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SELLING TO SENIOR EXECUTIVES: PART 2

Establishing credibility is the key to ensuring return access to senior executives

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EXECUTIVE SUMMARY

Customer executives require a new sales approach that includes a definition of unique value based on their business needs. Part 1 of this article described how to approach key decision-makers in the customer organization. Part 2 moves beyond the initial meeting to discuss building the credibility required in developing the loyal, long-term customer relationships needed to sustain a competitive advantage. The shift from an individual salesperson selling to an individual buyer toward a diverse global account team working with multiple levels of the customer organization requires both different skill sets for the salesperson and different processes for the sales team.

INTRODUCTION

Gaining initial access and getting in the door is only the first step toward building the quality, long-term business relationships that are key to creating a sustainable competitive advantage. Part 1 of this article discussed how to conduct an executive-level meeting that showcases the value of continuing the discussion and developing a lasting business relationship. Part of that discussion centered on the concept of the three levels of sales proficiency: namely, tactical, strategic, and competitive. Exhibit 1 shows how these senior executives view salespeople at each of the three levels of sales proficiency after the initial meeting.

EXHIBIT 1

Selling at the executive level

	Level 1	Level 2	Level 3
Customer's Impression of You	Product Expert	Potential Resource	Business Consultant
Customer's Impression of the Event	Interruption	Sales Presentation	Business Meeting
Customer's Conclusion	Due Diligence Completed	Creative Ideas Explored	Compelling Value
Outcome	Sent Down	Considered	Continued Access

The executives in the “Selling to Senior Executives” studies, cited in Part 1 of this article, view the tactical salesperson as a product expert and complained that “at the end of the meeting, we felt like we were interrupted and that they wasted our time.” Therefore, executives immediately referred these salespeople down to staff working at lower levels in the organization who can deal with the product and technical issues these tactical salespeople are comfortable discussing. While, through diligence and consistent efforts, the tactical salespeople may be able to schedule an initial meeting with an executive, their inability to address the issues critical to the executives converts an extraordinary opportunity into wasted time for both the executive and the salesperson. Their ability to gain return access to the same senior-level executive becomes questionable, at best.

At the other end of the spectrum, the competitive salesperson is seen as a business consultant who, as one executive stated, “demonstrated some compelling business value and also gave me some reasons why I should continue to grant them access to me.”

Moreover, these executives cited the continual value of dealing with salespeople who had obviously helped solve similar business problems for other customers. One executive said: “Some of these salespeople can relate to business problems at a very high level. They understand that their solution may not be a panacea and they deliver business value by helping me explore various options. My objective is to discuss and develop realistic solutions, not see a slick sales presentation.”

Another executive cited the salesperson’s ability to draw on internal, or even external partner resources and possibly solve the problem, as a key indicator of business value. She said that “the salesperson I meet with should provide me with the benefit of their experience, but also be able to secure the additional resources required to provide a broader view of the solution.” Once past this first hurdle, how can a salesperson help convert an initial meeting into a valued business relationship? Establishing credibility over the long term is important to building lasting business relationships.

There's no doubt that the key competitive differentiator in the new millennium is—and will continue to be—the quality of an organization's long-term customer relationships. Understanding this, companies are increasingly developing strategic account programs to generate sustainable competitive advantage and then struggling with how to best operate in this new environment. To help discover what companies are doing to meet these new sales challenges, Target Marketing Systems sponsored a research study in conjunction with the Strategic Account Management Association (SAMA) and Georgia State University. The study, entitled "Managing Strategic Accounts," was aimed at the exploration of how companies develop, staff, manage, and measure their strategic account programs.

The companies surveyed recognized the long-term importance of their strategic account programs. They understood that a changing marketplace and the ability to compete in a mature market requires a change in business strategy to drive increased market share, profitability, or sales. And most reported that they expected their strategic account programs to have increasing importance as the decade of the '90s came to a close.

