

## KEYS TO MORE PRODUCTIVE SELLING

*The objective in business is to have profitable customers who stay with you for a long time. And to have profitable customers, you need to be able to convince your customers to pay the prices you need to charge to make doing business worthwhile. Looked at another way, you have worked very hard to create value for your customers. Now you need to get the benefit from all that hard work by converting the value you have created into cash.*

*Remember, the value of your offering is not just contained in the product. It is the value in the product plus the value in the service you provide.*

**Your guiding business principle.** To succeed in business you must have profitable customers who stay with you a long time. Having loyal customers is not enough. They must also be profitable customers.

Do you know which of your customers are or could be profitable?

Do you track customer retention?

Do you know what share of your customer's business you have and how that varies from year to year?

### 3 ways to grow:

1. Get new customers
2. Sell more to existing customers
3. Keep them longer

**A Game of Two Halves.** Business is a game of two halves. In the first half, you take shareholder money and create customer value. In the second, you convert that value back into cash. The objective is to have more money at the end than you did when you started. Business is tough but it ain't complicated!

### The main roles of a sales rep:

1. Attract new customers
  - prospecting
  - word of mouth
2. Retain existing customers
3. Get orders (usually the main focus)
4. Learn about the customer and their business

### Have the right view of selling.

Many people, even professional sales reps, think that selling is persuading people to do something they don't want to do. As a result, they are reluctant to close the sale, or on-sell or up-sell, or stick to their price because they are afraid of being seen as too pushy.

This is the wrong view of selling. Selling is actually giving people the opportunity to buy a solution to a problem that is bothering them. If you do not present this opportunity, you are cheating your customers.

Selling the value you have created is your job. Remember selling is easy. The trick is getting a good price.

### Compete on value not on price

Obviously this is dangerous because unless you accompany your discounts with cost savings, you are giving away your

profits. But not only can discounting destroy your own business, it could destroy the profitability of your entire industry. Fortunately, price is not the only thing that matters otherwise we would all be driving Ladas! The trouble is, if you don't have a value-based competitive strategy, you have no option but to compete on price alone. There are many value based competitive strategies you could use. Some choose to offer low benefits at low cost, while others offer high benefits but at high costs. Unfortunately most of us use a very ineffective strategy. We offer the same benefits at the same costs as our competitors and then wonder why no one sees us as being unique. In this crowded and competitive market you are likely to find that delivering more benefits at a lower cost (but not at a lower price) will be the most successful strategy to follow.

## **1. Competing on price is dangerous**

You have a choice. You can compete on price or you can compete on value. In this crowded and very competitive market, it is tempting to compete on price but that is a very dangerous thing to do.

Competing on price can destroy:

1. Your profitability.
2. The profitability of your entire industry.
3. Your brand.
4. Trust with your customers.

## **2. Price is not the main issue.**

The good news is that price is not the main issue. There is always something we are prepared to pay more for. That's why we shop at the dairy even though we know the prices are higher. Are you driving the cheapest car you could buy? Or living in the lowest priced house? Why would your customers think any differently from you?

## **3. So, why do customers challenge the price?**

You are probably thinking, "If price is not the main issue, why do my customers always demand a lower price?" The answer is we have taught our customers to think that price is the most important issue. I was asked by a national sales manager to work with his staff to show them how to persuade their customers to pay more. "I am really sick of everybody wanting to offer discounts," he said. When I drove up to the company's office I saw that all their salespeople's vehicles proudly sported the slogan: Lowest prices! I wonder if their customers think price is the most important issue?

## **4. I cannot afford not to discount.**

It is very competitive out there and I imagine your competitors are offering discounts, rebates, free interest and other freebies. You probably think that you cannot afford not to discount because you would lose the business otherwise. You need to remember that the object of being in business is to make a profit not to make a sale. There are a number of tables that show if you have a margin in 20% and you discount by 18% you will have to sell 900% more to make the same profit you would have made if you had not discounted. Even if you discount by only 10%, you will have to sell 100% more. What are your chances of doing that? Can you afford to discount?

## **5. Two tips:**

1. Find out what your customers will pay for.
2. Create value as part of the sales process.

## **Create value**

To compete on value you must be able to create value. Features are what we build in to our products and services but value is what our customers get out of them. Value can be explained by the formula  $\text{Value} = \text{Benefits} - \text{Costs}$ . As long as customers believe the benefits they receive outweigh the costs they have paid they will consider they have received value, and they will be satisfied. They are therefore likely to come back with repeat business and they may even tell others about their good experience. Everyone in your business needs to use this formula to guide their actions because at the end of every encounter with your business your customers ask themselves "What benefits have I received and what costs did I have to pay to get those benefits." Creating superior customer value must be the primary focus of everyone working in your business. In this marketplace, even the sales call must add value!

