

Why Selling Had to Change in the Last 60 Years: Managing Through a Paradigm Shift

A. The Customer is Always King – But it has be win/win

We all know the customer is king. But this principle backfires when we agree to an adversarial buying program that diminishes our selling. For instance: The Purgatory of Call Me Back in 2 Weeks.

We have all had the experience:

1. We meet the prospect, get invited to bid and submit the bid.
2. We call back at the agreed upon time to follow up and are told:

“I haven’t looked at the proposal yet; call me back in 2 weeks.”

3. So we call back in 2 weeks, and get told:

“Call me back in 2 weeks”

Ad infinitum.

Some people call this...The Purgatory of Call me Back in 2 weeks.

Here’s a troubling thought – could our selling system be encouraging this?

B. Safe vs. Serious Conversations

The core of selling is conversations. There are two types:

- 1) Safe – the prospect will never give you any business; they are in the conversation for another reason. Typically, they want a 3rd price to gauge the effectiveness of their buying from the incumbent
- 2) Serious – the prospect has a compelling need and is willing to discuss it.

How do you know if you’re in a serious conversation (assuming it’s not a 1 call close?)

We watch what the prospect does, not what the prospect says. Thought question: Are we encouraging the prospect to act seriously?

C. The Payment in Kind Principle

We all know the salesperson who returns from a sales meeting and declares:

“It was a great meeting!”

When asked why, he says: “They loved me.”

Subsequently, we lose the business and learn we never had a chance. We were actually in “The Purgatory of Call Me Back in 2 weeks.”

This salesperson overly relied on body language and social cues, which were positive. These are important, but not nearly enough.

He probably didn’t encourage the prospect to engage in behaviors that are appropriate to a serious conversation: getting to know our strengths, our integrity, and our quality. Examples might include: inviting us back to go over a proposal, checking our references, introducing us to other key decision-makers. A serious prospect would do one or more of these behaviors. We know this from experience. The challenge is to encourage new prospects to be serious.

We call these behaviors “payments in kind” or PIK’s for short. At an early stage of the selling process, we can’t reasonably ask the prospect to send us money. But we can ask for appropriate payments: PIK’s – behaviors appropriate to a serious interaction.

If we don’t encourage the prospect to “get to know us”, we force them to make a price buy. This can often be lose/lose. And when this happens, it’s our fault, a failure in selling.

We have to “earn the right” to PIK’s. We do this – earn the right – with a focus on meeting the prospect’s urgent need. It wasn’t always so.

D. Major Post World War II eras in selling

1. Social Selling - Noah’s Ark through 1950’s
2. Facts and Benefits – 1950’s – 1960’s
3. Solution Selling – 1960’s through 1980’s
4. Challenging the customer – the modern era – selling on Urgency!

1. Social Selling established pre-flood (Noah’s Ark), effective post WWII

Social selling is highly effective in a limited competition environment; for example: in the Post WWII era, where the United States had most of the factories in the World.

Companies could compete on:

- 1) Golf outings
- 2) Partying
- 3) Belonging to the right club or social circle

Thought Question: Is this as effective as it once was? If not, why not?

Did social selling encourage appropriate PIK's?

2. Facts and Benefits – 1960's

As competition heats up in 1960's worldwide, sellers have to give prospects actual business reasons to buy: meeting a compelling need.

Consider the introduction of audio cassettes as an alternative to records: cassettes are more convenient, portable.

Facts and benefits are an early selling effort to meet the challenge of increased competition. It is very effective when social selling is the alternative. For instance:

If you need to play music in a remote location, you need audio cassettes. Social relations can't win the day for records.

A key discovery was made: to suggest we choose between social selling and benefits selling is a false dichotomy. We need both.

Social selling gives prospects a reason to hear our story. Benefits' selling gives prospects a reason to buy.

3. Solution Selling: 1960's through 1980's – IBM and Xerox

A further market development involves segmenting markets and offering tailored solutions. This entails a consultative sell. First identify the problem, and then present the benefits we offer to solve the problem.

This both expands the market and provides a "defendable position".

A defendable position is hard to emulate. Classic defendable position strategies include:

Low cost producer

Patents, trademarks

Branding

Specialist

Michael Porter, Harvard Business School Professor, publishes a classic article in 1979 on defensible positions. This is followed by his 1980 book – Competitive Strategy. He advocates establishing long term defensible positions. With long product life cycles, large investments in defensible positions could be justified.

The way we sold made sense for the time.

In the 1960's and even the 1970's, the United States is still the dominant manufacturer in the world.