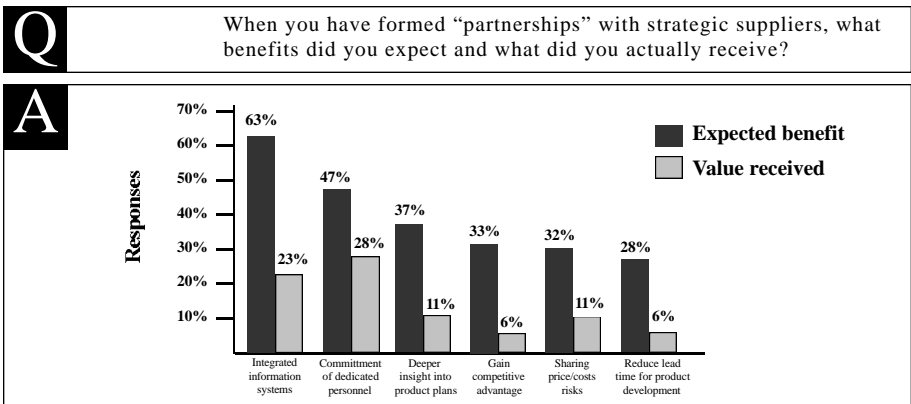
THE CREDIBILITY GAP

While the importance of strategic account programs and developing strategic customer relationships are undisputed, just how well are sales organizations performing in building and establishing the credibility required to build these valued relationships? The survey results show they are not doing very well, from both the perspectives of the customer's executives and the sales organizations themselves.

The "Selling to Senior Executives" studies asked high-level customer executives "what benefits did you expect to receive and what benefits did you ultimately receive from your strategic partnerships with suppliers?" As shown in Exhibit 2, most executives felt their strategic 'partners' missed the mark and there was a large gap between the benefits expected and the benefits actually received.

EXHIBIT 2

Expected vs. perceived benefits



While Exhibit 2 reflects the results of the first study, the gap between what executives expected and received was significant. Senior customer executives feel they do not receive the expected benefits from their strategic partners. In addition, only 45% of the sales organizations believe their strategic account programs are successful, leaving 55% feeling they are unsuccessful or neutral at best. Although the second study revealed a smaller gap, significant differences still existed.

In the second study, the gap may have been closed somewhat because sellers have:

- Increased the number and presence of strategic account teams
- Formed closer relationships with customers
- Emphasized the value of their solution more effectively

CREATING CREDIBILITY WITH EXECUTIVES

Since there is such a wide gap between executives' perceived and expected benefits, what exactly do they want from a sales organization? As one executive succinctly described, "Integrity in the way a salesperson works with us, along with a track record of delivering on what was promised. Credibility is the product of those two."

Both study results reinforce this executive's interpretation (see Exhibit 3). According to the study participants, building credibility comes from providing executives with a sense that you understand their business, you have the capability and experience to help them solve their problems, and your intention is to establish lasting relationships and become their trusted adviser. Credibility is the result of the value that a salesperson or a sales organization brings to the executive, over the long term.

A demonstrated ability to think beyond the current sales opportunity is also critical to the executive's perception of credibility. The sales organization must manage the relationship for the good of the customer and not simply from one sales opportunity to another.

Let's examine in some detail, the top four criteria identified by executives in Exhibit 3 as the key ingredients for building credibility with them. (Note: These criteria are discussed in order as ranked within the first study).

ABILITY TO MARSHAL RESOURCES

The ability to marshal resources was the single most important factor cited for building credibility. This represents a shift from the "lone wolf" salesperson toward building customer relationships involving multiple business functions. It also involves the formation of a virtual sales organization designed to bring a total solution to the customer. Executives want comprehensive solutions that address their global business requirements. They also want a single point of contact within the sales organization who has responsibility and accountability for the solution. This means a single salesperson may not be able to "go it alone" any longer. They may have to engage additional experts from within their own firm, coordinate across geographic boundaries, and work with a variety of business partners to help customers solve complex business problems.

