpret the new-age sales platforms, any investment in these technologies will be a waste. An estimate on the loss of productivity due to the absence of required attention to training and other learning initiatives globally amounts to nearly $7 trillion annually. Therefore, upskilling the workforce for efficient sales enablement is a necessity for organizations, and through regular training initiatives, they can ensure that their sales squad remains relevant. This will ensure that they are equipped to adapt to market upheavals and technological advancements.

Enabling the Salesperson of Tomorrow

Salespeople play a crucial role in driving the economy globally. In the evolving digital scenario, where tech-powered sales enablement strategies are redefining the seller's journey, they require familiarity with the latest tools for remaining relevant. **Sales enablement** is the iterative process of providing your business's sales team with the resources they need to close more deals (Hubspot, 2023). It is an approach your business takes to provide sales with the resources they need to effectively sell. With the ongoing adoption of leading-edge tools by almost every market player companies need to continuously update their salespeople about the advancements at each step of the journey, or they will be left behind.

Sellers are using intelligent database systems powered by AI for identifying new customers and deepening their market penetration. Advanced data analytics and predictive modelling are becoming the critical sources for prioritizing probable buyers. Similarly, businesses are migrating towards smart CRM tools and marketing process automation for quicker prospect outreach and better-qualified leads. Contrary to the widespread assumption of automation taking away jobs, data-driven, automated processes are making quicker sales; thereby, enabling the salesperson to optimize time as well as prioritize work effectively. Therefore, familiarizing employees with digital tools and coaching them with the right knowledge is necessary for an organization's sales units to make themselves future-ready.

Training

While training holds the key to future-ready sales employees, it is crucial to choose the right training design and program. **IDEA**

(Induct, Develop, Enable, and Assess) is an approach that encompasses the entire training process. It begins with the 'induct' phase that involves an overview analysis of business functions to be trained and identification of skill gaps and other factors such as location, medium, duration, and accessibility. The information so obtained can go into the next phase, i.e., 'develop' to establish the appropriate training structure and aligning it with critical organizational objectives.

The 'enable' phase facilitates activities as per the design of training delivery. And lastly, the 'assess' phase offers a thorough evaluation of the training program to determine top learning and make any improvements required. Given its application, it can safely be considered a virtuous cycle aimed towards sustaining workforce development in the face of technology disruption, diversity of the company's operations, or even manpower churn.

Besides a well-developed strategy, it is essential to realize that the main objective of training should not be to merely conduct an upskilling session for employees. The focus should instead be on establishing a sustainable practice that continuously shifts along with the changing requirements and the latest market trends. Furthermore, apart from equipping them with the know-how of the latest sales tools, these programs should hone the analytical abilities of the learners to leverage data-driven reports and draw actionable insights.

In the technology-driven age and amidst automated customer interaction platforms, training programs must not only realize the relevance of the 'human voice' but also coach salespeople to develop their soft skills and have more personal customer conversations. In fact, while about 65 percent of employees admit the positive influence of quality training programs on their engagements, companies are found to achieve 73 percent quota attainment through consistent coaching practices, according to CSO Insights. These efforts can help organizations build the qualities of multitasking, dynamism, and the culture of staying relevant in their sales brigade.

Education

To solve the conundrum faced due to unprecedented market changes, the education system will need to be updated to account for the varying skill requirements and upcoming trends. Establishing a flexible and innovative curriculum in academic institutes and conjoining them with vocational courses and R&D centres targeted at training the workforce to be 'industry-ready' will also be imperative to generate future-ready salespeople.

With the coming together of government functionaries, industry experts, and leading researchers around the globe, it is possible to identify and frame solutions for most prominent learning needs of people, hence adapting future sales teams to technologies that will likely emerge. Such integrated efforts will not just develop teams that can deliver results even in the fast-paced and constantly evolving sales environment, but also seed a growth mindset for constant upskilling and reskilling of salespeople to keep them geared for tomorrow.

Thus, training the sales team and equipping them with the skills needed to thrive in the future is imperative to achieving sustained success. Organizations must prioritize the need to upskill their workforce and incentivize learning to ensure that the learning journeys are engaging, fun and challenging.

Five Important Elements of a Sales Enablement Strategy

1. Create Content to Support Sales Engagement

Unfortunately, you're likely not the only company in the world that offers a solution like yours. Depending on your niche, there could be dozens – or even hundreds – of other brands targeting the same audience with a solution that's at least somewhat similar.

That leaves you with two options:

1. Force your sales team to explain all the overlapping features and key differences between you and your competitors every time

they speak to a prospect.

2. Create content assets that do all the heavy lifting for them.

Sales Enablement: Three Popular and Effective Formats

Sales enablement content can take many different forms, but here are three of the most popular and effective formats:

Case Studies

Naturally, your prospects want to understand if your solution is a good fit for them—if it does all the things they need it to and has a track record of delivering results for similar businesses. Case studies will help you to set their minds at ease. This type of content should set out the specific problems facing a client, then explain exactly how your product helped them, plus the specific results they achieved after teaming up with you.

Comparison Pages

Once they've progressed beyond the awareness stage of the sales funnel, your prospect will have a clear idea of the solution they need. Now, they're going to compile a shortlist of solutions that fit the mould and compare them to one another.

Explainers

An explainer could be anything from a sales proposal, to a webinar, to an ebook. The format itself isn't the most important thing—what matters is that it helps your prospects answer a question or resolve a problem they're facing.

If you can do that effectively while positioning your brand and product within the narrative, all the better.

2. Invest in Sales Training

Sales training and sales enablement are often referred to in the same sentence (like this one), but they aren't synonymous.

Sales Training is an important piece in the enablement puzzle, alongside coaching and content creation. In other words, you can't do sales enablement well without a quality training program in place.

The first step in levelling up your sales training is to assess your existing training materials.

Assess Your Existing Training Materials

At this point, you need to understand three things:

1. Are your training materials consistent? Do they offer conflicting advice or recommend different processes? For your training to be effective, it's important that all your collateral is on message.
2. Are they relevant to your team's skill profile? If your team is predominantly made up of inexperienced, entry-level reps, don't expect them to benefit from sales materials aimed at senior sales management who've been on the job for years.
3. Are they broad enough in scope? By which I mean, does your existing training content address all the challenges your sales team faces? Or are there key issues that aren't covered by your current curriculum?

Having carried out your review, you should have a clear picture of what – if any – new sales training content you need to develop. Does your team consistently struggle with sales prospecting or sales closing techniques? If so, it's time to create some new resources.

One final point on this: don't forget to ask your salespeople if there are new areas or topics they'd like to see covered within your training program.

3. Build an Effective Sales Tech Stack

Between 2017 and 2019, the adoption of sales enablement technology increased by 567%. It's likely risen even higher since then because having the right tech in place is absolutely crucial to getting sales enablement right.

Broadly speaking, sales enablement technology falls into one (or more) of the following categories:

- Coaching
- Customer relationship management
- Learning management systems
- Learning reinforcement
- Sales asset management
- Sales engagement
- Sales productivity
- Sales readiness
- Miscellaneous

However, getting your sales enablement tech stack right isn't just about finding products that cover each of those categories. Some may not be immediately relevant to your needs; others may need more than one type of tool to fulfill your requirements.

Before committing to any purchases, be sure to complete these three steps:

1. Identify any gaps in your current stack

2. Separate essentials from "nice to haves"
3. Shortlist and compare all your options

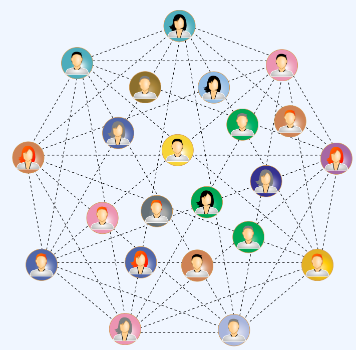
4. Adopt a Cross-Functional Approach

Sales enablement isn't just the responsibility of the sales leader.

After all, everyone in your company has a vested interest in your team achieving its goals. If the productivity level is not right and doesn't hit your revenue targets, they won't be able to hire new staff, invest in new tools, or hand out pay rises to top performers.

As such, you should identify instances when you'll need support from other departments to deliver effective sales enablement. For instance:

- Need to improve your onboarding process? Speak to HR.
- Got questions about some of the complex terminology in your contracts? Your legal team can help.
- Receiving a lot of negative customer feedback on one specific part of your solution? Speak to your product development team.



Graphic via Openclipart, CC0

It's your job as a sales leader to ensure your team can quickly and efficiently find the answers and information they need from people in different areas of the business.

5. Document Your Sales Enablement Plan

The final step in building or revamping your sales enablement plan is to write it down. This might seem unimportant, but a documented plan has numerous benefits, including:

- Transparency: Sales reps know what's covered by the sales enablement plan, while other stakeholders across the business understand the part they need to play.
- Clarity: By spelling out everyone's responsibilities, processes can be defined to ensure all elements of the plan can be delivered effectively.
- Consistency: Your sales engagement plan should apply to every rep within your organization, from their first day in the job, to the coaching and training they receive along the way. As such, it's crucial that everyone receives a consistent standard of support.

Lessons

When the goals of your sales enablement plan have been defined, and all responsibilities have been outlined and written down, everyone involved in the process should be completely clear on the role they need to play to help your organization achieve its sales goals.

11.7 CUSTOMER RELATIONSHIP MARKETING

Customer Relationship Marketing (CRM) is a philosophy and a business strategy, supported by a technology platform, business rules, workflow, processes and social characteristics, designed to engage the customer in a collaborative conversation in order to provide mutually beneficial value in a trusted and transparent business environment (Greenberg, 2009).

Photo by Ben Kolde, Unsplash License.

Customer relationship management (CRM) strategies have become increasingly important worldwide due to changes in expectations from customers as well as changes in the nature of markets. Readers can see through measurable examples how the theory is applied with great success by various real-life examples.

In today's rapidly changing business environment, the way companies interact with their customers has become increasingly important. In this book, we will explore the various aspects of CRM in depth, including the importance of customer centricity, strategies for acquisition and retention, the role of omni-channel marketing, and the pillars that define what CRM is. We will also discuss the leadership and organizational structure required for CRM success, and the future of CRM in business strategy.

So What Is CRM?

Customer relationship management (CRM) is a (strategy that combines) people, processes and technology that seeks to understand a company's customers. It is an integrated approach to managing relationships by focusing on customer retention and relationship development.

CRM has evolved from advances in information technology and organizational changes in customer-centric processes. Companies that successfully implement CRM will reap the rewards in customer loyalty and long run profitability. However, successful implementation is elusive to many companies, mostly because they do not understand that CRM requires company-wide, cross-functional, customer-focused business process re-engineering.

Although a large portion of CRM is technology, viewing CRM as a technology-only solution is likely to fail. Managing a successful CRM implementation requires an integrated and balanced approach to technology, process, and people (Injazz et al, 2003).

11.8 IMPORTANCE OF CRM

The business environment today is highly competitive, and companies are constantly looking for ways to differentiate themselves from their competitors. CRM is a powerful tool that can help companies achieve this differentiation. By building strong relationships with customers, companies can create a competitive advantage that is difficult for competitors to replicate.

Additionally, the rise of digital technologies has made it easier for customers to access information about products and services and to interact with companies. This has led to an increase in customer expectations, and companies must now work harder to meet these expectations. CRM can help companies understand their customers' needs and preferences and provide personalized experiences that meet or exceed these expectations.

Photo by Brooke Cagle, Unsplash License.

Let's Explore

The pillars of CRM that have been defined from different perspectives (Zablah et al., 2004):

1. as a process,
2. as a strategy,
3. as a philosophy,
4. as a capability,
5. and/or as a technological tool.

