Vlerick Sales Centre Article Summary Series


Summarized By Ellen Croux and Deva Rangarajan, Vlerick Sales Center

Introduction

Salesmanship has been changing, especially when one business sells industrial or consumer goods and services to another. The one-of-a-kind, non-repetitive sale, has become more important, businesses have become larger and more complex, and the average size of the sale has grown.

As the complexity of the purchase and the risk involved have increased, so have the cost and intricacy of selling and servicing the account. Larger sales often require special products and services and even custom manufacture. Because the major sale affects many functional departments of the buyer, decision-making is becoming more involved and the buying criteria more sophisticated.

This article develops an eight-step process to help companies learn to cope creatively with large and complex selling tasks- and have lasting results. Finally, we provide some organizational guidelines to help companies incorporate this approach into their overall activities.

The basic approach

Major sales, including both onetime sales and continuing relationships, need special handling: They are more complex, their potential profit is larger, and they have a more lasting effect on both buyer and seller. Strategic selling is a systematic approach that works for both types of selling and involves meticulous planning, total process, requiring coordination of the buyer and seller. It identifies the customer’s needs and relates the company’s products to those needs.

Strategic selling is especially relevant for “big-ticket” sales because only large potential profit can justify the careful planning and large amounts of resources that are required. The process is particularly effective because it emphasizes the dual goals of making the sale and developing account relationships. For repetitive major sales the objective should be to develop long-term account relationships, because it creates a significant competitive advantage. If the salesperson is willing to forgo a sale that is not in the long-term interest of the account, he can build his relationship with that account. However, if the salesperson forces a marginal sale, this often destroys credibility and the opportunity for future sales.

The salesperson has two responsibilities:
(1) to stress the long-term benefits of the account relationship to the customer
(2) to help develop trust and credibility in himself and his company.
With the onetime sale, the buying company is even more careful in protecting its interest. The seller should act in the buyer’s best interest because the sale is visible in the business community and because the buyer and seller will often be involved with each other after the sale. They want to structure a sale that will leave all parties satisfied. One of the intriguing aspects of the onetime sale is that both sides are usually selling to each other. Thus strategic selling can be applied not only to both types of major sale but also to both sides of the one-time sale.

**Step by step**

1. **Opening the selling process**
   
   In preparing for a sale, the salesperson should gather information so that he has an idea of the likelihood of a sale and the appropriate person to contact initially. The next step is to make the “opening,” which is often done over the phone. The object is to gain enough information from the initial contact to determine the most appropriate people to meet. The best opening is sometimes made through a third party; this enables the seller to gain recognition and credibility.

2. **Qualifying the prospect**
   
   Determine whether a sale can eventually be made. Unfortunately, many companies appear to spend more time selling to prospects who have no intention of buying than to those who do. What matters is the quality of the call. The salesperson should consider two equally important issues: (1) Can my company be of service to their company? And, (2) Can I bring the two companies together? Psychologically, the qualification process is difficult for a salesperson to accept. He must learn that if the lead is not likely to become a sale, he should not pursue it.

3. **Developing the sales strategy**
   
   The salesperson needs a plan to enable him to direct his own efforts and to deploy his company’s resources to make the sale and develop the account relationship. A simple technique has to be used to help map out the entire strategy and organize sales effort so that all the bases have been covered. On one form, the salesperson can list people contacted, information obtained, his activities, follow-up action, and results of the contact. If he completes and updates the profile carefully, and pursues each potential selling activity, he will be more likely to close the order. In addition, if a sale is lost, he will be able to make a better postmortem diagnosis. The profile can also provide valuable information to product and market planning personnel. The salesperson’s strategy should ensure that all of the influential buyers receive attention and the appropriate kind of attention.

   Although most salespeople know that high-priced sales decisions are made at very high levels, they often sell only at the lower levels, where they feel more comfortable, and let the middle management contacts they have made there carry the story to top management.

   This decision has two detrimental effects: (1) Some of the strength of their sales presentation is lost in the transmittal and, (2) The salesperson often loses a chance to develop a relationship with top managers and to directly gather data on the situation as these managers perceive it.
4. Organizing the justification

Once the salesperson has determined whom to contact, it is time to assist the company in cost-justifying the purchase. The salesperson must meet with each top executive affected by the purchase to determine his position, unique needs, and the qualitative and financial criteria he uses to justify large purchases. In effect, the salesperson should gain a detailed understanding of the prospect’s operations, finances, and the effect the seller’s products and services will have on those operations. Since most cost justifications will be based on certain key assumptions, it is important to get a consensus on each assumption from the decision makers. The object is to focus on what the prospect thinks is feasible and not what the selling company believes is possible. By combining the best points made by each manager, the salesperson stands a better chance of having his reasoning accepted by the purchaser.