EXHIBIT 3

Relative importance of factors for building credibility with senior executives

(1=least important, 5=most important)

CRITERIA	Study 1	Study 2
	Average Score (1-5)	Average Score (1-5)
Ability to marshal resources	4.44	4.18
Understood business goals/objectives	4.40	4.52
Responsiveness to your requests	4.36	4.56
Willingness to be held accountable	4.32	4.70
Knowledge of company's products	4.08	4.11
Demonstrated ability to solve problems	4.00	4.31
Works well with your staff	3.96	3.79
Knowledge of your industry	3.88	3.70
Knowledge of their own industry	3.76	4.34
Track record of accomplishments	3.60	3.93
Understands your personal issues	3.32	3.03
Source of information about competitors	2.84	2.70
Length of service in the job	2.48	2.40

Executives want to know that a salesperson can represent them within the salesperson's own organization and possess the ability to get things done. According to one executive, "if she brings the right resources to us, avoiding the 'sales mode' by staying in an 'action and results' mode, it builds a lot of confidence." The ability of salespeople to wield influence within their own organization and bring the right resources to bear on their customers' needs are of prime importance.

Note, however, that this criterion fell to number five in the second study.

UNDERSTANDS BUSINESS GOALS AND OBJECTIVES

Critical to successfully establishing credibility is the ability to understand the needs of the customer, including their goals and key business drivers. Business drivers can be defined as the internal and external pressures that create the need for change. These pressures can create both problems and opportunities for the customer with specific consequences and paybacks. The most pressing problems and opportunities subsequently result in distinct business initiatives. Without that understanding, there is no reference point to gauge the appropriateness of a product or service. Focusing solely on the sale—outside of the context of what value a solution brings to provide payback for the customer's business initiatives from the customer's perspective—will create a view that the salesperson "is only interested in their own commissions or quotas."

RESPONSIVE TO REQUESTS

Executives want to do business with people who respond to their needs. They want to know that “when they say they’re going to do something, they will deliver.” In most organizations, the ability to be responsive involves the salesperson’s ability to bring the appropriate resources to bear on the customers’ requirements. Therefore, not only does the salesperson need to be personally responsive to build credibility; they need to have enough influence to convince others in their own organization to be responsive as well. One executive surveyed cited the salesperson’s ability to “tell me what you can do and make certain you also tell me what you can’t do—both are important.” This same executive went on to say that it is also important to “make certain that you can deliver on what you say you can do.”

WILLINGNESS TO BE HELD ACCOUNTABLE

Executives realize that problems will occur at some point in time—that’s a fact of business life. But how those problems are handled will be the difference between establishing credibility or not inspiring confidence. Executives want to avoid frustrating conversations with different people, unfamiliar with their situation. They want one point of contact within an organization for problem resolution. One executive stated, “I want the salesperson to take ownership of the problem, recognize that it exists, and secure the resources to solve it. I don’t want the problem to be mine. That’s one of the reasons why I worked with someone outside our organization in the first place.” Another executive took this point a step further by saying, “I look to people outside our organization to provide expertise that we don’t have. We don’t ask salespeople to do things we can do ourselves.” Knowing and understanding that, salespeople who can provide business value to the customer can readily build credibility with customer executives.

Note that a salesperson’s willingness to be held accountable rose to be ranked number one in the second study, reflecting even more focus on this area in the eyes of the executive.

BUILDING CREDIBILITY

Building credibility with senior-level customer executives is a critical factor in developing lasting business relationships. Becoming a “trusted adviser” to these executives should be a major objective for most salespeople involved in high value, complex sales.

So how is credibility developed over the long term? Credibility combines building trust at a personal level and proving capability in getting the job done at the business level.

“People buy from people they like,” is an old sales adage. That’s not exactly true when it comes to the way senior executives make buying decisions. The “Selling to Senior Executives” study clearly indicated that personal feelings were usually not a factor in their decision-making process. Instead, buying decisions were based partly on trust. What an executive feels personally about a salesperson is beside the point. They want to feel they can trust a salesperson to create value for them, as well as their organization. That isn’t to suggest that salespeople shouldn’t build friendships with customers, but they shouldn’t confuse being a friend with being a trusted adviser. Too often, salespeople focus on either establishing capability or building a “trust” relationship.

If salespeople only work to establish their capability for getting the job done, they often position themselves as a “technical expert or an extra pair of hands,” which does not offer much in the way of competitive advantage.

“Say I’ve got a problem I need solved,” says one executive. “I know two people who have expertise in that area. One I trust and respect. The other might actually have more expertise, but I don’t know him or her as well. If I call the one I trust, I’ll begin to act immediately on their advice. If I call the other one, I’ll probably double check and get a second opinion.”

