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Creators of SPIN® Selling

THE FIVE QUESTIONS YOUR CLIENTS ARE ASKING

By Bruce Wedderburn

Mike Tyson once said,

"Everyone has a plan until they get punched in the face."

Every company started 2008 with a plan—in many cases a well-thought out and carefully crafted blueprint showing progress on a month-by-month basis, complete with year-end targets for revenue, employees, products, clients and profitability.

Those business plans were created in Q4 2007— a quarter that started with the continuation of the greatest period of economic expansion and stock market growth in history. It finished in December with increased rumblings about growing sub-prime mortgage issues, and some public companies seeing a dip in stock prices. The most-bearish of analysts hinted that the market was "overdue for a correction" in early 2009. Still, business leaders looked forward to a strong 2008.

What kinds of questions were company leaders asking during that last quarter of 2007 when those 2008 plans were being put together? Here are some that we heard in our work with sales organizations during that period:

THE 2007 QUESTIONS:

- How best can we expand our product line?
- How do we capture new markets?
- Where can we hire new sales reps to expand our coverage?
- How can we come up with creative compensation plans to keep our best people?
- How can we better leverage technology to drive increased growth?

The themes that emerge are expansion, growth and hiring. How can we get a better competitive advantage? How can we differentiate our offerings more effectively from the competition? How can we continue to expand our slice of an ever-growing revenue pie?

WELCOME TO NOW

That optimism drained away quickly when the global economy punched most companies in the face. The beating is likely to continue for at least several quarters. But opportunities exist for those who are prepared to adapt, particularly when it comes to selling.

Most experienced salespeople agree that *how* you sell needs to change to some degree to be successful in a downturn. It is well-known that the skills that make you successful in a strong economy can work against you in a recession. The challenge lies in identifying specifically *what* should be done differently. Sales leaders who get this wrong will be lucky if they live to fight another day.

What, exactly, needs to change? Start by examining the decision-making within your own organization. The decisions being made and the questions being asked by the leadership in your own company are similar, if not identical, to those of your prospect and client organizations.

We've seen the questions that executives were asking in late 2007. Here are the five questions that capture the sentiment and priorities of business leaders today:

THE 2009 QUESTIONS

- Where can we scale back on spending?
- Can we get away with *not* spending what we've budgeted (or get out of contracts that we've already signed)?
- Can we get by with what we already have?
- If we have to make a change, will it increase revenues or cut costs, and do it quickly?
- If we *have* to make a change, can we do it internally?

These are the questions being asked by decision-makers in companies that are focused on *saving* money, not spending it. These are companies that have seen their budgets slashed and their head count reduced. They are willing, for now at least, to live with the products and services they already have. Does this sound like your company?

Of course, your buyers are asking themselves the same questions. And it isn't just the early-pipeline prospects, but every one of the locked-in-sure-thing deals that cause you to breathe a sigh of relief when you see their numbers on your forecast.

The "2009 questions" suggest that *every dollar in your pipeline is at risk*. This is regardless of what the client has told you, regardless of the signed contract that you have, and regardless of the positive messages being given out to the market by your client about the health of their company.

Has your selling approach changed to reflect this reality?

For most salespeople and sales organizations, it hasn't. They're still using the selling skills and strategies that were successful with buyers who planned expenditures on the basis of the 2007 questions, not the 2009 questions.

Here is an example: A large US-based industrial waste removal company saw a 73 percent drop in leads from Marketing to Sales from Q4 2007 to Q4 2008. The company swung into action to solve this problem and in January 2009 mandated a comprehensive, company-wide prospecting initiative to increase leads. All salespeople had to contact by email and phone a minimum of five new prospects every day to "introduce our company and tell our story." The company developed telephone scripts and voice-mail messages. They also produced email messages that the salespeople could cut and paste and customize to individual prospects. Sales Management coached their salespeople and held them accountable for completing the necessary activities. All of this was launched with great fanfare and optimism, along with a coordinated marketing campaign.

