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12 Sales Changes You Must Make to Sell Your Way Out of a Recession

How will your sales organization and salespeople change their strategies, tactics and tasks to capitalize on the opportunities that will present themselves during the tough economic times? It is important that your team not do anything now that will jeopardize your sales when the recession or downturn is over. Keep one eye on tomorrow and the other on the day after tomorrow.

Selling in a down economy, during tough times or a recession is different from selling in a strong economy. The dynamics between vendors and customers change when the economy is slow. Salespeople will need to work harder for each sale and working harder does not mean doing more of the same thing.

There are twelve critical changes that successful sales organizations implement to make the best and the most of tough economic times. A brief discussion of each follows. However, every organization is different and every market and industry is different, so the way your organization applies these changes will depend on your unique situation.

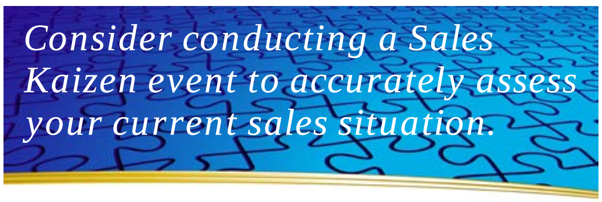
> *If I always do what I've always done, I'll have <u>less</u> than I've ever had before. The competition, the market, the customers and technology will all move ahead leaving me behind.*

Remember, however, sales is a science, not an art.
With science, a certain stimulus brings a certain response. If we want a different outcome, we have to change the stimulus.

ONE: EVALUATE YOUR SALES ACTIVITIES

Remember in Sales 101 when you were taught that sales is a numbers game? It's true. In the days of door-to-door vacuum cleaner sales, the salesman knew that the more doors he knocked on the more demonstrations he would be able to do. The more demos he did the more sales he made. The more sales he made, the more chances he had to up-sell the buyer on some add-on.

In a recession, you must increase your sales activities but not necessarily do more of the same old stuff. Some of your current sale activities are working –maybe not as well as before – but working. Others need to be temporarily or permanently discontinued.



Stop and conduct a cold, objective assessment of what you're doing in sales that's working and what is not. For instance, your golf outings with your clients may be backfiring right now. They may be thinking that you could cut your prices instead of paying greens fees.

Face-to-face sales calls are expensive and time consuming for you and for your customers. Reevaluate the use of this and all other costly customer contacts.

Be careful that you not appear to be unable to do what your customers want. If they expect a face-to-face call, be there. Don't let the message get out that you're in too much trouble to afford to make sales calls.

Is it time for your organization to "fine tune the familiar" or to "redefine the process"? Fine tuning means that you continue doing what you've been doing only do it better. Redefining means you put the entire sales operation on the table as if you were restarting the company and decide how you would structure the company from scratch.

TWO: INCREASE YOUR SALES ACTIVITIES

Make more customer contacts. Sales is a numbers game and you will need more customer touches to close the same number of sales. There are six key ways to increase your sales activities:

1. ***AUTOMATION*** Real Sales Automation (RSA) is here to stay. It is the ability to automate more and more of the sales functions in order to give salespeople more "touch time" with their customers and prospects. Client Relationship Management (CRM) programs are a great start. Many of our clients are going

beyond that capability to take advantage of the sophisticated, professional tools that actually manage some of the sales tasks better than humans.

2. ***DELEGATION*** To whom can salespeople delegate some of their sales activities? Obvious answers to that question include in-house sales support, customer service and out-sourced sales support.
But there is another powerful and viable resource for delegating sales activities: customers. The rise in ecommerce is proof that customers want to take more control of the buying process. Now they are also willing to take more control of the selling process. This means that cutting-edge companies give their customers and prospects the ability to conduct a sophisticated qualified and quantified needs analysis followed by a qualified and quantified feature-benefit analysis and, when the solution appears and is more than the customer had planned to pay, they also conduct a qualified and quantified cost justification. All of this is done without involving the salesperson.

More of the same leads to more of the same.

3. ***ALLIANCES*** Corporate and technical alliances create sales. There are strange bedfellows during hard times. Even some competitors are linking up to create relationships that increase the size of the pie in their markets. More common are the vendor-vendor alliances where there are common customer contacts. For instance, the copier salesperson makes a pitch for a certain brand of paper while the paper salesperson promotes a certain brand of copier.
4. ***REENGINEERING AND RETHINKING*** Based on what you have observed so far, what changes do you need to make in the way your organization is going to market? Brainstorming is a powerful process for identifying new ways of touching your customers. In a down economy there should be no sacred cows. All new ideas need to be considered. And maybe some of those ideas we rejected in the past deserve another look.
5. ***REPETITION AND PERSISTENCE*** If it ain't broke, don't fix it. Whatever is working, keep on doing it. Do not abandon good strategies just because they are difficult to execute in a tough economy. Persistence will be necessary because many of your customers are taking longer and longer to make buying decisions.
6. ***ALL HANDS ON DECK*** There are two types of people in the world: those who know they're in sales and those who don't. It's time for everyone in your organization to become involved in selling. To whatever degree they are able and willing, more hands will make the sales effort more successful. Besides, some of your customers will take the word of a customer service person over the word of a salesperson. They assume the service person does not have a quota or commission check riding on the sale.