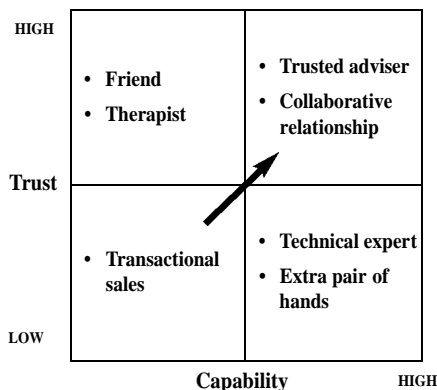
Therefore, a salesperson who focuses solely on building the personal side of the relationship may end up as a friend or a therapist while others who focus on both the personal and business aspects of the relationship become viewed as trusted advisers. Executives examine both the trust and capability components of a salesperson as they evaluate a person’s credibility.

According to the executives, another essential factor in building trust was the salesperson’s candor. Executives can sense when someone is not telling them the whole story. Trust erodes very quickly when an executive feels the salesperson is not “coming clean.” Executives stated that salespeople who misled them made them “wonder what other problems occurred” and abhorred “last minute surprises” from vendors. One executive realized “there are some issues surrounding any potential solution to my business problems. I want to get as clear an indication as possible on what those are up front.”

Top performing salespeople understand the building of credibility at the executive level comes from providing the executive with a sense that they understand their business, they have the capability and experience to help them solve business problems, and their intention is to establish lasting relationships. This enables the salesperson to enhance the relationship and become the executive’s trusted adviser. A salesperson’s objective should be to move toward the upper right, in the direction of the arrow, as depicted in Exhibit 4.

EXHIBIT 4

Building credibility



MARSHALING RESOURCES

The first “Selling to Senior Executives” study found the leading criterion for building credibility and maintaining continued access with executives is the ability of the salesperson to marshal resources within their own organization. Senior customer executives stated they looked for “the ability to put the right resources in place at the right time to get the project done.” These executives want to know whether their lead salesperson can secure the resources to get the support required, or whether their project will be mired in the sales organization’s bureaucracy. Bottom line, the executives want to know, “does this person have power and authority within their own organization?”

The sales organizations that participated in the “Managing Strategic Accounts” study are in agreement with the executives on the required role of the account manager or lead salesperson. In response to an emerging virtual sales organization composed of multiple channels and a variety of solution-providers, respondents defined the role of the strategic account manager as different than that of the “traditional” sales representative. More than half of the respondents felt the strategic account manager takes on the role of “rainmaker,” defined as stimulating the customer’s interest in new and additional projects, a typical selling function. Others saw their strategic account managers as more of a “team captain,” in other words, the person who marshals and coordinates company resources for their customers.

THE CHANGING ROLE OF THE SALESPERSON

While both sales organizations and customer executives recognize the importance of this critical function of the salesperson—an orchestra leader who brings the resources of their company to their customers—many organizations are not measuring up to their customer’s expectations.

One reason for this gap is that the role of orchestra leader is a completely different and very challenging aspect of a salesperson’s job description. While most salespeople working with senior executives are themselves senior level salespeople with more experience than the traditional “product” salesperson, they are being asked to play a completely different role than ever before. They must use a different skill set in a completely new sales environment.

This new sales environment creates a totally different dynamic. Many salespeople, hired and successful because they are independent self-starters, find themselves promoted to a strategic account management position. What companies often fail to realize is the independent salesperson that worked very well on their own—albeit at lower levels in the customer organization—may not be able to function well in this new environment. Problem-solving skills are more important than traditional selling skills and the ability to manage resources greatly outweighs the ability to close the deal. When the account team replaces this “lone wolf” salesperson, it means a very different set of behaviors for the individual salesperson as well as a different model for how sales organizations must work together.

BARRIERS TO SUCCESS

Interviews with top salespeople also confirm their fear of calling on senior-level customer

executives. Fear of failure is often cited as their number one concern. They view this type of executive call as a high-stakes game and failure at a call at the executive level can deny them return access for an extended period of time.

Their second fear is lack of self-confidence. This is hard for most salespeople to admit. Their ability to review technical details at lower levels in the customer organization is usually beyond reproach; however, they are, at times, intimidated calling at higher levels. The fact is that many salespeople are out of their comfort zone when they get to the top levels of the customer organization.