Table 11.8.1 below provides a description and representative conceptualization of each of the five major perspectives on CRM. Moreover, the table outlines implications for CRM success (i.e., a firm's ability to build profitable customer relationships) that become particularly salient when CRM is defined in terms of one of the individual perspectives (Catalán-Matamoros, 2012). These pillars help build strong relationships with customers and companies.

Table 11.9.1: Dominant Perspectives on CRM

Perspective	Description	Implications for CRM success	Representative conceptualization
Strategy	A customer's lifetime value determines the amount and kinds of resources that a firm invests in a particular relationship.	CRM success requires that firms continually assess and prioritize customer relationships based on their relative lifetime profitability.	[CRM enables companies to] invest in the customers that are (potentially) valuable for the company, but also minimize their investments in nonvaluable customers
Philosophy	Customer retention (and hence profitability) is best achieved through a focus on relationship building and maintenance.	CRM success requires that firms be customer-centric and driven by an understanding of customers' changing needs.	CRM is not a discrete project - it is a business philosophy aimed at achieving customer centricity for the company
Technology	Knowledge and interaction management technologies represent the key resources firms need to build long-term, profitable customer relationships.	CRM success is primarily driven by the functionality and user acceptance of the technology firms implement in an attempt to build customer knowledge and manage interactions.	CRM is the technology used to blend sales, marketing, and service information systems to build partnerships with customers.
Capability	Long-term, profitable relationships result only when firms are able to continuously adapt their behaviour towards individual customers.	CRM success is contingent upon a firm's possession of a set of tangible and intangible resources that afford it the flexibility to change its behaviour towards individual customers on an ongoing basis.	[CRM] means being willing and able to change your behavior toward an individual customer based on what the customer tells you and what else you know about that customer.
Process	Buyer and seller relationships develop over time and must evolve to perdure.	CRM success is contingent upon a firm's ability to detect and respond to evolving customer needs and preferences.	[CRM is concerned with] the creation and leveraging of linkages and relationships with external marketplace entities, especially channels and end users.

Source: Zablah et al., 2004. Reproduced in *Advances in Customer Relationship Management* (2012).

11.9 KEY TAKEAWAYS & TERMS

Key Takeaways

- Sales executives track the same metrics as individual salespeople but at the aggregate level.
- Sales executives also look at their firm's sales relative to their forecasts in order to spot possible trends. A firm's sales trends affect many of the other decisions the company's executives have to make, including manufacturing and output decisions.
- Sales managers also have to manage their company's selling costs. Sales managers are often responsible for a firm's sales and its profit levels.

Key Terms

Average order value is a metric that reveals how much people are spending during a typical visit to your ecommerce store. You can find this total by dividing the total revenue generated by the total number of sales in a time period.

Analytical dashboards generally analyze larger amounts of data – they are very helpful to understand and identify trends, insights and establish targets based on the information they unearth

Conversion ratios measure how good a salesperson is at moving customers from one stage in the selling cycle to the next.

CRM Process refers to the systematic approach a company takes to managing and nurturing customer relationships

CRM Strategy allows companies to focus on building long-term relationships with customers through a customer-centric approach

CRM Technology: CRM systems and tools provide the infrastructure to support and automate the CRM process

Customer lifetime value (CLV): metric that represents your prediction for how much money a particular customer will spend with your business over their entire relationship with your company

Customer Relationship Marketing (CRM) is a (strategy that combines) people, processes and technology that seeks to understand a company's customers; it is an integrated approach to managing relationships by focusing on customer retention and relationship development

Dashboards are a type of data visualization that provide a heads-up display of critical indicators, letting managers get a graphical glance at key performance metrics

Data visualization is the graphical representation of information and data

Descriptive analytics: calculating some summary statistics such as mean, median, mode and standard deviation

Diagnostic analytics: techniques that can help identify outliers through methods like matching or creating a scatter plot diagram

IDEA (Induct, Develop, Enable, and Assess) is an approach that encompasses the entire training process

KPI: Key Performance Indicators

Lead: a referral to your ecommerce store

Lead conversion is when a lead results in an actual sale.

Lead conversion rate: metric that may help reveal information about the customer experience once a user is on your website or browsing your ecommerce store.

Market share is how much of the market is buying from the firm versus its competitors; sales by product or by customer type; and sales per salesperson.

Operational dashboards look into the current situation and answer: "What is happening now?" This dashboard will monitor real-time data against key metrics and KPIs

Predictive analytics: techniques that involve using regression analysis and attempts to find similarities between historical data sets to be able to forecast into the future

Prescriptive analytics involve using decision support systems, machine learning and artificial intelligence to analyze the information and recommend a course of action

Product performance: metric that breaks down sales by individual products

Sales analytics is the process of compiling and analyzing sales data in a way that compares sales expectations with actual sales results.

Sales enablement is the iterative process of providing your business's sales team with the resources they need to close more deals

Sales funnel analytics: studying the success of ad campaigns and social media posts to find out what's feeding your sales funnel with the most valuable prospects. You can also use analytics to identify sales funnel leaks—instances where a potential client begins the customer journey, but doesn't complete a purchase.

Sales growth: a metric that looks at sales reports over a sustained period of time. It compares historical data with current sales performance to determine how much sales have grown or declined over time.

Sales pipeline performance: a metric used to track the customer experience and generate sales forecasts and sales targets based on current conditions.

Sales pipeline velocity is the speed at which a prospect moves through your pipeline and becomes a paying customer

Sell-through rate: the rate at which you can sell off your existing inventory

Strategic dashboards are generally used by executives to keep and eye on the KPIs – these require less frequent updates of data as compared to the operational dashboard and help the executives to summarize performance and keep and eye on the effectiveness of the work they do over a period of time (month, quarter or year)

Win-loss analysis is an “after the battle” review of how well a salesperson performed given the opportunities she faced

11.10 EXERCISES (TEST YOUR KNOWLEDGE)

Exercises (11.1)

1. How might the sales cycle vary across the types of sales positions? How do salespeople use the sales cycle to manage their performance?
2. What is the relationship between conversion ratios and activity goals? How do salespeople use this information? How do sales executives use the information?
3. What metrics do sales executives use that salespeople are less concerned with?

Exercises (11.4)

An interactive H5P element has been excluded from this version of the text. You can view it online here:
https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=2557#h5p-10

11.11 CHAPTER REFERENCES

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CHAPTER 12: CHANNEL SALES PARTNERS

Chapter Outline

12.0 LEARNING OUTCOMES

Learning Outcomes

- Explain why marketing channel decisions can result in the success or failure of products.
- Describe the basic types of channels in business-to-consumer (B2C) and business-to-business (B2B) markets.
- Explain the advantages and challenges companies face when using multiple channels and alternate channels.
- Discuss how third party sales are different than direct sales.
- Describe the factors that affect a firm's channel decisions.
- Outline the five steps in the channel management process.
- Describe the types of conflicts that can occur in marketing channels.
- Describe the ways in which channel members achieve cooperation with one another.

12.1 MARKETING CHANNELS AND CHANNEL PARTNERS

Image by Gerd Altmann, Pixabay License

Today, marketing channel decisions are as important as the decisions companies make about the features and prices of products (Littleson, 2007). Consumers have become more demanding. They are used to getting what they want. If you can't get your product to them when, where, and how they want it, they will simply buy a competing product. In other words, *how* companies sell has become as important as *what* they sell.

The firms a company partners with to actively promote and sell a product as it travels through its marketing channel to users are referred to by the firm as its **channel members** (or partners). Companies strive to choose not only the best marketing channels but also the best channel partners. A strong channel partner like Walmart can promote and sell the heck out of a product that might not otherwise turn a profit for its producer. In turn, Walmart wants to work with strong channel partners it can depend on to continuously provide it with great products that fly off the shelves. By contrast, a weak channel partner can be a liability.

The simplest marketing channel consists of just two parties—a producer and a consumer. Your haircut is a good example. When you get a haircut, it travels straight from your hairdresser to you. No one else owns, handles, or remarkets the haircut to you before you get it. However, many other products and services pass through multiple organizations before they get to you. These organizations are called intermediaries (or *middlemen* or *resellers*).

Companies partner with intermediaries not because they necessarily want to (ideally they could sell their products straight to users) but because the intermediaries can help them sell the products better than they could working alone. In other words, they have some sort of capabilities the producer needs: contact with many customers or the right customers, marketing expertise, shipping and handling capabilities, and the ability to lend the producer credit are among the types of help a firm can get by utilizing a channel partner. There are four forms of utility, or value, that channels offer. These are time, form, place, and ownership.

Intermediaries also create efficiencies by streamlining the number of transactions an organization must make, each of which takes time and costs money to conduct. As Figure 12.1.1 "Using Intermediaries to Streamline the Number of Transactions" shows, by selling the tractors it makes through local farm machinery dealers, the farm machinery manufacturer John Deere can streamline the number of transactions it makes from eight to just two.

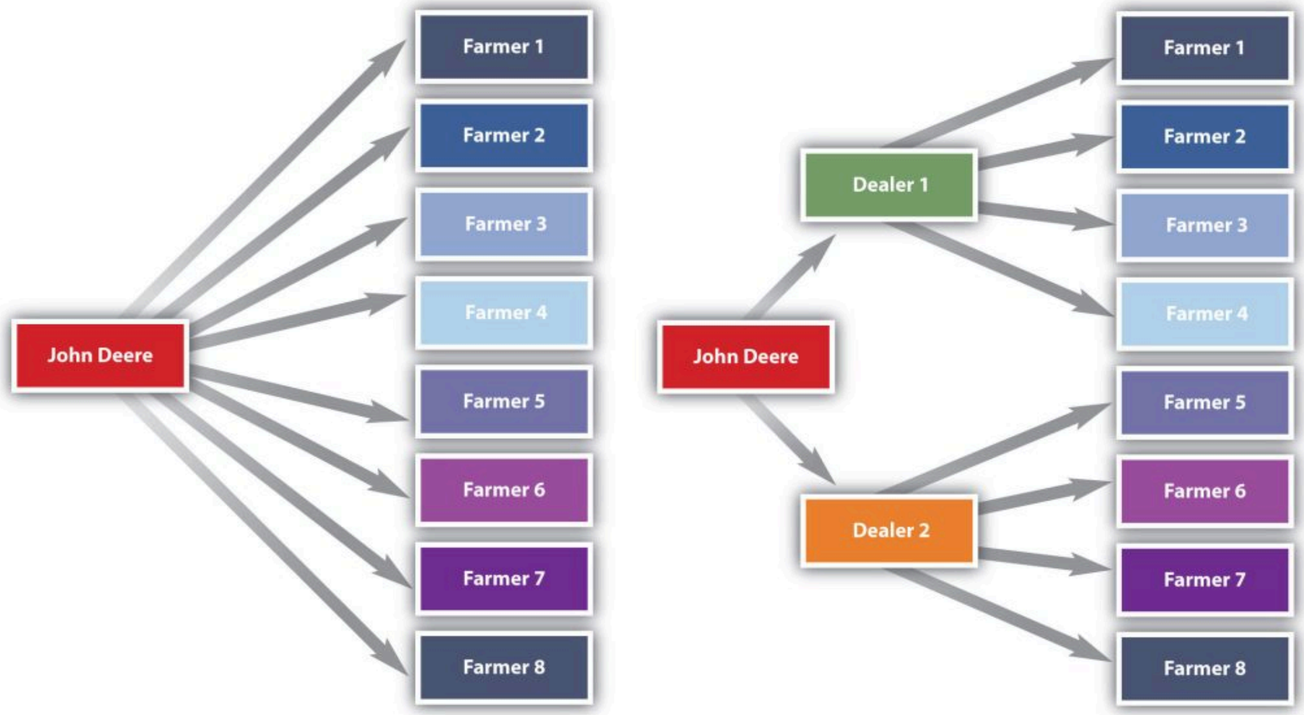

Figure 12.1.1: Using Intermediaries to Streamline the Number of Transactions

The marketing environment is always changing, so what was a great channel or channel partner yesterday might not be a great channel partner today. Changes in technology, production techniques, and your customer's needs mean you have to continually reevaluate your marketing channels and the channel partners you ally yourself with. Moreover, when you create a new product, you can't assume the channels that were used in the past are the best ones (Lancaster & Withey, 2007, p. 173). A different channel or channel partner might be better.