THREE: FIND PEOPLE WHO ARE BUYING

When the economic downturn first hit in 2008, businesses were struggling. To add insult to injury, the price of gas shot up and the oil companies were recording record profits.

Did you miss that? Most people did. The gas and oil industry had money to spend! They were not about to spend it foolishly, but they were using this time of increased profits to make infrastructure upgrades, refinery expansions and other changes. Some people were throwing rocks at the oil companies; smart salespeople were looking for ways to help the companies prepare for the future.

Other industries thrived. Cereal companies like Post and General Mills saw their sales increase because parents needed to feed their children before school and McDonalds was looking expensive. Soup companies like Campbell's and Progresso saw their sales go up. Progresso was smart enough to accelerate their marketing efforts touting the quality of their soups, making parents more inclined to use them to feed the kids and not feel like they were shortchanging them.

Luxury horse trailers continue to sell well during down times because horse lovers love their horses

Look around. When some industries are faltering, others are booming. Ask what you can do to help the stronger ones sustain or grow their profits.

FOUR: BECOME ESSENTIAL

Like you, your customers and potential customers cut out the non-essentials in a recession. If you think you're non-essential, guess what! More than ever, you will need to be able to qualify and quantify your value to your customers. You must be able to prove, not suggest, mention or imply – prove that you are doing one of the following:

- Helping them increase their revenues (top line)
- Helping them increase their profits by offsetting other expenses (bottom line)
- Both

Sales analytics, especially sales calculators, are more important now than ever.

You must be able to demonstrate your ability to do these things for your customer. Nebulous promises and empty gestures won't work. As much as possible be able to actually qualify and quantify what you will be doing for them.

FIVE: THINK ABOUT THE DAY AFTER TOMORROW

Hunkering down is the most common reaction to a down economy. It's a trap; stay away from it. Obviously we need to be prudent and manage expenses better than ever in a weak economy. However, keep the future in mind for yourself and, especially, for your customers.

Instead of looking at what is going on right now, focus on the future and new ideas will come to you. When you consider what is likely to happen tomorrow, ask yourself what that event will cause. Then, make your plans to address the day after tomorrow.

> *"The future ain't what it used to be." – Yogi Berra*

For instance, if you see that your customers are cutting back on maintenance items that can be temporarily deferred, what will be the impact after that decision? Will your customers experience more equipment failures? More down time? Missed shipments? What will that cost them? What can you do now to help your clients prevent that or respond to it quickly when it does occur? Today's decision to defer tomorrow's maintenance means missed shipments the day after tomorrow.

SIX: MORE FREQUENT DIY SALES TRAINING

A down economy is the wrong time to cut back on sales development. As a sales developer I obviously have a vested interest in that statement. However, in this case we are talking about do-it-yourself sales training.

> *Sales training is a process, not an event.*

As your salespeople face greater resistance, new objections and discouraging comments, they need to sharpen their axes more often than ever. Set aside sales training time at least once a week. Daily is better. The sessions do not have to be long; they just need to cover critical areas of sales performance.

You will need two things: curriculum and trainers. There is more free material on the web right now than you'll ever be able to use. Go get it. Go to your search engine and type in the topic you would like to have for your training, such as "time management", "closing the sale", etc. followed by the word "Trainers". You will see a bazillion hits. All of the better trainers have free content on their site. There is your curriculum.

For trainers, use your people. I recommend that the person who is weakest in the topic be the one to do the training! If you want time management training, pick the person on your team who is worst at it and tell them to conduct the class. They will need to go back, review, relearn and refine their time management skills well enough to teach it. They will go from being your worst to being your best.

SEVEN: WHO ELSE?

Who else could your organization serve? Horizontal growth comes from expanding our customer base or expanding our geographic market. There are more people who will buy from you; the idea is to identify them and determine what you can do for them.

Who do you look for? Well, obviously people who can buy. We mentioned oil & gas previously – who else seems to have disposable funds? Have a brain storming session and begin thinking about organizations that you could serve and what you could do for them. Maybe ninety percent of the ideas will be unworkable for one reason or another. However, only a couple of great ones could open whole new markets for you.

When you see a company or industry in trouble, ask yourself, "What could we do with our capability to help them solve their problem?" The responses will lead to new alternatives.

EIGHT: WHAT ELSE?

