

Selling in a Down Economy

Six Strategies for Success

An SPI White Paper

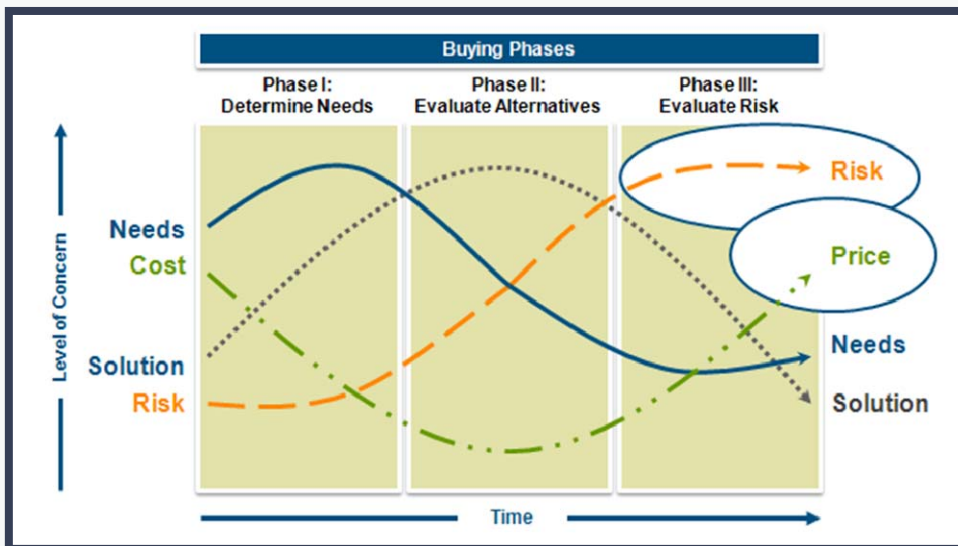


Why Selling in Today's Economy is Challenging

Selling, and winning, is never easy. In periods of slower economic growth, salespeople will experience the typical challenges on a greater scale. When selling in this environment, it is especially important to understand the typical buying phases of customers.

The Buying Phases of Customers

The principal concerns for the customer across the buying cycle include Needs, Solution Alternatives, Cost, and Risk.



These concerns change in importance as the buyer progresses across the three buying phases. Customers recognize a pain (a reason to make a change) in what we call Phase 0. The Solution becomes important to the customer after the Need and Cost are determined. In Phase II, Risk begins to elevate as the buyer begins to consider making a purchase and Cost is at the lowest point. The final (Phase III) buying phase is oriented towards Risk. As economies slow and budgets are impacted, this perception of Risk by customers becomes exaggerated, and the final buying decisions are increasingly likely to be delayed or lost due to a customer deciding not to buy (no decision). In some cases, the elevated perception of Risk may even become irrational.

A common selling reaction is often cutting price or offering other kinds of significant concessions. Ironically, aggressive discounting at the end of the cycle can actually increase the perception of risk by customers. They may think that if they wait long enough they will be able to improve their situation.

This begins a death spiral of further delays, followed by additional discounts, until we see all profit margins completely squeezed out. This is bad business for both the seller and the buyer.

To counter the challenges of selling in leaner times, exceptional salespeople and organizations recognize the need to sharpen multiple aspects of their selling fundamentals, and execute with the highest levels of care possible. Depending on existing competencies, there are multiple areas where additional focus can pay dividends.

The illustration below displays six strategies that you should consider if you want to improve your probability of success.

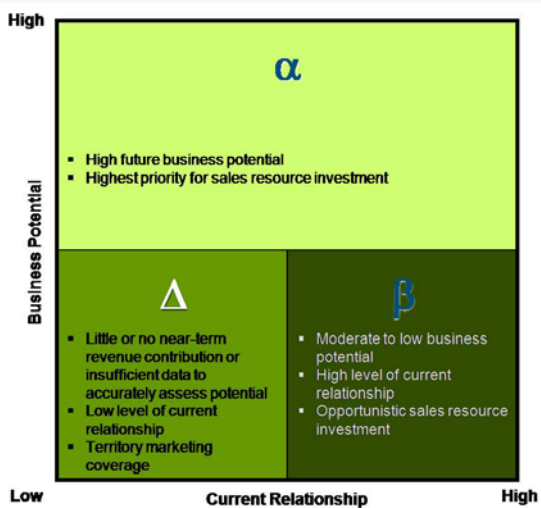


We will briefly explore each of these strategies, suggest training courses, and provide an outline for rapidly implementing the suggestions within your organization.