Marketing Channels versus Supply Chains

In the past few decades, organizations have begun taking a more holistic look at their marketing channels. Instead of looking at only the firms that sell and promote their products, they have begun looking at *all* the organizations that figure into any part of the process of producing, promoting, and delivering an offering to its user. All these organizations are considered part of the offering's **supply chain**.

For instance, the supply chain includes producers of the raw materials that go into a product. If it's a food product, the supply chain extends back through the distributors all the way to the farmers who grew the ingredients and the companies from which the farmers purchased the seeds, fertilizer, or animals. A product's supply chain also includes transportation companies such as railroads that help physically move the product and companies that build web sites for other companies. If a software maker hires a company in India to help it write a computer program, the Indian company is part of the partner's supply chain. These types of firms aren't considered channel partners because it's not their job to actively sell the products being produced. Nonetheless, they all contribute to a product's success or failure.

Firms are constantly monitoring their supply chains and tinkering with them so they're as efficient as possible. This process is called **supply chain management**. Supply chain management is challenging. If done well, it's practically an art.

Types of Channel Partners

Let's now look at the basic types of channel partners. To help you understand the various types of channel partners, we will go over the most common types of intermediaries. The two types you hear about most frequently are wholesalers and retailers. Keep in mind, however, that the categories we discuss in this section are just that—categories. In recent years, the lines between wholesalers, retailers, and producers have begun to blur considerably. Microsoft is a producer of goods, but recently it began opening up its own retail stores to sell products to consumers, much as Apple has done (Lyons, 2009). Walmart and other large retailers now produce their own store brands and sell them to other retailers. Similarly, many producers have outsourced their manufacturing, and although they still call themselves manufacturers, they act more like wholesalers. Wherever organizations see an opportunity, they are beginning to take it, regardless of their positions in marketing channels.

Wholesalers

Wholesalers obtain large quantities of products from producers, store them, and break them down into cases and other smaller units more convenient for retailers to buy, a process called "breaking bulk." Wholesalers get their name from the fact that they resell goods "whole" to other companies without transforming the goods. If you are trying to stock a small electronics store, you probably don't want to purchase a truckload of iPods. Instead, you probably want to buy a smaller assortment of iPods as well as other merchandise. Via wholesalers, you can get the assortment of products you want in the quantities you want. Some wholesalers carry a wide range of different products. Other carry narrow ranges of products.

Most wholesalers "take title" to goods—or own them until purchased by other sellers. Wholesalers such as these assume a great deal of risk on the part of companies further down the marketing channel as a result. For example, if the iPods you plan to purchase are stolen during shipment, damaged, or become outdated because a new model has been released, the wholesaler suffers the loss—not you. Electronic products, in particular, become obsolete very quickly. Think about the cell phone you owned just a couple of years ago. Would you want to have to use it today?

Example: The First Cell Phone Call Was an Epic Troll

Good thing you don't have to use the cell phone shown in this YouTube video. You could forget about putting it in your purse or pocket. But in 1973, the phone was the latest and greatest of gadgets. Martin Cooper, who championed the development of the device, was a lead engineer at Motorola. To whom do you think Cooper made his first phone call on the device? To his rivals at AT&T, which at the time manufactured only "landline" phones. He wanted to let them know he and Motorola had changed the telephone game.

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=2583#oembed-1

Video: "The First Cell Phone Call was an Epic Troll" By Bloomberg Originals [4:15] *Transcript Available*

There are many types of wholesalers. The three basic types of wholesalers are merchant wholesalers, brokers, and manufacturers' agents, each of which we discuss next.

Merchant Wholesalers

Merchant wholesalers are wholesalers that take title to the goods. They are also sometimes referred to as **distributors**, *dealers*, and *jobbers*. The category includes both full-service wholesalers and limited-service wholesalers. Full-service wholesalers perform a broad range of services for their customers, such as stocking inventories, operating warehouses, supplying credit to buyers, employing salespeople to assist customers, and delivering goods to customers. Maurice Sporting Goods is a large North American full-service wholesaler of hunting and fishing equipment. The firm's services include helping customers figure out which products to stock, how to price them, and how to display them (CBS Interactive, 2007).

- *Limited-service wholesalers* offer fewer services to their customers but lower prices. They might not offer delivery services, extend their customers' credit, or have sales forces that actively call sellers. *Cash-and-carry wholesalers* are an example. Small retailers often buy from cash-and-carry wholesalers to keep their prices as low as big retailers that get large discounts because of the huge volumes of goods they buy.
- *Drop shippers* are another type of limited-service wholesaler. Although drop shippers take title to the goods, they don't actually take possession of them or handle them, oftentimes because they deal with goods that are large or bulky. Instead, they earn a commission by finding sellers and passing their orders along to producers, who then ship them directly to the sellers. *Mail-order wholesalers* sell their products using catalogues instead of sales forces and then ship the products to buyers. *Truck jobbers* (or *truck wholesalers*) actually store products, which are often highly perishable (e.g., fresh fish), on their trucks. The trucks make the rounds to customers, who inspect and select the products they want straight off the trucks.
- *Rack jobbers* sell specialty products, such as books, hosiery, and magazines that they display on their own racks in stores. Rack jobbers retain the title to the goods while the merchandise is in the stores for sale. Periodically, they take count of what's been sold off their racks and then bill the stores for those items.

Brokers

Good brokers with excellent contacts are able to quickly match up buyers and sellers.
Photo by DanEvans, CC0 public domain.

Brokers, or *agents*, don't purchase or take title to the products they sell. Their role is limited to negotiating sales contracts for producers. Clothing, furniture, food, and commodities such as lumber and steel are often sold by brokers. They are generally paid a commission for what they sell and are assigned to different geographical territories by the producers with whom they work. Because they have excellent industry contacts, brokers and agents are "go-to" resources for both consumers and companies trying to buy and sell products.

The most common form of agent and broker consumers encounter are in real estate. A real estate agent represents, or acts for, either the buyer or the seller. The listing agent is contacted by the homeowner who wants to sell, and puts the house on the market. The buyer also contacts an agent who shows the buyer a number of houses. If there is a house that the buyer wants to purchase, the agent calls the listing agent and the price is negotiated. In some states, the buyer's agent is a legal representative of the seller, unless a buyer's agent agreement is signed, which is something to keep in mind when you are the buyer. Agents work for brokers, who act as sort of a head agent and market the company's services while making sure that all of the legal requirements are met.

Manufacturers' Sales Offices or Branches

Manufacturers' sales offices or branches are selling units that work directly for manufacturers. These are found in business-to-business settings. For example, Konica-Minolta Business Systems (KMBS) has a system of sales branches that sell KMBS printers and copiers directly to companies that need them. As a consumer, it would be rare for you to interact directly with a manufacturer through a sales office because in those instances, such as with Apple stores and Nike stores, these are considered retail outlets.

Type	Definition	Subcategories
Full-service merchandise wholesaler	*Take title* to the merchandise and assume the risk involved in an independent operation; buy and resell products; offer a complete range of services.	• General • Limited-line
Limited-service merchant wholesalers	*Take title* to the merchandise and assume the risk involved in an independent operation; buy and resell products; offer a limited range of services.	• Cash and carry • Rack jobbers • Drop shippers • Mail orders
Agents and brokers	*Do not take title* to the merchandise; bring buyers and sellers together and negotiate the terms of the transaction: agents merchants represent either the buyer or seller, usually on a permanent basis; brokers bring parties together on a temporary basis.	• Agents • Buying agents • Selling agents • Commission merchants • Manufacturers' agents
Manufacturer's sales	*Owned directly* by the manufacturers; performs wholesaling functions for the manufacturer.	
Facilitator	Perform some *specialized functions* such as finance or warehousing; to facilitate the wholesale transactions; may be independent or owned by producer or buyer.	• Warehouses • Finance companies • Transportation companies • Trade marts

Retailers

Retailers buy products from wholesalers, agents, or distributors and then sell them to consumers. Retailers vary by the types of products they sell, their sizes, the prices they charge, the level of service they provide consumers, and the convenience or speed they offer. You are familiar with many of these types of retailers because you have purchased products from them. We mentioned Nike and Apple as examples of companies that make and sell products directly to consumers, but in reality, Nike and Apple contract manufacturing to other companies. They may design the products, but they actually buy the finished goods from others.

Supermarkets or grocery stores, are self-service retailers that provide a full range of food products to consumers, as well as some household products. Supermarkets can be high, medium, or low range in terms of the prices they charge and the service and variety of products they offer. Whole Foods and Central Market are grocers that offer a wide variety of products, generally at higher prices. Midrange supermarkets include stores like Albertsons and Kroger. Aldi and Sack 'n Save are examples of supermarkets with a limited selection of products and service but low prices. **Drugstores** specialize in selling over-the-counter medications, prescriptions, and health and beauty products and offer services such as photo developing.

Convenience stores are miniature supermarkets. Many of them sell gasoline and are open twenty-four hours a day. Often they are located on corners, making it easy and fast for consumers to get in and out. Some of these stores contain fast-food franchises like Church's Chicken and Jack in the Box. Consumers pay for the convenience in the form of higher markups on products. In Europe, as well as in rural parts of the United States, you'll find convenience stores that offer fresh meat and produce.

Specialty stores sell a certain type of product, but they usually carry a deep line of it. Zales, which sells jewellery, and Williams-Sonoma, which sells an array of kitchen and cooking-related products, are examples of specialty stores. The personnel who work in specialty stores are usually knowledgeable and often provide customers with a high level of service. Specialty stores vary by size. Many are small. However, in recent years, giant specialty stores called category killers have emerged. A **category killer** sells a high volume of a particular type of product and, in doing so, dominates the competition, or "category." PETCO and PetSmart are category killers in the retail pet-products market. Best Buy is a category killer in the electronics-product market. Many category killers are, themselves, struggling, as shoppers for their products are moving to the web or to discount department stores.

Department stores, by contrast, carry a wide variety of household and personal types of merchandise such as clothing and jewellery. Many are chain stores. The prices department stores charge range widely, as does the level of service shoppers receive. Neiman Marcus, Saks Fifth Avenue, and Nordstrom sell expensive products and offer extensive personal service to customers. The prices department stores such as JCPenney, Sears, and Macy's charge are midrange, as is the level of service shoppers receive. Walmart, Kmart, and Target are discount department stores with cheaper goods and a limited amount of service. As mentioned earlier, these discount department stores are a real threat to category killers, especially in the form of a superstore.

Superstores are oversized department stores that carry a broad array of general merchandise as well as groceries. Banks, hair and nail salons, and restaurants such as Starbucks are often located within these stores for the convenience of shoppers. You have probably shopped at a SuperTarget or a huge Walmart with offerings such as these. Superstores are also referred to as *hypermarkets* and *supercentres*.

Warehouse clubs are supercentres that sell products at a discount. They require people who shop with them to become members by paying an annual fee. Costco and Sam's Club are examples. **Off-price retailers** are stores that sell a variety of discount merchandise that consists of seconds, overruns, and the previous season's stock other stores have liquidated. Big Lots, Ross Dress for Less, and dollar stores are off-price retailers.

Outlet stores were a new phenomenon at the end of the last century. These were discount retailers that operated under the brand name of a single manufacturer, selling products that couldn't be sold through normal retail channels due to mistakes made in manufacturing. Often located in rural areas but along interstate highways, these stores had lower overhead than similar stores in big cities due to lower rent and lower employee salaries. But due to the high popularity of the stores, demand far outstripped the supply of mistakes. Most outlet malls are now selling first-quality products only, perhaps at a discount.

