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## **SELLING TO SENIOR EXECUTIVES: PART 1**

### **THESE DAYS, IT'S THE RIGHT APPROACH — NOT THE RIGHT PRODUCT — THAT GETS YOU IN THE DOOR**

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#### **EXECUTIVE SUMMARY**

As salespeople strive to differentiate themselves and retain established customers, they need to reach higher levels in their customer's organizations to remain competitive and build long-term relationships. Selling to senior-level executives requires a different set of skills and strategies than does the more traditional departmental-level or transactional sale. In this first of a two-part series, the author presents results of two studies that explored how senior-level executives view salespeople, when they get involved in the buying cycle, why they will meet with a salesperson and how they test salespeople during the initial and subsequent meetings.

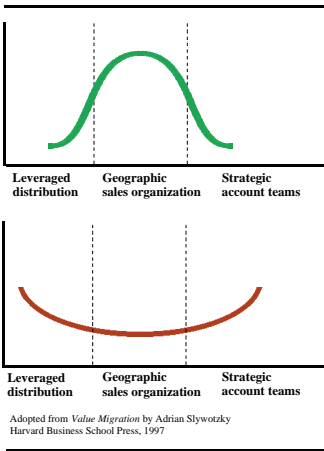
#### **INTRODUCTION**

During the 1970s through the early 1980s, product was king. When a company introduced a new product, it was, in many cases, proprietary, allowing it to get a lot of mileage out of being the "best of class" or "leading edge" before a competitor managed to introduce a similar product offering.

Because of this strong product differentiation, manufacturers dominated the business environment. For them, the standard go-to-market approach was the direct sales force whose key functions were to provide basic product information, a point of contact with the vendor, and a human face to associate with the product. This sales force typically took the shape of a geographic salesperson who called on a large number of accounts within a particular territory. This sales force most often sold to operations-level employees within individual departments.

**EXHIBIT 1**

**Seller dynamics—collapse of the middle**



In the mid- 1980's priorities shifted. As customers became increasingly sophisticated and knowledgeable about products, they no longer needed the direct sales force to supply them with product information. They wanted low prices instead. At one end of the spectrum, innovative distribution experts such as Wal-Mart and Home Depot in the United States eliminated the middleman — and along with them, the direct salesperson — in order to offer products at a lower cost.

At the same time, other customers began to request more than just a product — they wanted a complete solution to their business problems. As a result salespeople needed knowledge of not only their own products, but also how their product or service fit into their customer's business processes. To meet this new customer requirement, solution pioneers like the Hewlett-Packard offered high-

end, customized, strategic solutions. Accompanying this change was a market shift to an open systems environment where customers chose different, standardized components from different vendors. Consequently, HP salespeople had to sell business solutions, not just hardware — functioning, in essence, as business consultants to their customers.

Recognizing that many organizations now have a need to understand how to sell to executives, in 1995 Target Marketing Systems conducted an initial study in conjunction with HP and the University of North Carolina's Kenan-Flagler Business School. The first "Selling to Senior Executives" study looked at how senior executives find value, trust and credibility in the salespeople they deal with and evaluated factors in the executive buying decision process. The study was conducted by interviewing more than 60 senior executives ranging from vice president to chairman of the board. Participants — from diverse industries including transportation, textiles, printing, utilities, financial services, technology, telecommunications and furniture — were interviewed in person or by phone, with each interview lasting between 30 minutes and one hour.

In the interest of keeping up with trends in executive selling, Target Marketing Systems and the Center for Business and Industrial Marketing at Georgia State University re-examined this subject in a second study in the spring of 1999. The result is that more than 100 senior customer executives now serve as in-depth respondents of the two studies.

HP's experience is not unusual. It represents a prevalent business trend moving away from direct, departmental sales to high-end, customized strategic solutions. The change in customers' buying behaviors pushed major purchasing decisions up to higher levels in the organization.

## STRATEGIC SOLUTIONS

These two business trends — a reduction in cost of sales and the need for customized business solutions — changed the shape of the sales force distribution curve from bell-shaped to u-shaped (see Exhibit 1). Where once the dominant sales organization was the direct sales force calling on operations and management levels within the organization, now the sales organization is split, with one side offering low-cost distribution, the other high-end solutions.