3. The Modern Era – 1990's on – Hyper competition

In 1990's traditional defensible positions erode, as markets change more rapidly. What drove the change?

- 1) Rapidly changing technology – e.g. – internet replaces printed marketing materials
- 2) Overseas competition

Two books explore this development:

Hypercompetition - Richard D'Aveni

Competing at the Edge - Shona L. Brown, Kathleen M. Eisenhardt:

Long term defensible positions, appropriate to limited competition, give way to: The quest for short term advantage. Key drivers in the U.S. economy:

1. Shorter business life cycles by 1990's
2. Very expensive to constantly innovate

There is a latent demand for a selling system that substitutes for high capital investment in creating defensible space. This requires a change in the selling system, to a method that constantly creates and satisfies needs.

4. Urgency Based Selling® System – for the modern era – challenging the prospect

Focusing on urgency challenges the customer. This identifies both existing and potential urgent needs. By taking a stand, this compels prospect to enter serious discussion and act respectfully.

Urgency condenses the selling cycle and catalyzes relationship formation. When we start with urgency, it gives the prospect a reason to form a social relationship.

Urgency selling remedies these problems:

1. Lack of urgency by prospects and sales force
2. Wasted time in safe situations
3. Sales force blackmail of owners – particularly in treating prospect and clients as private property (prospect and clients are company property – its top management's job to set the risk level taken by the sales team).

Urgency Based Selling® makes possible exponential sales growth – with limited investment.

In challenging the prospect, we discover where the prospect is “bleeding to death” and show how we are the only solution (defendable position). This not only covers situations where prospect knows their pain. It also covers situations where the prospect isn't even aware they are bleeding to death – the educational, missionary sale.

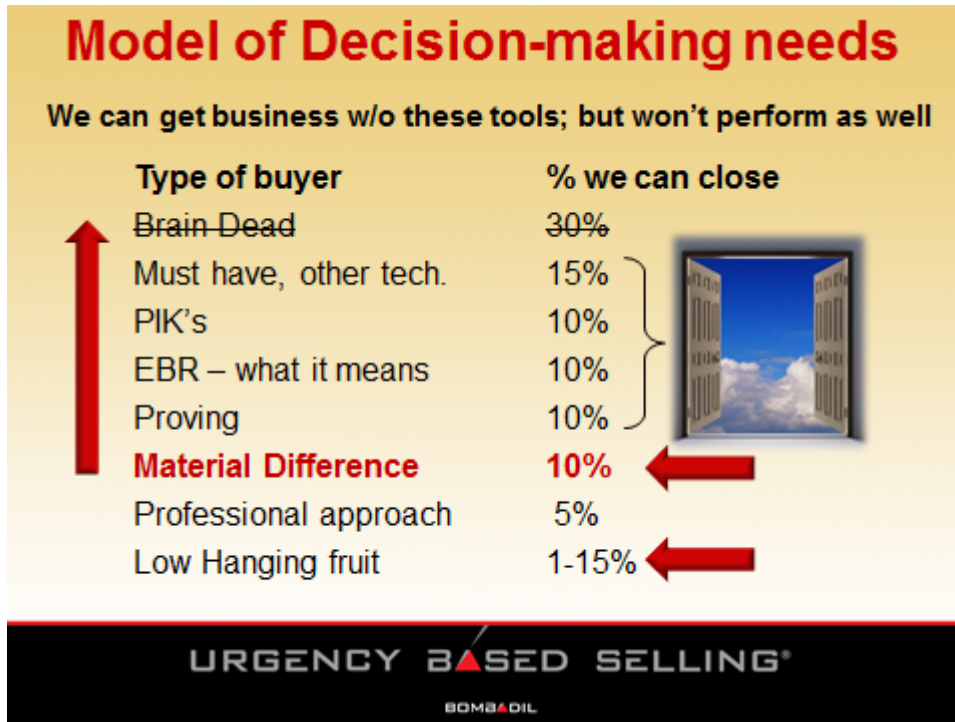
Urgency Based Selling® earns the right to appropriate PIK's.

This can be seen by segmenting types of buyers, in the slide below.

Material difference – a difference so strong a prospect must change his/her behavior – and proving, set the stage for strong PIK's.

Proper implementation improves closing ratios to the 50% mark.

By contrast, most firms operate in the realm of low hanging fruit, closing ratios of 1-15%.



E. Conclusion – selling in the modern era

We are in the modern era of shorter product life cycles, intense competition. We need lower cost alternatives to risky capital investment. We must challenge the customer to earn the right to the sale. Urgency Based Selling® does the job.

How about your company?

How are you selling?

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