Online retailers can fit into any of the previous categories; indeed, most traditional stores also have an online version. You can buy from JCPenney.com, Walmart.com, BigLots.com, and so forth. There are also stores, like O.co (formerly called Overstock.com) that operate only on the web.

Used retailers are retailers that sell used products. Online versions, like eBay and Craigslist, sell everything from used airplanes to clothing. Traditional stores with a physical presence that sell used products include Half-Priced Books and clothing consignment or furniture stores like Amelia's Attic. Note that in consignment stores, the stores do not take title to the products but only retail them for the seller.

A new type of retail store that turned up in the last few years is the pop-up store. **Pop-up stores** are small temporary stores. They can be kiosks or temporarily occupy unused retail space. The goal is to create excitement and "buzz" for a retailer that then drives customers to their regular stores. In 2006, JCPenney created a pop-up store in Times Square for a month. Kate Coultas, a spokesperson for JCPenney, said the store got the attention of Manhattan's residents. Many hadn't been to a JCPenney store in a long time. "It was a real dramatic statement," Coultas says. "It kind of had a halo effect" on the company's stores in the surrounding boroughs of New York City (Austin, 2009). Most commonly, though, pop-up stores are used for seasonal sales, such as a costume store before Halloween or the Hillshire Farms sausage and cheese shops you see at the mall just before Christmas.

Not all retailing goes on in stores, however. **Nonstore retailing**—retailing not conducted in stores—is a growing trend. Online retailing; party selling; selling to consumers via television, catalogues, and vending machines; and telemarketing are examples of nonstore retailing. These are forms of **direct marketing.** Companies that engage in direct marketing communicate with consumers urging them to contact their firms directly to buy products.

12.2 TYPICAL MARKETING CHANNELS

Figure 12.2.1 "Typical Channels in Business-to-Consumer (B2C) Markets" shows the typical channels in business-to-consumer (B2C) markets. As we explained, the shortest marketing channel consists of just two parties—a producer and a consumer. A channel such as this is a **direct channel**. By contrast, a channel that includes one or more intermediaries—say, a wholesaler, distributor, or broker or agent—is an indirect channel. In an **indirect channel**, the product passes through one or more intermediaries. That doesn't mean the producer will do no marketing directly to consumers. Levi's runs ads on TV designed to appeal directly to consumers. The makers of food products run coupon ads. However, the seller also has to focus its selling efforts on these intermediaries because the intermediary can help with the selling effort. Not everyone wants to buy Levi's online.

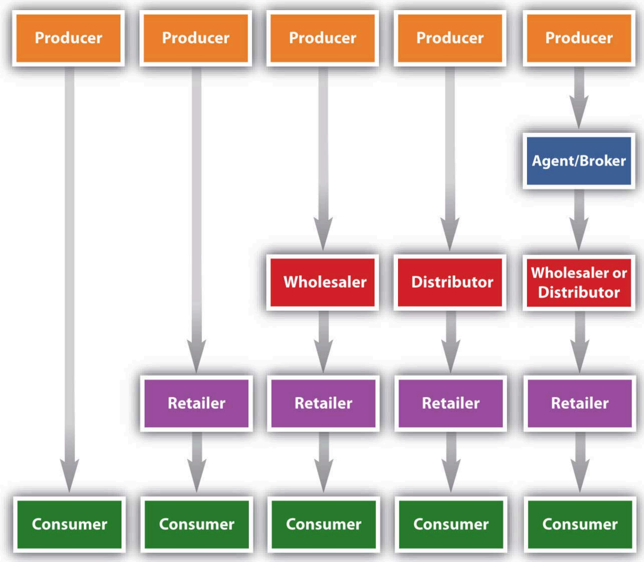

Figure 12.2.1: Typical Channels in Business-to-Consumer (B2C) Markets

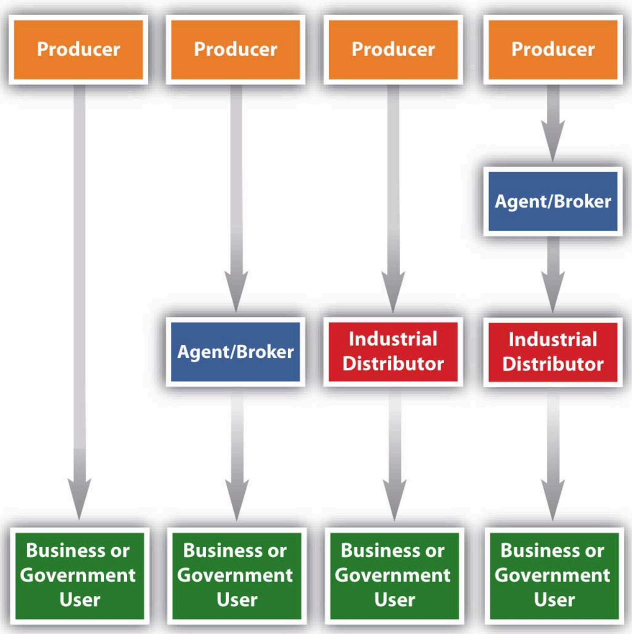

Figure 12.2.2: Typical Channels in Business-to-Business (B2B) Markets

Figure 12.2.2 "Typical Channels in Business-to-Business (B2B) Markets" shows the marketing channels common in business-to-business (B2B) markets. Notice how the channels resemble those in B2C markets, except that the products are sold to businesses and governments instead of consumers like you. The **industrial distributors** shown in Figure 12.2.2 "Typical Channels in Business-to-Business (B2B) Markets" are firms that supply products that businesses or government departments and agencies use but don't resell.

Disinitermediation

You might be tempted to think middlemen, or intermediaries, are bad. If you can cut them out of the deal—a process marketing professionals call **disintermediation**—products can be sold more cheaply, can't they? Large retailers, including Target and Walmart, sometimes bypass middlemen. Instead, they buy their products directly from manufacturers and then store and distribute them to their own retail outlets. Walmart is increasingly doing so and even purchasing produce directly from farmers around the word (Birchall, 2010). However, sometimes cutting out the middleman is desirable but not always. A wholesaler with buying power and excellent warehousing capabilities might be able to purchase, store, and deliver a product to a seller more cheaply than its producer could acting alone. Walmart doesn't need a wholesaler's buying power but your local In 'n Out convenience store does. Likewise, hiring a distributor will cost a producer money. But if the distributor can help the producer sell greater quantities of a product, it can increase the producer's profits. Moreover, when you cut out the middlemen you work with, you have to perform the functions they once did. Maybe it's storing the product or dealing with hundreds of retailers. More than one producer has ditched its intermediaries only to rehire them later because of the hassles involved.

The trend today is toward disintermediation. The Internet has facilitated a certain amount of disintermediation by making it easier for consumers and businesses to contact one another without going through any middlemen. The Internet has also made it easier for buyers to shop for the lowest prices on products. Today, most people book trips online without going through travel agents. People also shop for homes online rather than using real estate agents. To remain in business, resellers need to find new ways to add value to products.

However, for some products, disintermediation via the Internet doesn't work so well. Insurance is an example. You can buy it online directly from companies, but many people want to buy through an agent they can talk to for advice.

Sometimes it's simply impossible to cut out middlemen. Would the Coca-Cola Company want to take the time and trouble to personally sell you an individual can of Coke? No. Coke is no more capable of selling individual Cokes to people than Santa is capable of delivering toys to children around the globe. Even Dell, which initially made its mark by selling computers straight to users, now sells its products through retailers such as Best Buy as well. Dell found that to compete effectively, its products needed to be placed in stores alongside Hewlett-Packard, Acer, and other computer brands (Kraemeer & Dedrick, 2008).

Multiple Channels and Alternate Channels

Marketing channels can get a lot more complex than the channels shown in Figure 12.2.1 "Typical Channels in Business-to-Consumer (B2C) Markets" and Figure 12.2.2 "Typical Channels in Business-to-Business (B2B) Markets," though. Look at the channels in Figure 12.2.3 "Alternate Channel Arrangements". Notice how in some situations, a wholesaler will sell to brokers, who then sell to retailers and consumers. In other situations, a wholesaler will sell straight to retailers or straight to consumers. Manufacturers also sell straight to consumers, and, as we explained, sell straight to large retailers like Target.

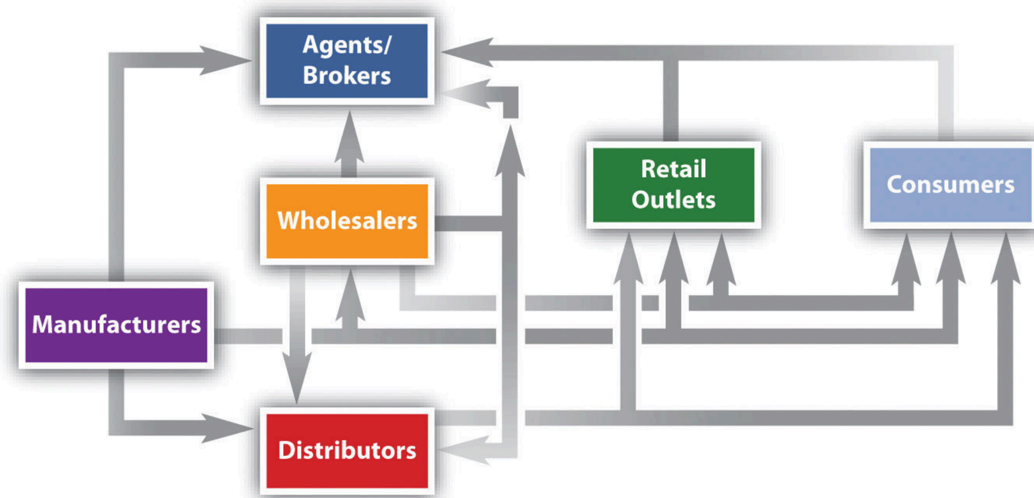

Figure 12.2.3: Alternate Channel Arrangements

The point is that firms can and do utilize multiple channels. Take Levi's, for example. You can buy a pair of Levi's from a retailer such as Kohl's, or you can buy a pair directly from Levi's at one of the outlet stores it owns around the country. You can also buy a pair from the Levi's web site.

The key is understanding the different target markets for your product and designing the best channel to meet the needs of customers in each. Is there a group of buyers who would purchase your product if they could shop online from the convenience of their homes? Perhaps there is a group of customers interested in your product but they do not want to pay full price. The ideal way to reach these people might be with an outlet store and low prices. Each group then needs to be marketed to accordingly. Many people regularly interact with companies via numerous channels before making buying decisions.

In addition to selling products on TV and on the Web, QVC also sells them via its mobile message service. Customers can sign up to get alerts about products for sale and buy them on their cell phones.

Using multiple channels can be effective. At least one study has shown that the more marketing channels your customers utilize, the more loyal they are likely to be to your products (Fitzpatrick, 2005). Companies work hard to try to integrate their selling channels so users get a consistent experience. For example, QVC's TV channel, web site, and mobile service—which sends alerts to customers and allows them to buy products via their cell phones—all have the same look and feel.

A company can also use a marketing channel to set itself apart from the crowd. Jones Soda Co. initially placed its own funky-looking soda coolers in skate and surf shops, tattoo and piercing parlours, individual fashion stores, and national retail clothing and music stores. The company then began an up-and-down-the-street "attack," placing product in convenience and food stores. Finally, the company was able to sell its drinks to bigger companies like Starbucks, Barnes & Noble, Safeway, Target, and 7-Eleven stores (Jones Soda Co., 2023).