Today there are currently few, if any, differentiators between the product offerings of competing companies. According to one HP sales manager “Product differentiators are getting less well defined. If you’re not able to differentiate yourself, then you can’t capitalize on relationships with companies and the eventual purchase of products and services. To build these relationships, we need to understand the business that our customers are in and be able to provide solutions to that business. Without reaching up to the executive level, you’re never going to be able to zero in on the correct solution.”

The key differentiator in today’s business environment is the ability to bring value to an organization. Executives are looking for “people who can do something for me,” and “the ability to get the answer faster without having to do the work myself.” These executives are the people who drive buying decisions that are expensive, cross-functional and affect business processes. They often have the most to gain or lose from the decision to select one vendor or another. If salespeople can understand what drives executive buying decisions and how to bring value to the executive level, they will have a better chance at building the type of long-term business relationships that lead to increased sales.

## LEVELS OF PROFICIENCY

Along with the shift to solution selling came a change in the role of the salesperson, and today there are three levels of sales proficiency: tactical, strategic, and competitive.

## THE TACTICAL SALESPERSON

Tactical salespeople see the world through a pair of product glasses. They believe that if they can just get the opportunity to show the virtues of their product or service, they will succeed. They therefore focus on the day-to-day tactical events of the sales campaign that revolve around their product, such as making a sales presentation, writing a proposal or conducting a product demonstration.

Focusing on product alone does not work at the executive level. Executives clearly recognize the difference between the levels of sales proficiency and work diligently to avoid spending time with the tactical salesperson. The executives interviewed typically called this type of salesperson a “product expert.” One said he “wants to know how this is going to make my business successful. If all someone can do is talk features, functions and benefits, then they’re going to turn me off pretty fast.” Another complained that, “at the end of the meeting, I felt like I was interrupted and that they wasted my time.”

## **THE STRATEGIC SALESPERSON.**

At the strategic level of sales proficiency, salespeople shift from an internal focus on their products to an external focus on the customer. Strategic salespeople begin to understand their customer's business problems and seek to find the right product to solve those problems. They shift their sights away from their product long enough to see what is more important to the customer — the process in which their product must operate. Strategic salespeople understand that their product must fit and work well within that process and that the product is often only one component of that larger process.

Executives meeting with strategic salespeople usually have a better opinion of them than of the tactical salesperson. One described this person as “someone who was a potential resource. During the sales presentation, we explored several creative ideas together. I'll take these ideas under consideration and possibly meet with them again.”

## **THE COMPETITIVE SALESPERSON.**

Most good salespeople stop at the strategic level. However, even this broader vision and focus on the customer is not enough in today's supercharged, competitive environment. As companies continue to downsize and right-size, they look more and more to outside sources to provide comprehensive solutions to their business problems. Although strategic salespeople understand that their product or service fits into the customer's process, competitive salespeople understand that the process is only one component of something far more important to the customer: What is the business outcome that results from doing business with a particular vendor?

Competitive salespeople focus on the value that the business relationship brings to the executive. They develop this value by understanding the broad vision of the customer's business and then clearly articulate how their products and services can help customers achieve their objectives. But understanding the customer's business is not enough. They also must analyze and work within the political aspects of the customer's business environment.

One executive interviewed in the study described a competitive salesperson “someone I consider a business consultant who came in and gave me ideas about my business that even my own people didn't come up with. As a result, I felt we had a business meeting where she demonstrated some compelling business value and also gave me some reasons why I should grant her continued access to me.” This continued access to senior level executives is critical to building the long-term relationships required to succeed consistently in a complicated business environment.

## **EXECUTIVE BUYING CYCLE**

Salespeople who want to build executive relationships must enter the picture early in the buying cycle because this is when 80 % of executives usually or always become involved in significant purchase decisions (see Exhibit 2). Their motivation at this stage is to understand current business issues, establish project objectives, and set overall project strategy. According

to one executive, “I get involved in the what, not so much the how. At the beginning, I put in a lot of personal time making sure the project’s on track and moving in the right direction.”

These results regarding the early phase of the purchase decision cycle were consistent in both studies as shown in Exhibit 2.