## **Sell what your customers are buying**

The next step is to sell what your customers are buying. Very few of us are doing that. Car dealers sell cars, mortgage

brokers sell mortgages, and grocers sell food. Unfortunately, their customers aren't buying these things. Broadly speaking, there are two customer segments: business customers and consumers. Business customers are buying only one thing and that's profit enhancement. Businesspeople are in business to make money and they will only spend their hard-earned money if they believe that will help them earn more money. Therefore, anyone selling business-to-business should outline how buying their products and services will increase their customer's profitability. By the same token, consumers are buying lifestyle so anyone selling to consumers should describe how their products and services will maintain or enhance their customer's lifestyle. If they're not, they will be trying to sell something different from what their customers are in the market to buy, and that can be difficult.

### **Selling the value**

The first step to selling the value is to help your customers understand there are no free lunches. Help your customers to understand that the problem they have is costing them money. Usually people forget that. When people look at the price of something, they say to themselves, "Will I pay that amount of money or will I pay nothing?" That's not the choice they have. The choice really is to pay that amount for the solution to the problem or to pay another (usually larger) amount because they have the problem.

The second step is to show your customer the cost of the solution is less than the money they would have to pay if they continued to have the problem. In reality, your product or service is likely to solve a number of problems for your customer. Make sure they understand how much money they will gain because you can help them solve all of these problems. Also, because you have done a great job of creating superior value, you will be fast, easy to do business with and reliable and hassle free. All of these will save them money. Make sure they understand how much they are saving.

### **Learn About their business**

We know a lot about how much business our customers do with us and sometimes about how they use our products and services. What we need to know more about is their business itself. What is their over-arching objective? What is their strategy for achieving this objective? What is their tactical plan? What problems and obstacles stand in their path? Who are their customers and what do they demand of them? The more you understand the answers to these questions, the more opportunities you will have to create value and to become a true business partner.

### **Deal with the right people**

There is no single right person – you need to deal with a range of people. Build relationships with the key decision-makers and those that influence them. Also build relationships with those who use your products and services within the business. Then use those relationships to learn about their world and to help them solve their problems.

### **Make your customers successful**

Customer satisfaction is a much better target to aim for than customer service. Satisfaction is the emotional state we get when our needs are met. If you aim to satisfy your customers you will start by finding out what they need and you will measure your success not by what you have done but by how your customers feel after you have done it. Many business leaders have discovered that customer satisfaction translates onto the bottom line. Some companies have discovered that simply by increasing customer satisfaction by one percentage point, they can increase their revenue by tens of millions of dollars.

Unfortunately, in this tough market place, even satisfying your customers is not enough. You know that your future financial success will come not from attracting new customers, but from getting existing customers to return more often to buy more. Customer satisfaction is not enough to get customers to come back. Studies show that anywhere from 68% to 85% of the customers who switch from one supplier to another were happy or very happy at the time they switched! That is very scary. Today's happy customers could become tomorrow's ex-customers. The reason is that when people get what they expect, they do not notice it. And, people who do not notice you will not stay loyal.

The aim must be not to service or satisfy your customers, but to make them successful. That means you must get inside your customer's world and find out what it is they are trying to achieve and then commit yourself to helping do that. If your customers are in business themselves, you must understand their business as well as your own. It is not enough to talk to your customers, you must talk to their customers to find out what their customers want from them. Then you can help them deliver to their customers. But even customers who are not in business themselves have customers. All of us spend most of our time trying to please others. Find out what your customers are trying to do, help them to do that and they will not think of

themselves as being your customers. They will believe that you are their partners. If they believe that you are an important part of their own success, they will want to maintain a relationship with you.

### **Close the sale**

There is no point in going through everything we have talked about unless you are prepared to ask for the business.

## **10. Steps to persuading your customer to buy at your price**

1. If selling to a business customer, tell them how much money they will make by buying your product. If they are a consumer, tell them how much better their lifestyle will be.
2. Get your customer to tell you the main problem they are trying to solve.
3. Show them the cost of that problem.
4. Get them to tell you about other problems that might be associated with the main problem.
5. Show them the cost of those problems.
6. Show them you have the solution to the main problem.
7. Tell them the price of the solution.
8. Show them that your solution will also help them solve some of their other problems.
9. Show them how much they will save because you are fast, easy to do business with and also reliable.
10. Show them that the money they save from solving their main problem plus the money they will save from solving some of their other problems plus the money they will save because you are fast, easy to do business with and reliable is far greater than the price.

### **Handling price objections**

Your customers will challenge your price because we have taught them to. It is your job to have memorised a number of ways of handling price objections so you will be prepared for their challenge and will be able to respond with confidence.