Would you like to purchase gold from a vending machine? Soon you will be able to—in Germany. Germans like to purchase gold because it's considered a safe alternative to paper money, which can become devalued during a period of hyperinflation. So, in addition to selling gold the usual way, TG-Gold-Super-Markt company is planning to install "gold to go" machines in five hundred locations in German-speaking countries. The gold is dispensed in metal boxes, and cameras on the machine monitor the transactions to prevent money laundering (Wilson & Blas, 2009).

Gold to Go: Germany's Version of an ATM Machine?

Check out this YouTube clip to get a look at how a gold vending machine works.

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=2593#oembed-1

Video: "GOLD to go – simply the smartest way to purchase gold. (US-Version)
" By GOLDatm [2:13]

Some companies find ways to increase their sales by forming **strategic channel alliances** with one another. Harley-Davidson has a strategic channel alliance with Best Western. Click on Harley-Davidson's "Ride Planner" tab on its web site, and you can sign up to receive points and other discounts by staying at Best Western hotels and motels (Gonzalez-Wertz, 2009). Starbucks now dispenses its beverages in some of Safeway's grocery stores. Starbucks wants grocery shoppers at Safeway craving a cup of coffee to grab one; Safeway hopes customers dropping in for a Starbucks cup of coffee will buy some grocery products.

International Marketing Channels

Consumer and business markets in the United States are well developed and growing slowly. However, the opportunities for growth abound in other countries. Coca-Cola, in fact, earns most of its income abroad—not in the United States. The company's latest push is into China, where the per-person consumption of ready-to-drink beverages is only about a third of the global average (Waldmeir, 2009).

The question is how to enter these markets? Via what marketing channels? Some third-world countries lack good intermediary systems. In these countries, firms are on their own in terms of selling and distributing products downstream to users. Other countries have elaborate marketing channels that must be navigated. Consider Japan, for example. Japan has an extensive, complicated system of intermediaries, each of which demands a cut of a company's profits. Carrefour, a global chain of hypermarkets, tried to expand there but eventually left the country because its marketing channel system was so complicated.

Walmart managed to develop a presence in Japan, but only after acquiring the Japanese supermarket operator Seiyu (Boyle, 2009). Acquiring part or all of a foreign company is a common strategy for companies. It is referred to as making a direct foreign investment. However, as you learned some nations don't allow foreign companies to do business within their borders or buy local companies. The Chinese government blocked Coca-Cola from buying Huiyuan Juice, that country's largest beverage maker.

Corruption and unstable governments also make it difficult to do business in some countries. The banana company Chiquita found itself in the bad position of having to pay off rebels in Colombia to prevent them from seizing the banana plantations of one of its subsidiaries.

One of the easier ways of utilizing intermediaries to expand abroad is a joint venture. A joint venture is an entity created when two parties agree to share their profits, losses, and control with one another in an economic activity they jointly undertake. The German automaker Volkswagen has struggled to penetrate Asian markets. It recently signed an agreement with Suzuki, the Japanese company, in an effort to challenge Toyota's dominance in Asia. Will it work? Time will tell. Many joint ventures fail, particularly when they involve companies from different countries. Daimler-Chrysler, the union between the German car company and U.S. automaker Chrysler, is one of many joint ventures that fell by the wayside (Shafer, 2009). However, in some countries, such as India, it is the only way companies are allowed to do business within their borders.

McDonald's opened a franchise in the Louvre. How about a little art with your Big Mac?
"Louvre" by Juan Salmoral, CC BY-NC-ND

An even easier way to enter markets is to simply export your products. Microsoft hasn't done well with its Zune MP3 player in the United States. It subsequently redesigned the product and launched it in other countries (Bradshaw, 2009). Companies can sell their products directly to other firms abroad, or they can hire intermediaries such as brokers and agents that specialize in international exporting to help them find potential buyers for their products.

Recall that many companies, particularly those in the United States, have expanded their operations via franchising. Franchising grants an independent operator the right to use a company's business model, name, techniques, and trademarks for a fee. McDonald's is the classic example of a franchise. Unlike Walmart, McDonald's has had no trouble making headway in Japan. It has done so by selling thousands of franchises there. In fact, Japan is McDonald's second-largest market next to the United States. The company also has thousands of franchises in Europe and other countries. There is even a McDonald's franchise in the Louvre, the prestigious museum in Paris that houses the *Mona Lisa*. Licensing is similar to franchising. For a fee, a firm can buy the right to use another firm's manufacturing processes, trade secrets, patents, and trademarks for a certain period of time.

12.3 THIRD-PARTY SALES

Throughout the channel structure there are a number of points where sales may occur.

The most straightforward of these is the direct channel, in which the producer sells directly to the consumer. In every other structure, multiple sales occur—from producer to wholesaler, from wholesaler to retailer, from retailer to buyer. In cases involving an intermediary, there is a third-party sale. Third-party sales are sales conducted by anyone other than the producer. Even when there are four or five parties involved, we refer to all of them as third parties.

Third-party sales are often vexing for marketers. When a company uses a direct sales approach, the marketer can devise a sales compensation structure that creates the right incentives for the sales team to sell the right products to the right customers at the right price. In a third-party sales situation, it is much more difficult to understand and influence the sales process. Let's look at a direct sales situation and a third-party sales situation to understand the differences.

Direct Sales Incentives

Nanette Lepore is a high-end clothing designer who has created a personal brand. Nanette sells direct to consumers both online and through her boutique stores across the U.S. Through the direct channel, Nanette's marketing team owns every aspect of the sales experience. When customers enter a store or land on her web page, they see a complete outfit that is designed to sell the look that Nanette most wants them to buy. This includes clothing, shoes, and accessories all designed and sold by Nanette Lepore.

Photo by Thomas Hawk, CC BY-NC 2.0

Nanette Lepore's blog and social media presence drive interest in the products that are available in stores and online, with an emphasis on those that are targeted for immediate sale.

When she completes drawings for next season's looks, Nanette provides digital copies of her drawings to her sales associates, who have been cultivating a list of their most fashion-forward customers. These customers can review drawings and preorder clothing before it is available to the public. These customers pay top dollar for Nanette Lepore's most current creations.

In the store, sales associates are not equally compensated for all sales. Once a line of clothing goes on sale, the price is reduced. From the perspective of a sales associate, instead of earning a 5 percent commission ($40) on an $800 dress, the associate will earn a 5 percent commission ($10) on a discounted $200 dress. The associate may earn no commission or a reduced commission on clearance items.

"Nanette Lepore 2013 Holiday Collection" by Kirsten Holtz Naim, CC BY 2.0

The sales staff is preparing customers in advance and in the moment to pay top dollar for Nanette Lepore's hottest fashions. They do this because there is an entire sales system and compensation structure that centres on Nanette Lepore. They also do this because they have become part of the Nanette Lepore brand and feel a commitment to Nanette Lepore and to the women for whom she is designing.

Third-Party Sales Incentives

Many retailers sell the Nanette Lepore line, including Hudson's Bay, Walmart, Nordstrom, Zappos, Gilt, Shopbop, and 6pm.com.

The Hudson's Bay sales associate in the dress department is paid a flat commission regardless of the brand she sells. A strong sales associate will identify shoppers with an affinity for Nanette's designs and present them in the changing room or call to let them know that new Nanette Lepore designs have arrived. If a dress from Diane von Furstenberg or Kate Spade is more likely to make the sale, the dress by Nanette Lepore will not be suggested. The sales associate has incentives to make the largest possible sale—regardless of brand.

Photo by Nic Zaraza, CC BY-SA 4.0

If the customer buys a Nanette Lepore dress and heads to the shoe department or accessory department to complete her outfit, she won't have Nanette Lepore brands as an option. Each department carries the most popular brands, and Nanette Lepore bags and shoes are a new, unproven brand.

In a more extreme example, 6pm.com is the online bargain outlet for Zappos (now owned by Amazon). There is no sales associate, and little effort is made to feature or present any particular brand or clothing. Customers come searching for rock-bottom pricing. Nanette Lepore's fashions sell at a discount of 60 percent to 70 percent off the manufacturers' suggested retail price.

If this example doesn't seem like something that you have experienced, walk into BestBuy and look for a phone, camera, or computer. Ask a sales associate to help you. You will quickly find that the store's sales compensation structure is driving what is available to you—and what is recommended.

What about something as simple as breakfast cereal in a grocery store? Which products are at eye level? Which are difficult to find? Which are not available? Sales incentives are determining the answers to each of these questions.

Approaches to Support Third-Party Sales Success

If the marketer works for the producer—in our example, Nanette Lepore—he will lose significant control and influence in the third-party sale, while the Hudson's Bay marketing team will gain control or power. How can a marketer approach third-party sales most effectively? The following approaches can be used:

1. **Understand and align incentives.** A good marketer must understand why each channel partner buys and sells, how they are compensated, and what objectives they are hoping to achieve. In third-party sales, the marketer must optimize an existing structure rather than creating the structure.
2. **Provide exceptional sales support.** While the Nanette Lepore sales associates only needs to learn about her

line, the Hudson's Bay sales associates must learn thirty or more. Make it very easy for the third-party sales team to become expert in your product.

3. **Create demand for your product.** Often marketers blame channel partners for a marketing mix that doesn't deliver value to the customer. While it is trite to say that a good product sells itself, it is true that the right product is easier to sell. When the distribution channel—"place," in the marketing mix—creates a lot of complexity, it is even more important to get the other three elements of the marketing mix just right.

12.4 CHANNEL SELECTION FACTORS

Selecting the best marketing channel is critical because it can mean the success or failure of your product. One of the reasons the Internet has been so successful as a marketing channel is because customers get to make some of the channel decisions themselves. They can shop virtually for any product in the world when and where they want to, as long as they can connect to the web. They can also choose how the product is shipped.

Type of Customer

The Internet isn't necessarily the best channel for every product, though. For example, do you want to closely examine the fruits and vegetables you buy to make sure they are ripe enough or not overripe? Then online grocery shopping might not be for you. Clearly, how your customers want to buy products will have an impact on the channel you select. In fact, it should be your prime consideration.

First of all, are you selling to a consumer or a business customer? Generally, these two groups want to be sold to differently. Most consumers are willing to go to a grocery or convenience store to purchase toilet paper. The manager of a hospital trying to replenish its supplies would not. The hospital manager would also be buying a lot more toilet paper than an individual consumer and would expect to be called upon by a distributor, but perhaps only semiregularly. Thereafter, the manager might want the toilet paper delivered on a regular basis and billed to the hospital via automatic systems. Likewise, when businesses buy expensive products such as machinery and computers or products that have to be customized, they generally expect to be sold to personally via salespeople. And often they expect special payment terms.

Type of Product

The type of product you're selling will also affect your marketing channel choices. Perishable products often have to be sold through shorter marketing channels than products with longer shelf lives. For example, a yellowfin tuna bound for the sushi market will likely be flown overnight to its destination and handled by few intermediaries. By contrast, canned tuna can be shipped by "slow boat" and handled by more intermediaries. Valuable and fragile products also tend to have shorter marketing channels. Automakers generally sell their cars straight to car dealers (retailers) rather than through wholesalers. The makers of corporate jets often sell them straight to corporations, which demand they be customized to certain specifications.

Channel Partner Capabilities

Your ability versus the ability of other types of organizations that operate in marketing channels can affect your channel choices. If you are a massage therapist, you are quite capable of delivering your product straight to your client. If you produce downloadable products like digital books or recordings, you can sell your products straight to customers on the Internet. Hypnotic World, a UK producer of self-hypnosis recordings, is such a company. If you want to stop smoking or lose weight, you can pay for and download a recording to help you do this at Hypnotic World.

But suppose you've created a great new personal gadget—something that's tangible, or physical. You've managed to sell it via two channels—say, on TV (via the Home Shopping Network, perhaps) and on the web. Now you want to get the product into retail stores like Target, Walgreens, and Bed Bath & Beyond. If you can get the product into these stores, you can increase your sales exponentially. In this case, you might want to contract with an intermediary—perhaps an agent or a distributor who will convince the corporate buyers of those stores to carry your product.