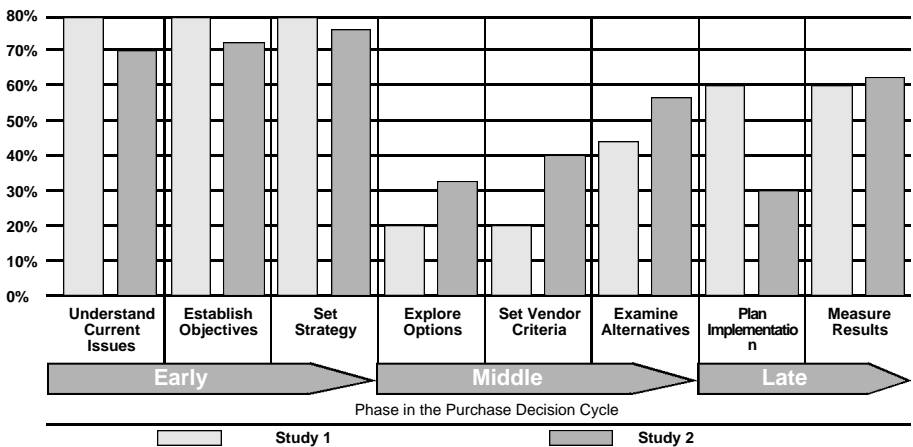
During the evaluation (or middle) phase of the project, executives tend to reduce their involvement and delegate decisions to subordinates or committees. Executives in the survey said that once a clear vision is set, it’s then time to empower the people below them. “Once you’ve defined the parameters,” said one respondent, “then my tendency is to get out of the way.” Of the executives interviewed, many said they never or only occasionally involve themselves in the middle of the purchase cycle, especially regarding activities like exploring options or setting criteria for evaluating vendors. However, in the second study, executives said they did get somewhat more involved in examining alternative solutions.

Both studies confirmed that senior executives get involved again late in the purchase decision cycle, but this time they’re typically seeking to measure results. At this point, the major purchase decisions have already been made, or the choices greatly reduced. Executives said they would meet with a salesperson late in the cycle, but only if the project team asked for their involvement.

Salespeople who do not gain executive access until late in the cycle find their impact significantly reduced for two reasons: Executives hesitate to rule against the decision of an internal group appointed to make recommendations and the purchase decision, in general, has already been made.

## EXHIBIT 2

Executive involvement in the buying cycle



The middle phase of the buying cycle represents the beginning of the selling cycle for most salespeople who operate on either the tactical or strategic level of proficiency. Competitive salespeople don't wait to jump in at the middle; they get involved as early as possible. A salesperson's chance for success is greatly increased if they can move up earlier into the customer's buying cycle and focus on what takes place before the customer even decides to evaluate solutions from vendors. At this early stage in the buying cycle, the competitive salesperson helps the client assess options and determine the most effective way to address key issues.

One HP manager describes this as being more proactive about bringing value to the customer. "Instead of just reacting to a customer's request for a quote or proposal, we started becoming more inquisitive about why the customer may want something and the eventual effects of buying our product or service. We can then use this information to become intimately involved in our customer's purchasing decisions."

## **IDENTIFYING THE RIGHT EXECUTIVE**

The old sales adage says "call high and at the top," but it doesn't tell a salesperson whom to call. The executives in our study complained about receiving too many calls from, as one executive put it, "people who think I ought to be involved very early on in some project such as our next purchase of business supplies. It's a real aggravation because they are getting above where they need to be and clearly don't understand or care about how our process operates." Calling on the wrong executive not only wastes salespeople's time and resources, but also hurts their credibility and therefore, their ability to create future relationships with that executive.

Competitive salespeople focus on the right people or what might be called the relevant executive for the sales opportunity. They take the time to understand the dynamics of their customer's organization to uncover who has influence, power, and control over a particular project. "It doesn't have to be the CEO of a corporation," said one senior HP sales executive. "It could be someone that has great influence with very little rank. So we focus on finding out who these people are that have influence for that project."

## **IDENTIFYING THE RIGHT TARGET FOR ACCESS**

To determine who is the right executive to target, ask the following four questions:

- Who initiated the project?
- Who will be the most affected by the outcome of the project?
- Who in the customer organization stands to gain the most if the project succeeds?
- Who involved in this project has the highest rank and greatest influence?

The executive who initiated the project is often either the decision maker or the approver for the project. A decision maker is the person who analyzes the results of the evaluation team, listens to recommendations and then makes the final commitment to a vendor or to a certain strategic direction. An approver, on the other hand, is the person who has the right to review, approve or veto the decisions made by the decision maker.