Strategy One — Sharpen Targeting

Effective targeting is one of the most undervalued aspects of successful selling. Research by CSO Insights indicates that if a sales organization is exceptional at targeting, they can realize 12 percent higher quota attainment than those who need improvement in this area. In a down economy, it is more critical than ever to allocate precious selling time to those opportunities that will generate the highest revenue. Greater levels of precision require a rigorous territory planning strategy.

We recommend that you begin by segmenting your accounts into one of the three categories—Alpha, Beta, or Delta (refer to the figure). Once you've completed this analysis, you begin territory planning which includes activities such as reviewing and validating the recommended coverage strategy for each segment and determining tactics that are most applicable for each. Hunting, Farming, and Gleaning are the three primary coverage strategies. These coverage strategies represent the kind of sales activities and resource investments that you should use to maximize your territory coverage.



Hunting — Searching for or creating new opportunities in high potential accounts.

Use the Hunting coverage strategy for accounts in the Alpha segment and be proactive in your selling approach. Under this strategy, spend the majority of your time (around 80 percent) on these accounts. The time allocation may vary, however, depending on the maturity and the nature of your territory.

Farming — Cultivating active opportunities in high relationship accounts.

For accounts in the Beta segment, use the Farming coverage strategy and be reactive in your selling

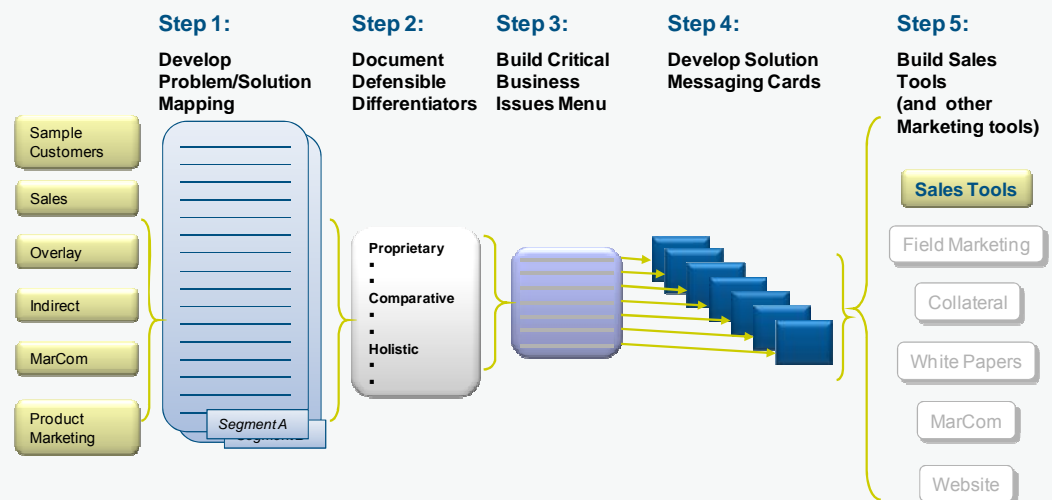
approach. Under this strategy, you should spend some of your time (around 15 percent) on these accounts. The time allocation again may vary depending on the current customers you have and the importance of maintaining a high level of relationship with them.

Gleaning — Carefully responding to active opportunities in low relationship accounts.

For the accounts in the Delta segment, use the Gleaning coverage strategy and adopt either a reactive or a completely inactive selling approach. Under this strategy, you might typically develop territory marketing programs to leverage your coverage with as little personal time invested (no more than 5 percent) as possible.

Strategy Two — Sharpen Messaging

Even in the best of times, most salespeople do not know how to position the value of their offerings properly. A study attributed to the American Marketing Association reported that as few as **one in ten salespeople know how to position value and use messages correctly and consistently**. In challenging, economic times, razor sharp messaging is paramount to effectively stimulate interest and connect with critical business issues of prospective customers. Industry research indicates that exceptional messaging correlates to significantly higher quota attainment and a reduction in excessive discounting by as much as five times their normal rate. Remarkably, less than 20 percent of organizations have a formal plan for improved marketing alignment with sales. The diagram below illustrates a formal process that you can implement to create a strong link between market messaging and sales organizations.



