

SELL SELL SELL

your way out of the recession

Developing and implementing effective sales strategies in these tough times is a bit of a Holy Grail and **Tony Hughes** has some practical tips for those organisations looking to sell their way out of the recession

'RECESSION', 'CREDIT CRUNCH', 'ECONOMIC AUSTERITY' – the euphemisms for the predicted state of the UK economy has had the media reaching for its collective Thesaurus for most of 2008. Yet it is only now, a full year on, that it has finally come to pass: on 23rd January 2009, the Office for National Statistics revealed the second consecutive fall in GDP, thus confirming that the UK is officially in recession.

Many long-established companies have been forced out of business, others have dramatically downsized and a recent spate of redundancies has left businesses operating defensively.

With firms looking to cut spending throughout the organisation, the axe often falls on staff training, which looks like a simple way of reducing costs but it can be a flawed economy. It has been estimated that firms which don't train their staff are more than twice as likely to fail as those which do. Chief among the reasons for this is that front-line staff, especially salespeople, need higher levels of skills to succeed when times are hard.

Unfamiliar territory

If salespeople are given training when times are good, surely their need for training is even greater when times are bad? How many of your sales team has ever experienced working in a recession before? How many of them have ever had to think through the different ways they must operate to differentiate themselves – and their company – from the competition?

And what about their managers – how many are experienced in developing recessionary strategies or have the fortitude to implement them? Do they have the skills and experience to guide their sales team through it? In the absence of training or experience, most just hope for the best. But what they should be

doing is planning for the worst.

Many managers revert to pressing the 'more' button, but in all the sales research Huthwaite has conducted in the last 30 years, none have found that this works. In a recession, customers pay more attention to their purchasing decisions. Budgets are tighter, priorities have changed and more people are involved in the decision making process, resulting in decisions that

take longer to arrive at. No good can come of salespeople putting pressure on customers to close a deal in these circumstances.

Asking a sales team to make more calls, to chase up every scrap of potential business and put pressure on them to close sales can only work in low value sales. It might create a lot of activity but in most cases, it simply diverts them from the actions that might help them win good business.

Negotiation the key

In a recession, salespeople need higher skills in almost every aspect of the sales process; in particular, they need to become better negotiators to deal with the price pressure customers will inevitably apply. A great folly on the part of many firms is to believe that price is the only issue. If this were true, only the cheapest suppliers would survive, yet time after time, organisations that charge a premium for their goods and services continue to win business and survive through even the most difficult conditions.

It's not that price isn't an issue; on the contrary, when things are tough, price is another weapon in customers' armoury and they will use it. But in a competitive position, all suppliers are forced to cut prices and you end up with lower margins and price parity.

Cutting costs only buys time, it's not a solution and it isn't a strategy for survival. So what is?

Innovate away from the 'me too'

It is finding innovative and creative ways to differentiate themselves in a 'me-too' environment. Research shows that in difficult times, firms are extremely risk averse and more likely to opt for the safest, rather than the cheapest option. In tough times, firms can't afford to make mistakes or take

Feature at a glance: what you need to know

SIGN OF THE TIMES

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LACK OF SKILLS

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too many risks so they play it safe, which often means they're willing to pay a premium for that low risk solution. To succeed, the supplier needs salespeople with the skills to convince the customer that they have the best and safest option.

It's vital to remember that the quality of the sales force is the crucial factor; you can cut production costs, or design and manufacture things more cheaply, but at the end of the day, if your salesforce isn't selling it, all you've produced is worthless. Properly skilled salespeople are the key to staying in business.

Less effective salespeople and certainly those which haven't experienced a recession or been trained for it – pursue every sales opportunity and become embroiled in time-consuming small sales. These eat up a lot of time and often result in small revenue and low margins.

Focus on the customer

More successful salespeople focus on their best prospects and spend time planning how to win that business, whether through tailored sales strategies or call plans. Instead of focusing on what they're going to sell the customer, they focus on exploring what that customer needs and build up a relationship with them.

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was borne out in a survey of 244 senior executives of global companies conducted by Accenture in 2004 which showed that a lack of selling skills, not difficult trading conditions were the most likely cause of underperformance. Two-thirds of the executives saw the sales team as the most important factor in achieving company growth and yet half considered their own sales force to be no better than their competitors. There can be no stronger argument for investing in skills training during difficult times when, for many, survival rather than growth is the objective.

So which sales skills should we be addressing in a recessionary environment?

1. Develop sellers' ability to identify and develop customer needs

The most important skill needed in a recession is that of exploring, identifying and developing customer needs. Independent research revealed that training salespeople to use selling skills can actually increase sales, even in a recession. In one study for Motorola sales increased by 17% in a trained group, while their untrained counterparts experienced a concurrent fall of 13%.

If one of your survival strategies is to win more new client business, then training your sales team to use Huthwaite SPIN® might prove a sound investment. After training their sellers during the 1980's recession, Motorola increased their sales to new clients by 63%. In addition, the average value of sales increased too.

2. Train sellers to develop competitive advantage

In tough times, there is a greater need to win business at the expense of the competition. Sellers need to understand the strengths and weaknesses of their offerings and develop needs where they are strong, plus provide the skill set to explore and build the skills that deliver a competitive edge.

3. Develop stronger perceptions of value

Customers are more concerned about costs during a recession so salespeople need to demonstrate the value of the solutions they bring. Too often, they do this by telling the customer about the benefits they can deliver. A more effective strategy is to help the customer to think through the savings and benefits that will accrue from adopting the solution. Helping the customer to explore the savings and benefits themselves means they're more likely to identify the full value of the solution.

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4. Teach salespeople to handle customer concerns about risk

Because customers are more risk averse when times are hard, they're more likely to buy safe solutions they can trust. Sales people need to identify potential areas of risk for the customer and help to eliminate them. Research shows the ability to handle customer concerns is a key skill.

5. Develop sellers' negotiating skills

Price pressure is inevitable in a recession, often leading to salespeople making unilateral concessions to try to win or retain business. Where margins are already tight, this can mean taking on business on an unprofitable basis. Salespeople need the skills to trade concessions for value adding and seek ways of expanding the deal to create a mutually beneficial agreement. ☺



ABOUT THE AUTHOR

Tony Hughes is Managing Director of sales training consultancy Huthwaite International, originators of the SPIN® Selling skills model. Tony joined Huthwaite in 1990 as a trainer, working predominantly with companies in the IT sector

Key strategies to beat the recession

To increase your chances of survival and success in a recession:

- Don't focus all your efforts on cost and price-cutting
- Don't dissipate your efforts by chasing every sales opportunity
- Focus your sales effort on the best prospects and address their needs
- Develop your sales teams' skills to deal with this new market situation

Thus armed, you should be well equipped to compete for sales and even grow the business at the expense of your competitors. One certainty remains; doing nothing is an effective strategy for becoming a victim of the recession rather than a survivor.