The executive with the highest rank and greatest influence for a particular project is the person the salesperson should approach (e.g., the relevant executive). Anyone above this person who is not involved or is not affected by the project is not an appropriate contact. Anyone below this person does not have a broad enough view of the project and can give the salesperson bad or misleading information and can even prolong the sales cycle unnecessarily.

## **RANK VS. INFLUENCE**

Every company has two organizational structures. The first is the formal one that is depicted in the organizational charts. These charts map out the titles and reporting lines of the organization — in other words, who has official rank within an organization. But how often do these formal designations actually reflect political reality? If an organization has ten vice presidents, do they all have identical levels of power and influence? Not likely.

Influence is the informal and real power that a person has within an organization and rarely follows the company's formal organizational structure. One way to picture a company's informal structure is as three concentric circles: the inner circle is the center of the power, surrounded by the political structure, which is then surrounded by the balance of the organization. The closer to the center someone is located, the more influence he or she has.

When individuals within an organization understand how to avoid the political traps and become agile enough to dodge political conflict, they become part of the organization's political structure. These people have the ability to anticipate events and respond quickly. They understand what is going on within the organization and can anticipate what changes are going to happen.

As people move closer to the center, they may eventually become part of the inner circle of an organization. People within the inner circle can not only respond to events and take advantage of opportunities, but they actually create the opportunities. These people control outcomes and control what happens by defining the organization's goals and objectives.

The composition of the inner circle and political structure can change, depending on a number of factors, including the size and complexity of the sales opportunity. The inner circle and political structure for the purchase of office supplies, for example, may be completely different than for the purchase of information technology solutions. Remember that official rank may have little or nothing to do with whether someone is part of the political structure or inner circle of the organization. Some vice presidents are simply figureheads, and many administrative and executive assistants wield considerable power.

Determining who has influence is considerably more difficult than finding out who has rank in an organization because companies don't map out their political structure or informal decision-making policies. There is no organization chart defining influence. That must be uncovered through investigative work. The salesperson must gather intelligence — clues that will eventually form a clear picture of the customer organization.

To begin this investigative work, start with viewing the people within the organization from four points of view:

- **Business Value.** Who defines it? Who creates it?
- **Track Record.** Who's been successful in the past?
- **Partisans and Allies.** Who's connected?
- **Philosophy and Policy.** Who follows them? Who sets them?

## **BUSINESS VALUE**

People build influence in a number of different ways, but the key to maintaining it over time is business value. At the end of the day, people are looking for substance. People in the inner circle consistently create value for their company. They understand the organization's goals and how to be a productive contributor toward realizing the key business objectives. Salespeople should find out who set or shaped the goals and objectives for the company, the department, or the project.

## **TRACK RECORD**

Psychologists will tell you that the best indication of future performance is past performance. People in the inner circle have a past track record of consistent success. This doesn't mean that they are always successful. It means that they are consistently successful. Look for patterns of success or lack of success in an individual's personal or work history. Beware of the "valid" excuse — a pattern is still a pattern, regardless of how good the reasons for failure may be. Each problem event taken by itself might sound reasonable and legitimate, but somewhere along the line a trend in behavior emerges.

## **PARTISANS & ALLIES**

People in the inner circle surround themselves with people they trust. To maintain power in the long run, influential people recognize their own limitations and seek out people who can compensate and balance them out. They surround themselves with people who balance them out. These people — their allies — become part of their informal decision-making process.

Every organization has an influence network — an informal chain of command. Who has long-standing relationships with people in the inner circle? Who do they go to for advice? Who's well connected, part of their grapevine? Who always knows what's going on? In an organization, information is power. Who has that power? The competitive salesperson works through this informal network to reach key executives. Without support from an executive's allies, it can be difficult, even impossible — to gain access.

## **PHILOSOPHY AND POLICY**

People in the inner circle set the philosophy — the company's belief system of how things should work — and policies for the company. From this philosophy springs the culture of the organization. The inner circle drives that culture making up the rules in terms of policy and its interpretation. People inside the inner circle can interpret the company's policies as guidelines or rules to be

adhered to or modified if the situation calls for it. People outside the inner circle view policies as a prison. They don't have the power or influence to work outside the boundaries set by others.

## **OTHER INDICATORS**

The most obvious place to get clues about who has influence is in the physical manifestations of the company. Look at a company's symbols — dress code, furniture, office layout — and take note of people's behavior: How do they interact with each other? Who defers to whose opinions?