There are four steps to sharpening your messaging:

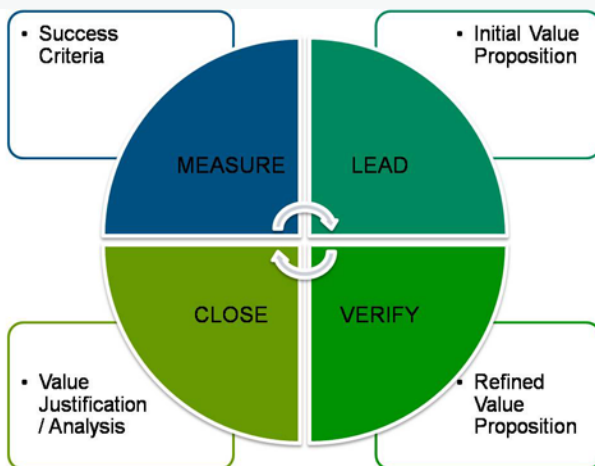
1. Develop a problem-solution map that will help salespeople understand the key problems that customers are experiencing.
2. Identify three types of defensible differentiators for the ways that offerings address these specific problems.
3. Consolidate the inventory of problems and differentiators into a finite menu of critical business issues that customer conversations will focus on.
4. Summarize each critical business issue using a **Solution Messaging Card**, a quick reference guide for each problem. Use **Solution Messaging Cards** to produce higher quality, solution-oriented sales collateral, website content, and other marketing communications.

Strategy Three — Get Credit for Value

The ability to effectively position and defend value is an important skill when the economic climate is shifting downward. Our experience with hundreds of clients shows that a very small percentage of sales professionals — less than 5 percent — measure the actual value that customers receive from their solutions. It is equally rare for the salesperson to get any credit from customers for the value that they have delivered.

Getting credit for value requires the salesperson to create and establish tangible value in the mind of the buyer that provides a compelling reason to take action (i.e. buy). In many cases, the salesperson will wait until the latter stages of the sales cycle to position value. However, to be truly effective, you should position value throughout the entire sales process. You can show value

in four areas, as illustrated below.



LEAD

Stimulate interest in a potential offering by conducting planning and research aimed at being able to deliver a confident and targeted value-based proposition.

VERIFY

Diagnose the critical

issues behind the initial value proposition and quantify the impact that your capabilities can deliver.

CLOSE

Create a compelling return on investment that helps the buyer want to buy. It helps the seller minimize discounting during negotiating.

MEASURE

Deliver the services to the customer and make sure they receive the expected value. Measuring your success allows you to leverage the positive results on future engagements.

While each of the value positioning concepts above may seem somewhat obvious, salespeople are often not taught these methods. Proper education will make them a consistent element of sales execution.

Strategy Five — Sharpen Competitive Tactics

During economic slow periods, established customers may increasingly seek out alternative providers - in many cases to explore lower cost options. As a result, it is extremely important for both marketers and salespeople to define unique, defensible differentiators that relate directly to customer value. One tool to help in this type of exercise is the Differentiation Grid. The Differentiation Grid is easy to use and is an important tool that helps sales and marketing professionals think about their capabilities to determine if they offer a unique and valuable capability to their buyers.

The Differentiation Grid can be used to identify differentiators within a marketplace or for a specific opportunity to answer the question

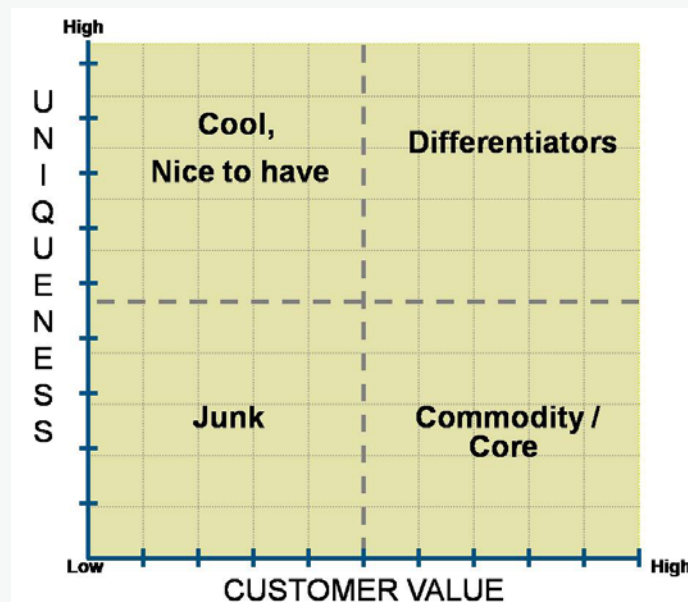
“How does my offering compare against others in my market place?”