The third fear is their lack of equivalent position. At times they feel they must be of “like rank” in order to call on senior-level executives. To compensate, they bring one of their company’s executives without briefing them beforehand. The result is a “glad-hand” call that simply wasted the time of the customer executive.

Only when salespeople begin to articulate their business value and demonstrate a consistent ability to be perceived as a trusted adviser by their customer can they begin to overcome these obstacles.

MEASURING SUCCESS

Many organizations talk about managing their most important customers, yet in reality, they take an outmoded approach to evaluating the results of their strategic account programs—e.g., using financial measurements as the sole criteria for success. Business and financial issues are certainly important, but managing long-term relationships with key customer executives cannot be overlooked. As Frederick Reichheld pointed out in his book *The Loyalty Effect*, a positive shift in customer retention by as little as 5% can result in a 20% improvement in productivity and, in some businesses, boost profits by 75% or more, over the long term.

New “customer-focused” intent can’t simply be mandated or declared. A sales organization must develop new approaches and processes that effectively foster and manage those relationships. After all, relationships can’t simply be declared, they must evolve.

How an organization measures and compensates success will ultimately define salesperson behavior. When companies define success through financial measures alone, it drives the salespeople responsible for these accounts to behave in a quota-driven, transactional way. Yet, chasing each sale in order to meet short-term quota objectives hinders the ability to establish the credibility required to build long-term strategic relationships. Executives are wary of salespeople who are constantly in a “selling mode, pushing solutions that have no relevance to our business needs.” Pressing an executive too hard to achieve monthly or quarterly sales objectives and meet short-term financial objectives, especially if the product or service is not the best solution, will certainly hinder relationship building.

Respondents of the “Managing Strategic Accounts” study recognized this issue. When asked to state the top three factors that make for successful strategic account programs, they cited

synergy, management involvement, and communication; all critical for relationship building. The respondents felt the relationship must be a win for both parties. By meeting the needs of their customers, they could meet their own needs as well. A financial indicator, such as an account with potential to yield additional revenue, was a very distant fourth indicator of success.

Yet, most respondents actually measure success using only financial criteria: sales volume, profitability, volume of recurring revenue streams, and incremental orders from existing accounts. Only slightly more than half of the respondents (53%) included customer satisfaction as one of three measures they use to determine the success or failure of the program. Only 12% said they reward their strategic account managers based on the non-financial measure of customer satisfaction. What type of message are they sending to their account team members? What type of behaviors are these sales organizations promoting?

While it is true that companies develop these programs with a long-range goal of increasing revenues, they may be losing sight of the importance of bringing unique business value to the customer. Before they can experience revenue increases, they must build long-term relationships with customers. Therefore, one reason 55% of the study respondents did not feel their programs were successful may lie in the discrepancy between their financial measures for success and the factors they know are essential for a successful strategic account relationship.

USING A COMMON LANGUAGE

With the rise of the “virtual” sales organization, the salesperson may be coordinating resources from a wide range of functions, both internally and externally; namely, sales support, telesales, partners, channels and a variety of other alliances. Everyone involved may wind up talking with the customer. Each may have crucial roles to play at critical points in the relationship.

One way to ensure a salesperson’s ability to obtain the right resources is to have a common language to discuss the customer, the specific sales opportunity, and the customer’s long-term needs. This does not mean that everyone speaks English or French, but everyone speaks the “customer’s language,” using the same terminology. Many problems associated with resource allocation dissipate if an organization has a common language, a common approach and common reference point that allows everyone that touches the customer the ability to understand all the key issues. If there is a common way to describe a business problem or a common way to talk about the pain in the customer’s organization, it will help a sales organization’s internal operations move more quickly to understand and solve the customer problem. A consistent and common way to communicate and track value with each customer gives the salesperson and account team the ability to manage a customer’s requirements as well as their expectations.