Influence also flows in many directions throughout the organization. It can flow horizontally to peers, up to superiors, across departmental boundaries or even originate from outside the organization. Influence or informal power can come from people who have subject matter expertise in certain areas, have developed relationships with people of power or have developed a reputation over a period of time.

Observing key players during times of organizational change can be very revealing. At times, it's like observing a flash of lighting in the midst of a night sky in that suddenly everything is illuminated and totally visible. You can easily spot the winners and losers of a re-organization and put the pieces of a puzzle together rapidly.

In order to effectively understand who has influence within an organization, you have to continually analyze what's happening at both the micro (individual) and macro (organizational) levels. At the micro level, for example, have you ever noticed executives who are adept at circumventing a hiring or spending freeze? Typically those who can avoid or circumvent the rules are people that have significant influence within the organization.

## **GAINING EXECUTIVE ACCESS**

Once a salesperson identifies the right target, getting in the door isn't all that difficult. According to the study, the most effective way to gain access to executives is through a recommendation by someone in the executive's company (see Exhibit 3). Eighty-four percent of the study participants said they would usually or always grant a meeting with a salesperson who was recommended internally. This stresses the importance of building company-wide relationships that create a link to senior management.

Other methods did not fare as well. Referrals from outside the organization are sometimes successful, yet more than half of the executives surveyed will never or only occasionally meet with a salesperson recommended by an outside contact.

Cold calling rated the lowest, with only 20 % of the participants saying they would occasionally grant a meeting as a result; while 44 % said they would never respond to cold calls. A letter sent before the call only improves the odds slightly. The executives who might grant a meeting as a result of a direct contact stressed the importance of focusing on an existing need or interest. As one respondent said, "If I get a call from somebody and they're talking

about something that’s kind of interesting but it’s not on my radar screen, I tend not to take the time. But if it has clear and immediate value, then I’ll listen to them.” It’s clear that an executive will not meet with a salesperson unless he or she can offer immediate value. To provide value, a salesperson must understand and know the customer’s need.

### EXHIBIT 3

Effectiveness of methods used to gain a meeting with senior executives

	Always	Usually	Occasionally	Never
A recommendation from someone inside your company	16%	68%	16%	0%
A referral from someone outside the company	8	36	44	12
A letter from a salesperson followed by a direct call	4	20	40	36
A contact at an off-site meeting	0	44	32	24
A direct telephone call from a salesperson	0	20	36	44

### INFLUENCE NETWORKS

It can take some time for salespeople to work their way to the right people in an organization. The study clearly indicates that to gain access to senior executives, establishing relationships at lower levels of the organization is critical. One executive gave two typical reasons for granting a meeting, “if I see or hear something that might have some applicability within my world or at the request of some of my cohorts around here.”

These “cohorts” are part of the executive’s influence network. Influence can flow in non-traditional directions — from subordinates to superior, across departmental boundaries and even across organizational boundaries. An influencer may not necessarily have a formal role in the buying process or even be directly employed by a customer. They could just as likely be a close, personal friend of someone in the inner circle, an outside consultant, or a low-level employee within the organization who just happens to have a 15-year working relationship with an inner circle executive.

Competitive salespeople understand and work the influence networks within their customer’s organization. “You’re always trying to find someone you can approach that can mentor you and help you maneuver through the account, said one sales executive. We strive to build a win-win relationship by asking who can benefit from this relationship.” They usually understand that it would be beneficial to get at higher levels within an organization. They actually sponsor your effort to reach senior executives.”

So, while salespeople may not always be able to instantly develop a relationship with the key decision-maker, they may not need to — providing, of course, that they can align themselves with someone within the customer organization that the executive trusts. The executives in the study confirmed this by stating that “if certain people say I should talk to someone, I know I’m going to get value out of it.” That trusted person — the executive’s influencer — will often voluntarily pave the way by setting up a meeting with the executive.

## THE INITIAL MEETING WITH THE EXECUTIVE

Once a meeting is established, a salesperson has a limited amount of time to present him or herself either as someone who can add value to the executive and, therefore, is granted continued access — or as someone who belongs working at the lower levels in the organization. As one Hewlett-Packard manager put it, “What happens when you finally get 20 minutes or a half hour? What do you talk to them about? You need to find out what’s important to them and how you fit into what they want to accomplish. You want to walk out of that meeting viewed as someone they can go to for help in accomplishing the executive’s goals and objectives.”