“How does my offering compare against a specific competitor?”

It can be used by sales and marketing as a general-purpose tool for identifying your most important differentiators. As a result, other forms of sales collateral (e.g. brochures, advertisements, pamphlets) can be developed to promote differentiation. Sales professionals can also use the approach to identify differentiators and create messaging that demonstrates how the capabilities might help the prospect in a unique way.

1. Plot the **uniqueness** of each feature or offering compared to the competition along the Y (vertical) axis. Use a scale of 0–10. It is important that you do this from the perspective of the buyer or marketplace.
2. Plot how **valuable** the same feature or offering is from the perspective of the buyer or marketplace along the x (horizontal) axis.

The items that fall in the upper-right quadrant are the true differentiators that should be explored and promoted first by the sales organization.



Strategy Six — Leverage Existing Relationships

Research indicates that two-thirds of business-to-business sales typically occur with existing customers. In a slow economy, it is especially important to effectively sustain and expand opportunities within this captive base. Sales organizations should apply an approach to account strategy and planning that is thorough and accurate. This requires an analytical assessment of the account to determine where White Space actually exists. White Space refers to opportunities with high potential that are yet to be identified or acted upon by the customer or the competitors.

| C | | D | E | F | G | H | I | J | K |
|------------|--------|-------------------|-------------------|-------------------|------------|------------|------------|------------|------------|
| Initiative | A L | Focus (C or R) | Sales Opportunity | Rev. Potential | Key Player | <Solution> | <Solution> | <Solution> | <Solution> |
| | | | | | | ○ | @ | ○ | ○ |
| | | | | | | ○ | X | ○ | ○ |
| | | | | | | ○ | @ | ○ | ○ |
| | | | | | | ○ | ○ | ○ | ○ |

| | |
|---|-------------|
| ○ | Saturated |
| @ | Under Way |
| X | Can't Sell |
| | White Space |

To determine White Space:

1. List the business initiatives for your client.
2. Describe the pain or driving force that is motivating the key contact to act upon the initiative.
3. Identify the key contacts for each initiative.
4. Enter your offerings or solutions in the matrix.
5. For each offering and initiative, select either Saturated, Under Way, or Can Not Sell. If you don't select anything, this initiative will be labeled White Space.

For initiatives within the White Space category, attempt to meet the key people and analyze the potential of the opportunity. White Space is also an excellent way to help you identify areas where competition is less prevalent.

Conducting analysis of an account's White Space helps you and the account team identify new potential opportunities. It gives you a chance to analyze levels of saturation, competitive presence, and areas where opportunities are waiting to be launched.

Creating an Integrated Program

Begin with an Objective Assessment

Before beginning any new programs, it is important to understand where both weaknesses and strengths exist. This section contains a summary of the six strategies and the actions that you should consider for your organization.

Implement Sharper Fundamentals in Each Key Area

Think like a competitive athlete. For each aspect of needed improvement, apply a structured approach for learning, applying, and measuring the outcomes of new strategies.

Educate

These ideas and actions provide focused training for salespeople and managers that addresses specific improvement needs.

Execute

Under this heading are tangible actions and deliverables for salespeople and managers that require the application of new skills.

Manage

This area defines the specific forms of activities your management team should implement and advises you to review the results at defined intervals.

Measure

You will find ideas for establishing measurement baselines and tracking specific verifiable outcomes.

How to Sharpen Targeting

Have you defined the criteria for qualifying potential target accounts?

How much attention to detail do your salespeople apply when deciding where to spend their prospecting and selling time?

Educate

Many organizations have little in the way of structured targeting methodologies. Managers and sellers simply do not know the fundamentals. **Targeted Territory Selling** is a one-day workshop that provides a repeatable methodology for segmenting and targeting the highest potential accounts.

Execute

Require each seller to create a structured territory plan that identifies Alpha, Beta, and Delta accounts.

Manage

Review time spent and tactics for each level of account on a quarterly basis with sales people.

Measure

- Measure degree of overall territory penetration.
- Establish the baseline and then measure on bi-annual basis. Concentrate on the Alpha segment.
- Measure amount of revenue generated from new clients.
- Establish a baseline and then measure on a quarterly basis.
- On a quarterly basis, measure the number of conversions from segment Beta to segment Alpha.