This initiative has been an embarrassing failure. Morale is sagging, and the option currently under consideration is another round of layoffs. What went wrong? The campaign sought to locate buyers who were:

- looking for more effective ways of handling industrial waste
- searching for a competitive advantage
- focused on growth
- willing to invest in a better way of doing business to achieve that growth

In other words, they were hunting for buyers who were asking the 2007 questions, not the 2009 questions, and these buyers no longer exist.

Prospecting isn't the only problem. Thousands of companies are making similar mistakes in all aspects of their client interactions. They believe that if they just do more—more marketing, more prospecting, more sales activity—everything will be OK. But more of everything that worked when times were good is not the way to succeed in a recession.

RESPONDING TO EXISTING DEMAND VS. CREATING DEMAND

In Q4 2007, companies were looking for strategies for growth and searching for any competitive advantage. They were producing business plans showing double-digit growth targets and territory expansion. They were willing to invest in whatever technology or human capital would get them there. That doesn't mean that selling was easy; competition was extremely tough. But a higher percentage of buyers were buying from someone. *There was existing demand.*

However, existing demand in most market sectors has shrunk dramatically. The majority of buyers are asking themselves the 2009 questions. They don't perceive that they have a need, or they don't want to perceive it. They're willing to live with existing products and services. They are focused on survival, not growth. They have had their budgets decimated and are less likely to invest to gain competitive edge. Demand has evaporated.

In this current environment, the selling strategy of proving to the buyer why your solutions are better than the competition is irrelevant, because they are not going to buy from anyone. *Successful sellers in this economy are creating demand, not responding to it.*

They provoke their clients into seeing that their solutions are not discretionary, but essential. However the skills required to create demand are very different to those required to respond to existing demand.

RESPONDING TO DEMAND:

- Ask questions that get the buyer to discuss their recognized problems and issues.
- Present your offering as a solution to the buyer's stated needs
- Describe to the buyer why your offerings are superior to the competition
- Deliver product-based presentations
- Obtain appointments at the user-level to discuss tactical problems and opportunities.
- Rely on marketing campaigns to generate new business appointments
- Understand the client's budget to formulate and price your offering appropriately
- Produce marketing based around a strategy of informing clients of "who we are and what we do"

CREATING DEMAND:

- Ask questions to uncover unrecognized problems and challenge the buyer's current perceptions
- Increase the size, urgency and severity of the buyer's problems to increase the value of your offering
- Present your offering to meet previously unacknowledged problems
- Conduct value-based conversations around the buyer's most-pressing issues
- Obtain appointments at the executive level to present a persuasive business case
- Use networking, referrals and strategic prospecting to generate new business appointments
- Influence your client's budget and get them to re-allocate money previously budgeted elsewhere
- Produce marketing that provokes clients to think differently about their problems, needs and priorities

WHERE HAVE ALL MY QUOTA-BUSTING SALESPEOPLE GONE?

This is a common complaint that we hear from sales leaders this year. The reality is that they haven't gone anywhere. It's their client-base that has changed, and sales reps are still selling using the outdated skills and tactics that helped them to high levels of success.

For example, in March of 2009, in response to a near-empty pipeline, sales leaders at a Fortune 50 global software company urged their sales reps to "move up the client's value chain" and "sell value." The intent was for salespeople to start having business-based conversations with executive-level buyers rather than with technical buyers in the IT department. But in an off-the-record conversation, a state sales manager said, "that sounds great, but the problem for us is that those people don't want to talk about software." The sales force was adept at selling on the basis of product features, but could not offer insights into the business issues that executives cared about. Mandating a change in selling strategy is a futile exercise unless reps are trained to sell differently. The source of the pipeline problem was easy to trace: The company's clients were asking the 2009 questions, and they were decreasing their IT spending as a result. But only a few perceptive managers realized that the selling approach used by the sales force was making the problem exponentially worse.

Huthwaite's work with this company began with the heads of each line of business and the regional marketing team. We helped them arrive at new value propositions that are relevant to senior level buyers in today's economy. Our next step will be to provide the sales force with the necessary skills to use these new value propositions to engage the interest of executive-level buyers.