The leading criterion cited by the executives in the first study in gauging the effectiveness of a sales meeting is the salesperson’s ability to demonstrate accountability and responsibility (see Exhibit 4). Executives want to avoid having multiple, frustrating conversations with people who are unfamiliar with their situation. They want one point of contact within the organization for problem resolution.

Second in importance is understanding their business goals and objectives. Study participants said they look to develop beneficial partnerships with their vendors and therefore, need a salesperson who understands how a product or service benefits their organization. Executives are looking for someone who “truly understands the problem I’m dealing with from my viewpoint, as opposed to the classic solution in search of a problem,” said one respondent. Many complained about salespeople that hawk their solution regardless of whether it addresses a particular question need in the organization.

Other behaviors assigned high ratings by executives are good listening skills, industry expertise, and knowledge of the business. Although executives look to salespeople for new industry knowledge, be discreet when talking about the executive’s competitors. Salespeople can easily erode trust as executives begin to wonder if the same salesperson might be talking about them to their competitors.

Our data shows the degree to which salespeople are being scrutinized when they meet with senior executives. In light of these findings, it’s more obvious than ever that salespeople must have complete awareness and understanding of the executive’s business and the need to present themselves and their companies in the best possible light. Salespeople cannot simply go in there and wing it.

Figure 4 shows the results of both studies, ranked from the most important to least important

based on the results of the first study. The top three criteria were the same for both studies, which highlights the need for a salesperson to demonstrate accountability, to understand their business goals and objectives, and to listen before proposing a solution.

## EXHIBIT 4

### Relative importance of factors for successful sales meetings with senior executives

(1=least important, 5=most important)

CRITERIA	Study 1	Study 2
	Average Score (1-5)	Average Score (1-5)
Demonstrated accountability/responsibility	4.48	4.49
Understood business goals/objectives	4.40	4.59
Listened before proposing solutions	4.36	4.59
Demonstrated knowledge of industry/firm	4.36	4.02
Constructed game plan for events to follow	4.20	3.79
Demonstrated ability to solve problems	4.00	4.15
Ensured meeting accomplished objectives	4.00	3.79
Communicated value	3.96	3.95
Proposed alternative solutions	3.88	3.69
Thinking beyond current sale	3.84	3.56
Worked well with your staff	3.76	3.77
Structured agenda for meeting	3.48	3.52
Source of information about competitors	2.72	2.95

## ORGANIZATIONAL PERSPECTIVE

People working at different levels in an organization have different perspectives and motivations regarding their purchasing decisions. Understanding these different perspectives and responding to their differing needs is key to providing value and positioning a solution appropriately.

## OPERATIONS LEVEL

At the operations level, discussions generally focus on “What does your product do?” When it comes to the business decisions, the operations level of an organization generally focuses on price/performance issues.

Because operations-level people simply want to be able to do their job and be viewed as the best person in their current position, they need tools to help them perform their job better. Therefore, when talking with these people, salespeople are engaged in a direct, head-on battle of one solution's features and price against that of their competition.

## **MANAGEMENT LEVEL**

The product questions at the management level are slightly different. It's not what the product does, but "How will it fit in the operation?" The management level of an organization is concerned with survival, for good reason. This middle tier is the most susceptible to downsizing in business today. Middle managers are chiefly concerned with whether the project is implemented on time and under budget. Non-product issues such as total cost of ownership, implementation, training, and the impact on other processes are critical at this level.

## **EXECUTIVE LEVEL**

At the executive level, the question changes "Why should we do this?" Executives want to leave behind a legacy. They look at alternative uses of capital – a dollar spent in one area is a dollar that cannot be spent in another area — and ask questions such as "Do we spend \$500,000 upgrading our information systems or do we invest that capital in a new manufacturing plant in Eastern Europe? Should we invest it in a new ad campaign or new sales initiative?" Providing compelling and unique business value helps salespeople position their product or service in a way that clearly answers the executive's questions.