Example: "PedEgg Power Promo" Video

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=2600#oembed-1

Video: "PedEgg Power Promo" By PedEgg Power [1:00] *Transcript Available*

The Business Environment and Technology

The general business environment, such as the economy, can also affect the marketing channels chosen for products. For example, think about what happens when the value of the dollar declines relative to the currencies of other countries. When the dollar falls, products imported from other countries cost more to buy relative to products produced and sold in the United States. Products "made in China" become less attractive because they have gotten more expensive. As a result, some companies then look closer to home for their products and channel partners.

Technological changes affect marketing channels, too, of course. We explained how the Internet has changed how products are bought and sold. Many companies like selling products on the Internet as much as consumers like buying them. For one, an Internet sales channel gives companies more control over how their products are sold and at what prices than if they leave the job to another channel partner such as a retailer. Plus, a company selling on the Internet has a digital footprint, or record, of what shoppers look at, or click on, at its site. As a result, it can recommend products they appear to be interested in and target them with special offers and even prices.

Example: Domino's Website

Some sites let customers tailor products to their liking. On the Domino's website, you can pick your pizza ingredients and then watch them as they fall onto your virtual pizza. The site then lets you know who is baking your pizza, how long it's taking to cook, and who's delivering it. Even though interaction is digital, it somehow feels a lot more personal than a basic phone order. Developing customer relationships is what today's marketing is about. The Internet is helping companies do this.

Photo via pxhere.com, CC0 Public Domain

Competing Products' Marketing Channels

How your competitors sell their products can also affect your marketing channels. As we explained, Dell now sells computers to firms like Best Buy so the computers can compete with other brands on store shelves.

You don't always have to choose the channels your competitors rely on, though. Netflix is an example. Netflix turned the video rental business on its head by coming up with a new marketing channel that better meets the needs of many consumers. Beginning with direct mail and then moving to Internet delivery, Netflix (along with competitor Hulu) may end up revolutionizing the way television is watched. With the exception of sports and other live events, television will move to an "on-demand" model, where you will watch what you want when you want, not when it is broadcast.

Factors That Affect a Product's Intensity of Distribution

Firms that choose an **intensive distribution** strategy try to sell their products in as many outlets as possible. Intensive distribution strategies are often used for convenience offerings—products customers purchase on the spot without much shopping around. Soft drinks and newspapers are an example. You see them sold in all kinds of different places.

By contrast, **selective distribution** involves selling products at select outlets in specific locations. For instance, Sony TVs can be purchased at a number of outlets such as Circuit City, Best Buy, or Walmart, but the same models are generally not sold at all the outlets. The lowest-priced Sony TVs are at Walmart, the better Sony models are more expensive and found in stores like Circuit City or specialty electronics stores. By selling different models with different features and price points at different outlets, a manufacturer can appeal to different target markets. You don't expect, for example, to find the highest-priced products in Walmart; when you shop there, you are looking for the lower-priced goods.

Exclusive distribution involves selling products through one or very few outlets. Most students often think exclusive means high priced, but that's not always the case. Exclusive simply means limiting distribution to only one outlet in any area, and can be a strategic decision based on applying the scarcity principle to creating demand. For instance, supermodel Cindy Crawford's line of furniture is sold exclusively at the furniture company Rooms To Go. Designer Michael Graves has a line of products sold exclusively at Target. To purchase those items you need to go to one of those retailers. In these instances, retailers are teaming up with these brands in order to create a sense of quality based on scarcity, a sense of quality that will not only apply to the brand but to the store.

TV series are distributed exclusively. In this instance, the choice isn't so much about applying the scarcity principle as it is about controlling risk. A company that produces a TV series will sign an exclusive deal with a network like ABC, CBS, or Showtime, and the series will initially appear only on that network. Later, reruns of the shows are often distributed selectively to other networks. That initial exclusive run, however, is intended to protect the network's investment by giving the network sole rights to broadcast the show.

To control the image of their products and the prices at which they are sold, the makers of upscale products often prefer to distribute their products more exclusively. Expensive perfumes and designer purses are an example. During the economic downturn, the makers of some of these products were disappointed to see retailers had slashed the products' prices, "cheapening" their prestigious brands.

Distributing a product exclusively to a limited number of organizations under strict terms can help prevent a company's brand from deteriorating, or losing value. It can also prevent products from being sold cheaply in gray markets. A **gray market** is a market in which a producer hasn't authorized its products to be sold (Burrows, 2008). Recognize, though, that the choice to distribute intensively, selectively, or exclusively is a strategic decision based on many factors such as the nature of the brand, the types and number of competitors, and the availability of retail choices.

12.5 CHANNEL MANAGEMENT PROCESS

The Five Steps in the Channel Management Process

The channel management process contains five steps:

1. Analyze the Consumer
2. Establish the Channel Objectives
3. Specify Distribution Tasks
4. Evaluate and Select Among Channel Alternatives
5. Evaluate Channel Member Performance

1. Analyze the Consumer

We begin the process of channel management by answering two questions. First, to whom shall we sell this merchandise immediately? Second, who are our ultimate users and buyers? The immediate and ultimate customers may be identical or they may be quite separate. In both cases, certain basic questions apply: There is a need to know what the customer needs, where they buy, when they buy, why they buy from certain outlets, and how they buy.

It is best that we first identify the traits of the ultimate user, since the results of that evaluation might determine the other channel institutions we would use to meet those needs.

Example: Buying Characteristics

What might the buying characteristics of the purchaser of a high-quality curved TV be? After identifying the traits of the ultimate user you might the following characteristics:

- purchased only from a well-established, reputable dealer
- purchased only after considerable research to compare prices and merchandise characteristics
- purchase may be postponed
- purchased only from a dealer equipped to provide prompt and reasonable product service

"LG 4K Curved OLED TV" by Maurizio Pesce, CC BY 2.0

These buying specifications illustrate the kinds of requirements that the manufacturer must discover. In most cases, purchase specifications are fairly obvious and can be determined without great difficulty. In others, though, they can be difficult to determine. For example, some consumers will only dine at restaurants that serve menu items that meet particular dietary needs; others will only patronize supermarkets that demonstrate social responsibility in their sourcing and packaging. Still, through careful and imaginative research, most of the critical factors related to consumer buying specifications can be figured out.

Once the consumer's buying specifications are known, the channel planner can decide on the type or types of wholesaler or retailer through which a product should be sold. This means that a manufacturer contemplating distribution through particular types of retailers must become intimately familiar with the precise location and performance characteristics of those he is considering.

In much the same way that buying specifications of ultimate users are determined, the manufacturers must also discover buying specifications for resellers. Of particular importance is the question "From whom do my retail outlets prefer to buy?" The answer to this question determines the types of wholesalers (if any) that the manufacturer should use. Although many retailers prefer to buy directly from the manufacturers, this is not always the case. Often, the exchange requirements of manufacturers (e.g., infrequent visit, large order requirements, and stringent credit terms) are the opposite of those desired by retailers. Such retailers would rather buy from local distributors who have lenient credit terms and offer a wide assortment of merchandise.

2. Establish the Channel Objectives

Once customer needs are specified, the marketer can decide what the channel must achieve, which can be captured in the channel objectives. Channel objectives are based on customer requirements, the marketing strategy, and the company strategy and objectives. However, in cases where a company is just getting started, or an older company is trying to carve out a new market niche, the channel objectives may be the dominant objectives. For example, a small manufacturer wants to expand outside the local market. An immediate obstacle is the limited shelf space available to this manufacturer. The addition of a new product to the shelves generally means that space previously assigned to competitive products must be obtained. Without this exposure, the product is doomed.

Channel Objectives: The Major Categories

As one would expect, there is wide diversity of channel objectives. The following areas encompass the major categories:

- Growth in sales by reaching new markets and/or increasing sales in existing markets.
- Maintenance or improvement of market share
- Achieve a pattern of distribution by a certain time, place, and form
- Reduce costs or increase profits by creating an efficient channel

3. Specify Distribution Tasks

After the distribution objectives are set, it is appropriate to determine the specific distribution tasks (functions) to be performed in that channel system. The channel manager must be very specific in describing the tasks and also detail how these tasks will change depending upon the situation.

Example: Specifying Distribution Tasks

An example of this is how a manufacturer might delineate the following tasks as necessary to profitably reach the target market:

- Provide delivery within 48 hours after order placement
- Offer adequate storage space
- Provide credit to other intermediaries
- Facilitate a product return network
- Provide readily available inventory (quantity and type)

4. Evaluate and Select Among Channel Alternatives

Determining the specific channel tasks is a prerequisite of the evaluation and selection process. There are four considerations for channel alternatives: number of levels, intensity at the various levels, types of intermediaries at each level, and application of selection criteria to channel alternatives. In addition, it is important to decide who will be in charge of the selected channels.

Number of Levels

Channels can range in levels from two to several (five is typical). The two-level channel (producer to consumer) is a direct channel. The number of levels in a particular industry might be the same for all the companies simply because of tradition. In other industries, this dimension is more flexible and subject to rapid change.

Intensity at Each Level

Once the number of levels has been decided, the channel manager needs to determine the actual number of channel components involved at each level. How many retailers in a particular market should be included in the distribution network? How many wholesalers?

The intensity decision is extremely critical, because it is an important part of the firm's overall marketing strategy. Companies such as Starbucks and Hershey's have achieved high levels of success through their intensive distribution strategy.

Types of Intermediaries and Application of Selection Criteria

As we discussed, there are several types of intermediaries that operate in a particular channel system. The objective is to identify several possible alternative channel structures, and evaluate these alternatives with respect to some set of criteria such as company factors, environmental trends, reputation of the reseller, and experience of the reseller.

Who Should Lead?

Regardless of the channel framework selected, channels usually perform better if someone is in charge, providing some level of leadership. Essentially, the purpose of this leadership is to coordinate the goals and efforts of channel institutions. The level of leadership can range from very passive to quite active—verging on dictatorial. The style may range from very negative, based on fear and punishment, to very positive, based on encouragement and reward. In a given situation, any of these leadership styles may prove effective.

Under which conditions should the manufacturers lead? The wholesaler? The retailer? While the answer is contingent upon many factors, in general, the manufacturer should lead if control of the product (merchandising, repair) is critical and if the design and redesign of the channel is best done by the manufacturer. The wholesaler should lead where the manufacturers and retailers have remained small in size, large in number, relatively scattered geographically, are financially weak, and lack marketing expertise. The retailer should lead when product development and demand stimulation are relatively unimportant and when personal attention to the customer is important.

5. Evaluating Channel Member Performance

The need to evaluate the performance level of the channel members is just as important as the evaluation of the other marketing functions. Clearly, the marketing mix is quite interdependent, and the failure of one component can cause the failure of the whole. There is one important difference, though: the channel member is dealing with independent business firms, rather than employees and activities under its control, these firms may be reluctant to change their practices.

Sales is the most popular performance criterion used in channel evaluation. Other possible performance criteria are maintenance of adequate inventory, selling capabilities, attitudes of channel intermediaries toward the product, competition from other intermediaries and from other product lines carried by the manufacturer's own channel members.

Correcting or Modifying the Channel

As a result of the evaluation process, or because of other factors such as new competition, technology, or market potential, changes may need to be made in the channel structure. Because channel relationships tend to be long-term, and the channel decision has such a pervasive impact on the business, any change should be carefully evaluated. Later in this module we will discuss service outputs and their role in measuring and modifying channel performance.

12.6 MANAGING CHANNEL CONFLICTS

Any time individuals or organizations must work together and rely on one another for personal success, conflict is inevitable. In a distribution channel, conflict usually arises in one of two forms: structural or behavioural.