ASSESSING EACH SALES OPPORTUNITY

Resource deployment can be very expensive, yet it’s critical to place the right expert or resource in the right place at the right time. Without some consistency and understanding of the sales opportunity and the long-term relationship with the customer, it’s difficult to assess when

and where the appropriate resources should be brought in. With effective opportunity assessment, the entire sales organization should be able to agree that the specific sales opportunity is worth the investment in resources. Using a common language and a structured, repeatable process for analyzing each sales opportunity makes it easier for the sales organization to allocate its limited resources.

There are four key questions in qualifying each sales opportunity, as follows:

Is This a Real Opportunity? Is there an existing project, a budget, and is the budget approved? Is there an urgent need (from the customer's perspective)? Do you understand the customer's business drivers, business initiatives and compelling reasons to take action or is the customer simply gathering information? Are there consequences associated with inaction and payback for taking action?

Since time and resources are limited, it's important to determine that the current opportunity is real and a worthwhile investment in time and resources.

Can We Compete? Product or service fit is only one component of whether an organization can be competitive. Are there sufficient internal or external resources available to compete for the business? Is it possible to provide and deliver unique business value to the customer? Is the unique business value perceived by the customer and does it differentiate us from our competitors? Are there current positive relationships established with the customer?

Can We Win? This question is the one most overlooked in a sales campaign. Many opportunities are lost even if the salesperson has the best product, service, delivery, and price. This question deals with how well the salesperson understands the customer's organizational structure that reveals the inside support necessary to win. Is there support from the most powerful people in the customer organization? Is there credibility with the key executives? And perhaps most importantly, is there political alignment with the key players in the customer organization who affect or are affected by the buying decision? Finally, what facts support these assessments of customer relationships?

Is It Worth Winning? This question is particularly difficult for salespeople rewarded on meeting quotas. Not every account is worth winning. It's important to assess the profitability—both short- and long-term—as well as the strategic importance of each account and sales opportunity.

RELATIONSHIP MANAGEMENT GUIDELINES

Establishing relationship management guidelines helps deliver a consistent and coherent message from the account team to the customer, while keeping all team members accountable and apprised of their responsibilities. These guidelines form an agreement amongst the account team about how they're going to work together, communicate, gather information, and handle critical situations as they arise. This agreement fosters better communication among the team and enhances the overall relationship with the customer.

With multiple people on the virtual sales team potentially talking to a single customer executive, it's important to ensure that communication with the customer is consistent across team members and that important information is shared on a timely basis.

Some specific categories of information that should be shared to enhance credibility with customer executives include:

Value created. Gathering information from within the customer's organization as to the benefits and value delivered, and then sharing it with the executive goes a long way toward closing the credibility gap. Every member of the account team should be able to deliver a consistent, coherent value message to each executive within the customer organization.

New solutions. Executives value salespeople who can bring them ways to work "better or faster" and solve their key business issues. When an organization develops a new solution, worked out a solution with another customer in a related industry or within the customer's organization in a different division, that information should be shared with the customer.

New partners. Forming a new alliance or obtaining a new partner may allow broader capabilities and new potential solutions for your customer. Customers should be updated on these new capabilities and how the sales team can add unique business value to their organization.

Industry insight. New insights about the customer's industry or their competitive situation show executives that a salesperson understands their business and marketplace pressures, and therefore, may be well suited to provide innovative solutions. It's important not to break a competitor's confidence in order to share key information. However, salespeople should simply make the customer aware that they continually track new industry developments.

Managing Strategic Relationships

When an executive makes a buying decision, in addition to finding the best solution to their business problem, they want to minimize risk. They want to make sure that the solution will be implemented smoothly and problems will be resolved quickly and effectively. They want to make sure that their salesperson accepts the responsibility for the project's results after the sale and represents them within their own company.

The issues involved in working with senior executives and building long-term customer relationships that lead to increased sales are complex and can't be covered completely in a single article. Selling in the context of building strategic relationships with customers demands a whole new approach. It involves the ability to look beyond each individual sales opportunity and manage the overall relationship. This means very different behaviors for the individual salesperson as well as a very different model for how to work as part of a virtual sales team. Without a robust process and strong team leadership from the account manager, these relationships will come up short. Account coverage will slip, relationships will wither, and sales opportunities will be lost.

A sales organization's success depends upon developing and integrating the skills and processes that support the building of long-term relationships based on value. When customer executives see and understand that value, then the revenue will follow.

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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