## **BRINGING BUSINESS VALUE**

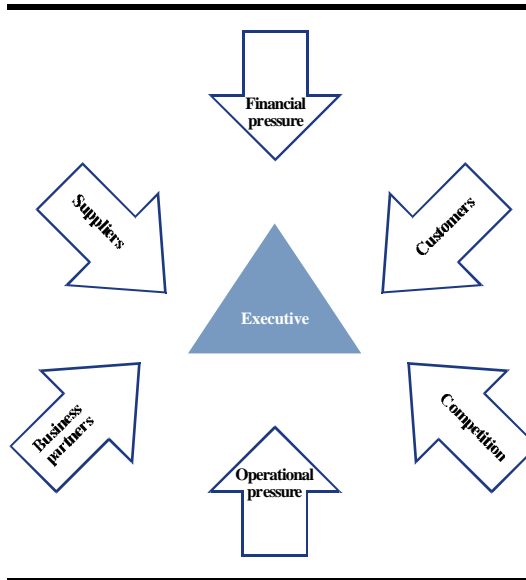
Once a salesperson understands the executive's perspective, he must next identify the key issues confronting them. If salespeople can anticipate these issues, they can clarify their position and bring value to the executive. It's important to remember that value is defined by the customer's perspective, not by the salesperson. If an executive does not care that a product is faster or bigger, then defining value along those lines will get a salesperson relegated down to the operations level people who typically do care about such things.

In selling strategic business solutions, it's the total picture that counts — not the individual products and services. The account managers at HP are trained to focus on how they can make the executive's job easier and use technology to gain a competitive advantage. Gaining a deep understanding of an executive's drivers helps to anticipate future requirements and allow salespeople to link those requirements to the products and services they provide. Competitive salespeople use this information in their discussions to explore potential areas of need and to send a signal that they can add business value.

Exhibit 5 depicts six areas that drive an executive's perception of value: financial pressure, operational pressure, marketplace pressure (from customers and competitors), and supply chain pressure (from suppliers and business partners).

## EXHIBIT 5

### Executive pressures



### FINANCIAL PRESSURE

Every executive is under financial pressure to perform. At the most basic level, executives must do one of two things to produce a profit: increase revenue or reduce expense. As salespeople build business value for this executive, they must ultimately help them do one of these two things.

It's also critical to understand the trends in the customer's industry. For example, in the airline industry, the principal trends are overcapacity, tremendous price competition and little or no profits. In the consumer products business, the trend is a move away from premium brands. Following industry trends helps to anticipate the executive's needs. Showing the executive knowledge of these trends enhances the credibility of the salesperson.

### OPERATIONAL PRESSURES

Executives spend a lot of time trying to determine how they can improve the internal organization and affect the financial return based on that improvement. At the most basic level, executives are concerned about anything related to their product or service. Salespeople should look at how they can help executives do a better job of selling, making or delivering their product.

Many executives look for solutions that allow them to take their product or service to market faster and “become the low cost producer.” One executive in the study looks to salespeople for “an expertise we don’t have coupled with experience for producing this type of capability.”

Operational pressures also concern the employees of an organization issues surrounding rightsizing or downsizing open areas for salespeople to create value. Also be aware of the regulatory concerns facing an executive, such as labor, environmental issues, or tax issues.

## **MARKETPLACE PRESSURES**

Marketplace pressures are centered on the organization’s customers and competitors. Maintaining and growing their existing customer base, creating and enhancing loyalty, and delivering value are of prime importance to most executives. If salespeople can demonstrate how their product or service can add value in that process, they will help create competitive advantage.

According to one HP account manager who sells the financial services industry, “You have to first understand the business and the demands on that business. We talk about their unique situations. For example, some brokerage houses have investment tools that only last for a few days. How do you help them maximize their profitability during that time? How do you let brokers know who is calling in and what their portfolio looks like so they can leverage that knowledge? These are the types of problems we discuss with executives in an effort to become involved in setting the direction for the future.”

Competitors represent yet another significant source of pressure for the executive. The traditional direct competitors are easy to identify, but nontraditional ones are more difficult to spot. For example, a few years ago, what cable company executive would have thought that local telephone companies in the United States would be in the cable TV business today? Or who could have guessed that Tesco, a supermarket chain and Marks and Spencer, a clothing chain, both located in the United Kingdom, would offer its retail customers a full range of financial services such as personal loans, various types of insurance, Internet connections and cellular phone services via its retail outlets?