Structural conflict occurs when the channel partners are expected to cooperate and compete. For example, imagine that you want to buy a new pair of Nike shoes and you have two choices. You can go to a local Foot Locker retailer and buy the shoes for $89, or you can go online to Nike.com and buy the shoes for $69. In effect, Nike is undercutting its retail channel while selling through a direct channel. It is likely that Foot Locker is unhappy about this. While a retailer expects to compete with other retailers who carry the same brands, it doesn't expect that the manufacturer will sell through the direct channel at deep discounts. This type of structural conflict is often the cause of behavioural conflict.

Managing Behavioural Conflict

All organizations expect to manage some level of behavioural conflict in the channel. They do this by:

- Establishing a mechanism for detecting conflict
- Evaluating the effects of the conflict
- Resolving the conflict

Given the distributed nature of the channel, it is often difficult to resolve conflict. Strategies such as the formation of a channel committee, joint goal setting, and bringing in arbitrators have all been used. In some cases, conflict becomes part of the ongoing channel dynamic—it's difficult but manageable. Eric Schmidt, chairman and CEO of Google Inc., notes: "From my experience the most successful companies are the ones where there is enormous conflict. Conflict does not mean killing one another, but instead means there is a process by which there is a disagreement. It is okay to have different points of view and disagree, because tolerance of multiple opinions and people often leads to the right decision through some kind of process."

Channel Conflict

A dispute among channel members is called a **channel conflict.** Channel conflicts are common. Part of the reason for this is that each channel member has its own goals, which are unlike those of any other channel member. The relationship among them is not unlike the relationship between you and your boss (assuming you have a job). Both of you want to serve your organization's customers well. However, your goals are different. Your boss might want you to work on the weekend, but you might not want to because you need to study for a Monday test.

All channel members want to have low inventory levels but immediate access to more products. Who should bear the cost of holding the inventory? What if consumers don't purchase the products? Can they be returned to other channel members, or is the organization in possession of the products responsible for disposing of them? Channel members try to spell out details such as these in their contracts.

No matter how "airtight" their contracts are, there will still be points of contention among channel members. Channel members are constantly asking their partners, “What have you done (or not done) for me lately?” Wholesalers and retailers frequently lament that the manufacturers they work with aren’t doing more to promote their products—for example, distributing coupons for them, running TV ads, and so forth—so they will move off store shelves more quickly. Meanwhile, manufacturers want to know why wholesalers aren’t selling their products faster and why retailers are placing them at the bottom of shelves where they are hard to see. Apple opened its own retail stores around the country, in part because it didn’t like how its products were being displayed and sold in other companies’ stores.

Channel conflicts can also occur when manufacturers sell their products online. When they do, wholesalers and retailers often feel like they are competing for the same customers when they shouldn’t have to. Likewise, manufacturers often feel slighted when retailers dedicate more shelf space to their own store brands. **Store brands** are products retailers produce themselves or pay manufacturers to produce for them. Dr. Thunder is Walmart’s store-brand equivalent of Dr. Pepper, for example. Because a retailer doesn’t have to promote its store brands to get them on its own shelves like a “regular” manufacturer would, store brands are often priced more cheaply. And some retailers sell their store brands to other retailers, creating competition for manufacturers.

Vertical versus Horizontal Conflict

The conflicts we’ve described so far are examples of vertical conflict. A **vertical conflict** is a conflict that occurs between two different types of members in a channel—say, a manufacturer, an agent, a wholesaler, or a retailer. By contrast, a **horizontal conflict** is a conflict that occurs between organizations of the same type—say, two manufacturers that each want a powerful wholesaler to carry only its products.

Horizontal conflict can be healthy because it’s competition driven. But it can create problems, too. In 2005, Walmart experienced a horizontal conflict among its landline telephone suppliers. The suppliers were in the middle of a price war and cutting the prices to all the retail stores they sold to. Walmart wasn’t selling any additional phones due to the price cuts. It was just selling them for less and making less of a profit on them (Hitt, et. al., 2009).

Channel leaders like Walmart usually have a great deal of say when it comes to how channel conflicts are handled, which is to say that they usually get what they want. But even the most powerful channel leaders strive for cooperation. A manufacturer with channel power still needs good retailers to sell its products; a retailer with channel power still needs good suppliers from which to buy products. One member of a channel can’t squeeze all the profits out of the other channel members and still hope to function well. Moreover, because each of the channel partners is responsible for promoting a product through its channel, to some extent they are all in the same boat. Each one of them has a vested interest in promoting the product, and the success or failure of any one of them can affect that of the others.

Flash back to Walmart and how it managed to solve the conflict among its telephone suppliers: Because the different brands of landline telephones were so similar, Walmart decided it could consolidate and use fewer suppliers. It then divided its phone products into market segments—inexpensive phones with basic functions, midpriced phones with more features, and high-priced phones with many features. The suppliers chosen were asked to provide products for one of the three segments. This gave Walmart’s customers the variety they sought. And because the suppliers selected were able to sell more phones and compete for different types of customers, they stopped undercutting each other’s prices (Hitt, et. al., 2009).

One type of horizontal conflict that is much more difficult to manage is **dumping**, or the practice of selling a large quantity of goods at a price too low to be economically justifiable in another country. Typically, dumping can be made possible by government subsidies that allow the company to compete on the basis of price against other international competitors who have to operate without government support, but dumping can also occur due to other factors. One goal of dumping is to drive competitors out of a market, then raise the price.

Example: Chinese Garlic Producers

Chinese garlic producers were accused of this practice in the early 2000s, and when garlic prices soared due to problems in China, other countries' producers were unable to ramp back up to cover the demand. U.S. catfish farmers have recently accused China of the same strategy in that market. While there are global economic agreements that prohibit dumping and specify penalties when it occurs, the process can take so long to right the situation that producers have already left the business.

Photo by pixel1, CC0

Achieving Channel Cooperation Ethically

What if you're not Walmart or a channel member with a great deal of power? How do you build relationships with channel partners and get them to cooperate with you? One way is by emphasizing the benefits of working with your firm. For example, if you are a seller whose product and brand name are in demand, you want to point out how being one of its "authorized sellers" can boost a retailer's store traffic and revenues.

Oftentimes companies produce informational materials and case studies showing their partners how they can help boost their sales volumes and profits. Channel partners also want to feel assured that the products coming through the pipeline are genuine and not knockoffs and that there will be a steady supply of them. Your goal is to show your channel partners that you understand issues such as these and help them generate business.

Sometimes the shoe is on the other foot—retailers have to convince the makers of products to do business with them instead of the other way around. Beauty.com, an online retailer, is an example. Selling perfumes and cosmetics online can be difficult because people want to be able to smell and feel the products like they can at a department store. But Beauty.com has been able to convince the makers of more than two hundred upscale cosmetic brands that selling their products on its website is a great deal and can increase their revenues. To reassure sellers that shoppers can get personalized service, Beauty.com offers the site's visitors free samples of products and the ability to chat live online with skin and hair care consultants (Evans, 2007).

Example: Boar's Head

Producing marketing and promotional materials their channel partners can use for sales purposes can also facilitate cooperation among companies. In-store displays, brochures, banners, photos for web sites, and advertisements the partners can customize with their own logos and company information are examples. Look at the banner in Figure 12.6.1. Although it looks like it was made by the grocery store displaying it, it wasn't. It was produced by Boar's Head, a meat supplier, for the grocer and others like it.

Figure 12.6.1: Boar's Head creates in-store displays like the banner shown here to help its channel partners sell its products. "Boars Head display" by The Wordsmith, CC BY-SA 3.0.

Educating your channel members' sales representatives is an extremely important part of facilitating cooperation, especially when you're launching a new product. The reps need to be provided with training and marketing materials in advance of the launch so their activities are coordinated with yours. Microsoft is a company that does a good job of training its partners. Before launching operating systems such as Windows XP and Vista, Microsoft provides thousands of its partners with sales and technical training (Irie Auctions, n.d.).

In addition, companies run sales contests to encourage their channel partners' sales forces to sell what they have to offer. Offering your channel partners certain monetary incentives, such as discounts for selling your product, can help, too.

What shouldn't you do when it comes to your channel partners? Take them for granted, says John Addison, the author of the book *Revenue Rocket: New Strategies for Selling with Partners*. Addison suggests creating a dialogue with them via one-on-one discussions and surveys and developing "partner advisory councils" to better understand their needs.

You also don't want to "stuff the channel," says Addison. Stuffing the channel occurs when, in order to meet its sales numbers, a company offers its channel partners deep discounts and unlimited returns to buy a lot of a product. The problem is that such a strategy can lead to a buildup of inventory that gets steeply discounted and dumped on the market and sometimes on gray markets. This can affect people's perceptions of the product and its brand name. And what happens to any unsold inventory? It gets returned back up in the channel in the next accounting period, taking a toll on the "stuffers'" sales numbers.

Lastly, you don't want to risk breaking the law or engage in unfair business practices when dealing with your channel partners (Irie Auctions, n.d.). We have already discussed confidentiality issues. Another issue channel partners sometimes encounter relates to resale price maintenance agreements. A **resale price maintenance agreement** is an agreement whereby a producer of a product restricts the price a retailer can charge for it.

The producers of upscale products often want retailers to sign resale price maintenance agreements because they don't want the retailers to deeply discount their products. Doing so would "cheapen" their brands, producers believe. Producers also contend that resale price maintenance agreements prevent price wars from breaking out among their retailers, which can lead to the deterioration of prices for all of a channel's members.

Both large companies and small retail outlets have found themselves in court as a result of price maintenance agreements. Although the U.S. Supreme Court hasn't ruled that all price maintenance agreements are illegal, some states have outlawed them on the grounds that they stifle competition. In some countries, such as the United Kingdom, they are banned altogether. The safest bet for a manufacturer is to provide a "suggested retail price" to its channel partners.

Channel Integration: Vertical and Horizontal Marketing Systems

Another way to foster cooperation in a channel is to establish a **vertical marketing system.** In a vertical marketing system, channel members formally agree to closely cooperate with one another. (You have probably heard the saying, "If you can't beat 'em, join 'em.") A vertical marketing system can also be created by one channel member taking over the functions of another member; this is a form of disintermediation known as **vertical integration**.

Example: P&G

Procter & Gamble (P&G) has traditionally been a manufacturer of household products, not a retailer of them. But the company's long-term strategy is to compete in every personal-care channel, including salons, where the men's business is underdeveloped. In 2009, P&G purchased The Art of Shaving, a seller of pricey men's shaving products located in upscale shopping malls. P&G also runs retail boutiques around the globe that sell its prestigious SK-II skin-care line (Neff, 2009).

Vertical integration can be **forward**, or downstream, as in the case of P&G just described. **Backward integration** occurs when a company moves upstream in the supply chain—that is, toward the beginning. An example occurred when Walmart bought McLane, a grocery warehousing and distribution company. As much as physical facilities, Walmart also wanted McLane's operating knowledge in order to improve its own logistics.

Franchises are another type of vertical marketing system. They are used not only to lessen channel conflicts but also to penetrate markets. Recall that a franchise gives a person or group the right to market a company's goods or services within a certain territory or location (Daszkowski, n.d.). McDonald's sells meat, bread, ice cream, and other products to its franchises, along with the right to own and operate the stores. And each of the owners of the stores signs a contract with McDonald's agreeing to do business in a certain way.

By contrast, in a **conventional marketing system** the channel members have no affiliation with one another. All the members operate independently. If the sale or the purchase of a product seems like a good deal at the time, an organization pursues it. But there is no expectation among the channel members that they *have* to work with one another in the future.

A **horizontal marketing system** is one in which two companies at the same channel level—say, two manufacturers, two wholesalers, or two retailers—agree to cooperate with another to sell their products or to make the most of their marketing opportunities, and is sometimes called **horizontal integration**.