What else could you offer your existing clients? Answering this question allows us to grow our business vertically. Vertical growth is usually more profitable because the cost of sales is usually lower. These clients are already in your system. Even better, you already have relationships with them so the sales cycle will be shorter.

Don't limit your "what else" question to your existing products and services. Instead, closely examine your capabilities. What expertise, equipment, technology, skills, etc. do you have that could be reallocated to address new opportunities?

A residential real estate developer changed his business model to consult with out-of-town financial institutions who had taken possession of properties in his local area. He was able to quickly expand his geographic reach (horizontal sales) and develop even more services (vertical growth).

NINE: BOTH WHO ELSE AND WHAT ELSE

Horizontal growth is linear. Vertical growth is linear. What happens when we combine two linear growth trajectories? Exponential growth.

When considering what you can do for new customers or new markets, ask yourself if and how that same offering could benefit your existing customers.

Exponential growth, the envy of most companies, comes from answering both the "who else" and the "what else" questions

If you currently offer products A, B and C and you go to a previously unaddressed market with B and C, don't be surprised if they ask you to also develop D for them. Now you can go back to your existing customers and offer to help them with D.

TEN: TAKE CONTROLD OF COS

Are your salespeople focusing on Cost of Sales (COS)? Most sales professionals only look at travel and entertainment (T&E) when considering their involvement in COS. During my days at AT&T, I once spent $1600 on slides to sell a $600 key system. Since the money went in one pocket and out of another, I couldn't really see what I was doing. Besides, I was being measured only on top line results so profit was never a consideration.

Now is a great time to change the way you and your salespeople think about the different aspects of COS. For instance, what are your customer acquisition costs? When we calculate what it costs to replace a customer, we become energized about hanging on to even the most difficult ones.

Meanwhile, managing down our sales costs means that we can make more calls on the same budget – an important factor in a down economy.

ELEVEN: BECOME THE OUTSOURCE

During the good times we hear our clients telling us that they are outsourcing work to other companies sometimes in other countries. A down economy is a great time to win back these customers.

Most deeply discounted outsources are off shore. Labor rates and other costs are often lower and our clients leave us for the less expensive alternative. However, the weakness in this model is that it usually requires larger orders and longer lead times. Either of these factors is problematic in a lean economy. Combine them and they are a serious issue for your clients.

Quantify the value of having shorter lead times, smaller orders, reduced inventory and local access to convince your clients to outsource to you.

Think of yourself as a resource, not just a source. Consider being the outsourced resource.

TWELVE: ROB THE WOUNDED

This may sound cruel, but it isn't. Some of your competitors are in bad shape. Most of the discounters who had slim margins before now find themselves in real trouble. They may not be able to hang on so what will their customers do? You need to be there now to let those customers know you are ready, willing and able to help them sustain their businesses.

There is no need to bad-mouth the competition. Their customers will see the deterioration in service, delivery and, perhaps, quality. All of the signs of pending failure will be obvious to anyone willing to look closely – and customers are looking more closely than ever. Begin courting your competitor's A accounts now. Be in a position to fill in as seamlessly as possible when your competitor stumbles.

SUMMARY

Did you notice that reducing your prices was not listed as a change you need to make? That's because lowering your price during a time like this is one of the worst things you can do. There are three essential sales rules that kick in here:

- Once you give something to a customer it is theirs for life
- Whatever you use to close a sale will be used to take the sale away from you
- Price tells the customer something about the quality of the product or the integrity of the transaction

Call a customer today and offer them a discount. Their first reaction may be positive. But then as they think about it, what conclusion will they develop? That you must be desperate? That you could have been giving those lower prices all along? That you have allowed the quality of your product or service to decline? Whatever their conclusion is, it won't be positive.

Suppose they buy from you anyway. Are you thinking that at some point you can raise your prices back up? Think again. Did you ever give a customer a coffee mug or a calendar? Did you ever consider going and asking for it back? Of course not. Once we give something to a customer they assume it theirs. Whether it is a mug, calendar or discount, they think it belongs to them.

Whatever you use to close a sale will be used to take it away from you. Close a sale on features and you will lose it to the competitor with more features. Close the sale on price and you will lose it to the competitor with a lower price – and there is always one of those out there.

Instead, close the sale on a value-based relationship and your competitors will have a difficult time taking the sale away from you.

An Exception...

Justifiable price reductions are still viable alternatives. A justifiable price reduction is when you can quantifiably show a reason why you are able to lower your prices. There are articles being written now about how you can go to your vendors and demand price concessions. Some of them will comply. When your costs are lowered by a dollar, you may be able to lower your price by a dollar and still maintain your current level of profitability. That is a justifiable price reduction. Be able to show your customer the quantified and justifiable reason for any price decrease and you're not selling on price.

The current downturn in the economy will prove to be one of the greatest events for some organizations. They will learn to run leaner and meaner; they will increase efficiencies, especially in sales. The question is will your organization be one of them?

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