## **SUPPLY CHAIN PRESSURE**

In today’s business environment, customers are looking to strengthen relationships with fewer suppliers. As a result of recent quality initiatives, many large companies have significantly reduced their overall number of suppliers. Increasingly, approaches to sharing information — such as just-in-time and electronic data interchange — are becoming more commonplace because of the mutual benefit to both organizations.

Business partner relationships are also changing rapidly. At times, new alliances are created by former competitors who are banding together to thwart emerging competitors. Customers may be evaluating their business partner relationships in light of changing business environments. This represents another opportunity for salespeople to create value by demonstrating an understanding of their pressures and offering solutions in this area.

## CONDUCTING THE EXECUTIVE MEETING

Many salespeople show up at the meeting with a prepared speech expounding all the reasons why an executive should consider their product and service. One executive in the study felt that these canned speeches meant that “the salespeople had key messages that they wanted to deliver rather than listening to my concerns.” The executive perspective is that the meeting becomes a forum to present a preconceived solution to their problem. Another executive said that “there are a lot of salespeople who suggest they have the answers and they’re going to hawk their answer regardless of whether it is the answer to a particular issue in the organization.”

Salespeople who asked the right questions that uncover problems impress senior executives. One respondent said “If I have to ask the questions or uncover all the problems, they’re of no use to me. I look for people who ask layers of questions that uncover something I might not have considered. If the project is something that I’ve not done before, then I only have the experience to ask two or three questions.” Salespeople who bring a new perspective to an existing problem or situation provide value.

This means that the majority of the meeting should be spent understanding the problems, issues and implications associated with the opportunity or situation. The key is to listen, ask questions, and let the executive reveal the problems and the impact these problems are having on the organization. Some questions that help clarify the issues are:

- What effect has this situation had on your organization? Use the knowledge gained from research to expand on the situation. This question helps the executive focus on a specific area of the business and allows salespeople to showcase their knowledge of the executive’s organization and industry.
- What three things are you not doing today that would help resolve the situation? This question helps a salesperson understand the gap between what the company is currently doing and what the executive feels they should be doing.
- What have you done to address this problem? Why did you choose this solution? What was the outcome? These questions all focus on using the past to understand the executive’s thought process.
- What do you see as the critical success factors for solving this problem? This question uncovers whether they know what they want to do next and gives clues about how they will measure success of the project.
- What are the consequences if you don’t solve the problem? This question uncovers whether this problem or situation has a compelling event that will cause pain if not solved within a certain timeframe. If the situation has no compelling event, then pursuit might not be worth the time and resources.

- Who are the key people I should talk to in your organization to better understand the problem? With this question, the salesperson is volunteering to be sent down to lower levels in the organization to develop a better understanding of their next steps, thus allowing the executive to view the salesperson as a resource.

After exploring the problem, a salesperson should attempt to relate these issues to business value, using the executive's terms. Through this discussion, a salesperson demonstrates a thorough understanding of the problems before proposing a solution.

Only after the issue is clearly defined and agreed upon should a salesperson begin to describe potential solutions that can be related to business value. Waiting until the end of the meeting to explore solutions helps build credibility with the executive.

## **AFTER THE MEETING: BUILDING AND MANAGING STRATEGIC RELATIONSHIPS**

Companies are increasingly realizing the importance of building long-term strategic relationships with their customers to increase revenue and gain a competitive advantage. By selling deeper into an account, they hope to achieve revenue increases through gains in market share, profitability, or sales. This parallels a current business trend that has organizations shifting away from cost reduction toward revenue growth.

Once the meeting is over, then what? How do salespeople turn a transaction into a relationship? There's no doubt that the key competitive differentiator through this decade and beyond is — and will continue to be — the quality of an organization's long-term customer relationships. Selling in the context of developing these types of relationships demands a whole new approach: the ability to look beyond each sales opportunity and manage the relationship. In part two of this article, we will discuss how to build the credibility essential to developing long-lasting relationships that lead to increased sales.

## **ABOUT THE AUTHOR**

Steve Bistriz brings more than three decades of high-technology sales, sales management and training management experience in dealing with companies ranging from start-ups to global leaders. He is a published author and lecturer in the field of sales, sales management and selling at the executive level. He spent more than 27 years with IBM in a number of sales, sales management and training management positions. Most recently, he spent eight years with Target Marketing Systems, a sales training and consulting company based in Atlanta, Georgia. He holds a doctorate in human resource development from Vanderbilt University, which he received in 1995.

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