12.7 KEY TAKEAWAYS & KEY TERMS

Key Takeaways

How a product moves from raw material to finished good to the consumer is a marketing channel, also called a supply chain. Marketing channel decisions are as important as the decisions companies make about the features and prices of products. Channel partners are firms that actively promote and sell a product as it travels through its channel to its user. Companies try to choose the best channels and channel partners to help them sell products because doing so can give them a competitive advantage.

A direct marketing channel consists of just two parties—a producer and a consumer. By contrast, a channel that includes one or more intermediaries (wholesaler, distributor, or broker or agent) is an indirect channel. Firms often utilize multiple channels to reach more customers and increase their effectiveness. Some companies find ways to increase their sales by forming strategic channel alliances with one another. Other companies look for ways to cut out the middlemen from the channel, a process known as disintermediation. Direct foreign investment, joint ventures, exporting, franchising, and licensing are some of the channels by which firms attempt to enter foreign markets.

Selecting the best marketing channel is critical because it can mean the success or failure of your product. The type of customer you're selling to will have an impact on the channel you select. In fact, this should be your prime consideration. The type of product, your organization's capabilities versus those of other channel members, the way competing products are marketed, and changes in the business environment and technology can also affect your marketing channel decisions. Various factors affect a company's decisions about the intensity of a product's distribution. An intensive distribution strategy involves selling a product in as many outlets as possible. Selective distribution involves selling a product at select outlets in specific locations. Exclusive distribution involves selling a product through one or very few outlets.

Channel partners that wield channel power are referred to as channel leaders. A dispute among channel members is called a channel conflict. A vertical conflict is one that occurs between two different types of members in a channel. By contrast, a horizontal conflict is one that occurs between organizations of the same type. Channel leaders are often in the best position to resolve channel conflicts. Vertical and horizontal marketing systems can help foster channel cooperation, as can creating marketing programs to help a channel's members all generate greater revenues and profits.

Key Terms

Backward Integration: Occurs when a company moves upstream in the supply chain—that is, toward the beginning.

Brokers: Don't purchase or take title to the products they sell. Their role is limited to negotiating sales contracts for producers.

Category Killer: Sells a high volume of a particular type of product and, in doing so, dominates the competition, or "category."

Channel Conflict: A dispute among channel members.

Channel Leaders: Strong channel partners often wield what's called channel power.

Channel Power: Channel partners that wield channel power are referred to as channel leaders. A dispute among channel members is called a channel conflict. A vertical conflict is one that occurs between two different types of members in a channel. By contrast, a horizontal conflict is one that occurs between organizations of the same type. Channel leaders are often in the best position to resolve channel conflicts.

Channel Members: The firms a company partners with to actively promote and sell a product as it travels through its marketing channel to users.

Conventional Marketing System: The channel members have no affiliation with one another. All the members operate independently. If the sale or the purchase of a product seems like a good deal at the time, an organization pursues it. But there is no expectation among the channel members that they have to work with one another in the future.

Convenience Stores: Miniature supermarkets that sell gasoline and are open twenty-four hours a day.

Department Stores: Stores that carry a wide variety of household and personal types of merchandise such as clothing and jewelry.

Direct Channel: The shortest marketing channel consists of just two parties—a producer and a consumer.

Direct Marketing: Companies communicate with consumers urging them to contact their firms directly to buy products.

Drugstores: Specialize in selling over-the-counter medications, prescriptions, and health and beauty products and offer services such as photo developing.

Distributors: Merchant wholesalers are wholesalers that take title to the goods. They are also sometimes referred to as distributors, dealers, and jobbers. The category includes both full-service wholesalers and limited-service wholesalers.

Disintermediation: You might be tempted to think middlemen, or intermediaries, are bad. If you can cut them out of the deal—a process marketing professionals call disintermediation—products can be sold more cheaply, can't they? Large retailers, including Target and Walmart, sometimes bypass middlemen. Instead, they buy their products directly from manufacturers and then store and distribute them to their own retail outlets.

Dumping: The practice of selling a large quantity of goods at a price too low to be economically justifiable in another country.

Exclusive Distribution: Involves selling products through one or very few outlets. Most students often think exclusive means high priced, but that's not always the case.

Free on Board (FOB): A provision designates who is responsible for what shipping costs and who owns the title to the goods and when.

Horizontal Marketing System: Is one in which two companies at the same channel level—say, two manufacturers, two wholesalers, or two retailers—agree to cooperate with another to sell their products or to make the most of their marketing opportunities.

Horizontal Integration: Is one in which two companies at the same channel level—say, two manufacturers, two wholesalers, or two retailers—agree to cooperate with another to sell their products or to make the most of their marketing opportunities.

Gray Market: A market in which a producer hasn't authorized its products to be sold (Burrows, 2009).

Horizontal Conflict: Conflict that occurs between organizations of the same type—say, two manufacturers that each want a powerful wholesaler to carry only its products.

Indirect Channel: Channel that includes one or more intermediaries—say, a wholesaler, distributor, or broker or agent.

Intensive Distribution: A strategy try to sell their products in as many outlets as possible.

Intermediaries: Many other products and services pass through multiple organizations before they get to you.

Industrial Distributors: Firms that supply products that businesses or government departments and agencies use but don't resell.

Manufacturers' Sales Offices or Branches: Selling units that work directly for manufacturers.

Merchant Wholesalers: Wholesalers that take title to the goods.

Nondisclosure Agreement (NDA): A contract that specifies what information is proprietary, or owned by the partner, and how, if at all, the partner can use that information.

Nonstore Retailing: Retailing not conducted in stores—is a growing trend.

Off-Price Retailers: Stores that sell a variety of discount merchandise that consists of seconds, overruns, and the previous season's stock other stores have liquidated.

Online Retailers: Can fit into any of the previous categories; indeed, most traditional stores also have an online version. You can buy from JCPenney.com, Walmart.com, BigLots.com, and so forth. There are also stores, like O.co (formerly called Overstock.com) that operate only on the web.

Outlet Stores: Discount retailers that operated under the brand name of a single manufacturer, selling products that couldn't be sold through normal retail channels due to mistakes made in manufacturing.

Pull Strategy: Focuses on creating demand for a product among consumers so that businesses agree to sell the product.

Push Strategy: Is one in which a manufacturer convinces wholesalers, distributors, or retailers to sell its products.

Pop-Up Store: Small temporary stores that can be kiosks or temporarily occupy unused retail space.

Resale Price Maintenance Agreement: An agreement whereby a producer of a product restricts the price a retailer can charge for it.

Retailers: Buy products from wholesalers, agents, or distributors and then sell them to consumers.

Selective Distribution: Involves selling products at select outlets in specific locations.

Store Brands: Products retailers produce themselves or pay manufacturers to produce for them.

Strategic Channel Alliances: Firms often utilize multiple channels to reach more customers and increase their effectiveness. Some companies find ways to increase their sales by forming strategic channel alliances with one another.

Specialty Stores: Sell a certain type of product, but they usually carry a deep line of it.

Supermarkets: Self-service retailers that provide a full range of food products to consumers, as well as some household products.

Superstores: Oversized department stores that carry a broad array of general merchandise as well as groceries.

Supply Chain Management: Firms are constantly monitoring their supply chains and tinkering with them so they're as efficient as possible.

Supply Chain: Includes producers of the raw materials that go into a product. If it's a food product, the supply chain extends back through the distributors all the way to the farmers who grew the ingredients and the companies from which the farmers purchased the seeds, fertilizer, or animals.

Used Retailers: Retailers that sell used products.

Vertical Conflict: Conflict that occurs between two different types of members in a channel—say, a manufacturer, an agent, a wholesaler, or a retailer.

Vertical Marketing System: In a vertical marketing system, channel members formally agree to closely cooperate with one another. (You have probably heard the saying, "If you can't beat 'em, join 'em.") A vertical marketing system can also be created by one channel member taking over the functions of another member; this is a form of disintermediation known as vertical integration.

Vertical Integration: A form of disintermediation in which a vertical marketing system can also be created by one channel member taking over the functions of another member.

Warehouse Clubs: Supercenters that sell products at a discount.

Wholesalers: Obtain large quantities of products from producers, store them, and break them down into cases and other smaller units more convenient for retailers to buy, a process called "breaking bulk."

12.8 TEST YOUR KNOWLEDGE

Wholesalers

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https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=2649#h5p-2

B2B Channel Order

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Middleman

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https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=2649#h5p-5

Distribution Strategies

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https://ecampusontario.pressbooks.pub/salesleadershipmgmt/?p=2649#h5p-7

12.9 EXERCISES

REVIEW QUESTIONS

1. Why are marketing channel decisions as important as pricing and product feature decisions?
2. What are the benefits of looking at all of the organizations that contribute to the production of a product versus just the organizations that sell them?
3. Why do channel partners rely on each other to sell their products and services?
4. How do companies add value to products via their marketing channels?
5. Why are direct marketing channels possible for some products and not others?
6. Explain the value middlemen can add to products.
7. Name some companies that have multiple marketing channels for their products. What are those channels?
8. How do marketing channels differ around the world? Why is it sometimes hard for firms to penetrate foreign markets?
9. Why are good channel decisions critical to a product's success?
10. Name the factors that affect channel-selection decisions.
11. Which kinds of products are more likely to be distributed using exclusive marketing strategies?
12. What gives some organizations more channel power than others?
13. Why do channel conflicts occur?
14. Which organization(s) has the most power to resolve channel conflicts?
15. How can setting up vertical and horizontal marketing systems prevent channel conflicts?
16. What's the ideal number of marketing channels a firm should have?
17. Is a pull strategy superior in all markets?
18. Is selling power the only source of channel power? From what other sources could an organization derive channel power?
19. The chapter listed a number of scenarios that can cause channel conflicts. What other factors can you think of that might cause channel conflicts?
20. Amazon.com has carved out a unique niche for itself as an intermediary. Amazon sells products on behalf of manufacturers such as Dell, Sony, and Calvin Klein, as well as retailers such as Macy's and Toys"R"Us. How should Amazon be categorized? As a retailer, wholesaler, or broker?
21. What are some reasons for backward integration? For forward integration? Does such integration always benefit

the consumer?

22. Direct to consumer advertising for pharmaceuticals is a pull strategy, designed to get consumers to ask their doctors to prescribe certain medications. What are the pros and cons of this practice? Are these always pros and cons to pull strategies? What might the pros and cons be for push strategies involving pharmaceuticals?
23. What are some brands that you think use selective or exclusive channels? How does channel choice, in those instances, influence consumer perceptions of value? In what situations might selective or exclusive channels add real value?
24. Of the channel functions described in the chapter, which is the most important and why? The least important? Why?
25. How does disintermediation benefit the consumer? How might it harm the consumer? Can you think of any revolutionary businesses created in the past few years due to disintermediation? Be sure to describe one not mentioned already in the chapter.

Activities

1. Think of some products you currently use. Are there any you would like to buy via different marketing channels? Do you think the products could be successfully marketed this way?
2. Describe a time in which you did business with a company and received conflicting information from its different channels (for example, a store's web site versus a visit to the store). How did it affect your buying experience? Have you done business with the company since?
3. Break into groups and make a list of four to five different types of products. Decide which channels should be used to distribute each product. Present your findings to your class and see if they agree with you.
4. Make a list of products you believe failed because of poor marketing channel choices.

12.10 CHAPTER REFERENCES

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VERSIONING HISTORY

This page provides a record of edits and changes made to this book since its initial publication. Whenever edits or updates are made in the text, we provide a record and description of those changes here. If the change is minor, the version number increases by 0.1. If the edits involve a number of changes, the version number increases to the next full number.

The files posted alongside this book always reflect the most recent version.

Version	Date	Change	Affected Web Page
1.0	July 2023	First Publication	N/A