HOW ONE COMPANY IS MAKING THE CHANGE

The commercial division of one of Huthwaite's large US-based banking clients earlier this year announced an 18-month goal to become the "First Thought Bank" for their clients. Their business clients typically engage many banks to cover different aspects of their business. To become the First Thought Bank means positioning the bank such that whenever a client has a financial question, problem or opportunity, they contact this bank before any others. If successful, the by-product of this initiative will be greater depth of client relationships and increased revenue-per-client. Demand creation is central to this strategy.

We are helping them to change their selling approach by equipping the bank's relationship managers to:

- Identify potential problems with their prospects' and clients' current banking processes, searching for any inefficiencies that have negative financial implications for the company.
- Pro-actively conduct diagnostic-based conversations about these problems. Their goal is to steer clients to come to conclusions (not lecture to them) about the financial implications of their current inefficient processes, and build a business case for change that overrides the inertia created by the 2009 questions.

These are very different conversations from those the RM's were having just a few months earlier, and they require a different set of skills and a different level of buyer with whom to have those conversations. A small number of RM's are still locked into a product-first mentality and are finding the transition difficult. However the early results across the majority of the division are encouraging, and the feedback from clients has been appreciative.

THREE STRATEGIES TO EMPLOY IMMEDIATELY

Leading sales organizations are not waiting and hoping. They're taking action now. Here are three strategies that your organization can immediately begin to employ:

1. **Define your "demand creation" sales approach.** Sales and Marketing must create demand if you are going to generate enough momentum to get past The Five Questions that your buyers are asking. Begin by establishing your company's demand creation strategy. Then identify what skills your people need to start using/stop using to execute that strategy effectively.

2. **Develop provocative prospecting and selling messages.** Effective selling in a recession needs to provoke buyers out of their inertia. Prospecting messages that describe "who we are and what we do" don't work when demand is low. Coach your salespeople to build provocative (not informative) sales messages.

3. **Leverage your Marketing department to create these messages.** Too many organizations leave it up to the salespeople to generate effective messaging that resonates with buyers in this economy. Marketing is well positioned to create the messages, questions and playbooks that can then be used by the sales force in the field.

MOVING AHEAD

Companies that choose a "ride it out" response to the their current troubles may find in the near future that they have survived the storm—but have lost ground to competitors who have taken advantage of the crisis and have consequently emerged stronger and better equipped for growth.

A punch in the face is rarely fatal. Recovery begins with the three steps above. Then, be smart about preparing your people to execute. Make sure your sales teams get the skills to leverage your value proposition in ways that will help your clients to realize how necessary, maybe even essential, your offerings are.

GLOBAL CAPABILITY

HUTHWAITE HAS A PROVEN TRACK RECORD IN GLOBAL DELIVERY – WHEREVER YOU ARE LOCATED, WE CAN DELIVER.

SPIN® Solution Suite

Sales Skills
SPIN® 2.0

Develop your clients' needs, demonstrate capabilities, create competitive differentiators to advance the sale

Sales Strategy
Win the Deal

Increase competitive win-rate by aligning your selling strategies to your clients' buying behaviors

Negotiations
Optimize Outcomes

Execute winning negotiation strategies that optimize outcomes and foster long-term business relationships

Prospecting
Fill the Pipeline

Differentiate yourself from competitors and fill your sales opportunity pipeline

Sales Management
Improve Performance

Drive your sales team to accelerate and achieve results by coaching how to implement sales training skills

Huthwaite is the world's leading sales performance improvement organization. Founded on scientifically validated behavioral research, our methodologies which include the internationally renowned SPIN® Selling, guarantee sales success. Huthwaite assesses your organization's needs and develops customized sales performance improvement and coaching programs that drive real business results.

Huthwaite…Creators of SPIN® Selling.

For more information about *SPIN® 2.0 - the Evolution of Selling* and other Huthwaite products...
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