How to Sharpen Messaging

Are your messages — both marketing and sales — sharply focused on customer problems versus your products?

How effectively can salespeople navigate from key customer problems to your solution capabilities?

Educate

Less than 20 percent of organizations have a formal methodology for aligning sales and marketing. The **Solution Messaging Workshop** teaches key marketing and sales professionals how to implement a repeatable methodology for creating sharp, solution focused messaging.

Execute

- Select a key market segment and apply the solution messaging methodology.
- Create a set of **Solution Messaging Cards** for the segment.

Manage

Require each seller to role-play critical business issue discussions for the market segment

Measure

- Track the number of times the sellers use the marketing tools.
- Track the number of times these tools are updated by marketing.

How to Get Credit for Value

Are sales people effective at creating and presenting tangible value propositions?

How well are salespeople positioning value at key points in the sales process?

Educate

The value positioning concepts described above are an integral part of the Solution Selling Methodology. The **Solution Selling Workshop** is available in multiple formats and mediums.

Execute

Require sellers to provide value proposition specifics in each of the four areas where value can be demonstrated in the sales cycle.

Manage

Review value positioning across the sales cycle for key opportunities to ensure that full appreciation of value is being realized.

Measure

- Establish specific value metrics and apply them consistently for each customer engagement.
- Build a database of customer value attainment.

How to Create Urgency and a Bias for Action

How much sales time is spent on uncovering latent pain versus pursuing active opportunities?

Can salespeople apply Vision Re-engineering techniques when pursuing active opportunities?

Educate

The concept of a latent opportunity described in this paper are an integral part of the Solution Selling Methodology. The **Solution Selling Workshop** is available in multiple formats and mediums.

Execute

- Become highly literate in critical business issues facing customers.
- Develop and consistently practice interest stimulation and diagnostic techniques that are based on key customer pains.

Manage

- Review pipelines and require specific levels of latent pain opportunities.
- Review business development prompters used in prospecting.
- Require salespeople to role-play situations where they have to diagnose critical business issues that are relevant to customers.

Measure

- Monitor the level of active versus latent pain opportunities.
- Measure success rates and sales cycle length for each type of opportunity.

How to Sharpen Competitive Tactics

How well are key differentiators defined in sales tools and utilized by the sales organization in competitive scenarios?

Have salespeople been trained to use specific strategies for various competitive situations?

Educate

The concept of a latent opportunity described in this paper are an integral part of the Solution Selling Methodology. The **Solution Selling Workshop** is available in multiple formats and mediums.

Execute

Develop quick differentiation reflexes by mastering key differentiators for specific customer business issues.

Manage

Coordinate marketing and sales workshops to define defensible differentiators. Require salespeople to role-play specific competitive scenarios.

Measure

- Measure penetration and win rates against key competitors for your offerings.
- Compare these findings with your differentiation model.

How to Leverage Existing Relationships

Do salespeople apply a structured approach to uncovering new opportunities within existing accounts?

Do sales managers conduct structured account reviews with salespeople on a quarterly basis?

Educate

Adopt a structured account planning program. **Major Account Selling** is a one-day workshop that provides a repeatable methodology for maximizing revenue potential in major accounts.

Execute

Require salespeople to create structured account plans for each of their strategic accounts.

Manage

Review account plans quarterly with each strategic account manager or salesperson.

Measure

- Measure the current level of penetration and the past rate of penetration (i.e. what the historic rate-of-growth has been).
- Identify and measure the number of customer-confirmed initiatives that you have accelerated and share the results with your customer.
- Measure the salesperson's ability to call upon contacts that have increasingly higher authority.

Conclusion

Almost any sales organization can improve its ability to compete in challenging economic periods. With any competitive discipline, when fundamentals are applied with greater attention to detail, it will significantly improve the probabilities of success. The key is to ensure that the salespeople and their managers have been thoroughly educated in those fundamentals, and that there are formal disciplines in place to drive the right actions. Implementing this type of approach will ultimately produce the outcome you want.

For more information on becoming a world-class sales organization, contact us at info@spisales.com or visit us at www.spisales.com.



4720 Piedmont Row Drive
Suite 400
Charlotte, NC 28210
info@spisales.com
t: 704.227.6500

www.solutionselling.com
www.spisales.com