5. Making the presentation

The presentation summarizes all of the relevant information in the form of a proposal. If the right people are in attendance, the salesperson should usually use the presentation as an opportunity to ask for the order. The selling company should carefully consider these factors:

<table>
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<tr>
<th>Elements and order of presentation</th>
<th>The best selling presentations deliver no new information to the audience. A typical way to handle a committee is to personally sell each committee member on a proposal before the meeting and then to gather general agreement at the meeting. The presentation basically flows from action to analysis to implementation.</th>
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<td>Location</td>
<td>Marketing and sales managers often neglect the many possibilities open to them for a location.</td>
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<tr>
<td>Timing</td>
<td>If a salesperson and the prospect haven’t reached mutual agreement on major points, then the presentation may be premature.</td>
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<td>Attendees</td>
<td>The selling company should make sure that all decision makers are at the meeting, and invite those people within its organization who can best represent it from a social as well as business point of view. The total group should be small enough to remain intimate and workable. The presentation should have enough variety of speakers to be interesting but not confusing. Some team members may take active roles, some may provide supportive information, and others may be there primarily as a formality.</td>
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For several reasons, the personal involvement of top managers is justified, and frequently required, by the buying company.
- They are the only people who can make the commitments the buyer requires.
- They have the appropriate status to deal with top executives in the buying organization.
- Only top managers can provide the discipline, allocate the resources, and establish the high standards a strategic selling program needs.
- Top managers have to provide continual motivation to a sales force that can easily become discouraged by a long lead time for sales.
6. Coordinating resources and personnel.

During the selling process, the salesperson is responsible for managing the resources of his company. Because the salesperson makes the major decisions and commitments, he should thoroughly understand his company’s organizational, operational, and all other functional areas of his company and he must be able to work with the personnel.

The salesperson’s introduction of other resources into the prospect company opens up new lines of communication between the seller and the buyer. These new resources can assist the salesperson in building the account relationship after the order is signed. The salesperson must be given a good deal of freedom to make decisions about the sale. If a large prospective customer is interested in a minor product modification, he must be able to respond quickly to that need.

7. Closing the sale.

Because of the complexity of the selling process and the length of the selling cycle, the close is the first concrete evidence that the salesperson is successful. Since the signature may occur anywhere from six months to three years after the start of the sales process, the salesperson should close on each “call”– that is, he should get an agreement from the prospect up to that point in the sales cycle. If many decision makers give him negative responses, he can get out before too much time and money have been invested.

8. Nurturing the account relationship.

Some argue that the real selling starts after the order is signed for a major sale. If the product requires installation, training of personnel, or extended delivery schedules, the chances of the sale going sour increase unless the salesperson effectively controls the account. One way for him to do this is to develop a long-term plan for his products, services, and resources with the customer. He should also have his own account plan, which repeats most of the previous eight steps in qualifying, justifying, and developing strategies to expand the account. For this planning process to work, he must involve the customer with the plan. In addition, the salesperson must locate ‘inside advocates’ early to multiply his efforts in the account when he is not there.

Post sales service does not only reinforces the customer’s confidence in the seller but also tends to keep competition out, since the customer’s people are too busy working with the seller.

Organizational guidelines

The strategic selling process is considerably more complex than the typical sales process and requires new organizational techniques. For a company to solve more involved selling problems, it will have to revise the makeup of its sales force, depending on the kind of sale it wants to make.

Variations on a theme: different kinds of recurring sales

In many companies management may find it useful to separate strategic selling from other types of selling and use one of the following approaches:
- **Special sales force**: When a company has many major accounts and prospects, it can use a special sales force of senior sales representatives to service them.
- **Regional sales management**: Where the seller has fewer, but scattered, major accounts, the best approach is often to assign each field sales manager to one or two accounts. However, this approach runs the risk that the sales manager will neglect managing in favor of selling.
- **Small national accounting group**: Even fewer major accounts can usually be handled by a small national structure of headquarters specialists. There are many variations on this general approach. In some companies, market or product specialists or both fill the major account sales role.
- **Separate division**: A separate integrated division for the large accounts so that these accounts can receive special attention from an integrated operation. While this is expensive and not easy to do, it ensures that large sales will not disrupt normal plant activities.
- **Top management**: Top executives make the large sales. The real sales work is done by top headquarters executives, who deal with owners and managers of large buildings. While this arrangement provides commitment and organizational attention for the large accounts, it sometimes leads to neglect in the management of the business.

*Complete involvement.*

A special sales force must be developed to handle non-repetitive major sales. The selling company has two options: It can develop a task force to handle the process internally, or it can contract with some form of sales agency. If the sale is monumental, the task force must consist of people who have been removed from their other company responsibilities to as large an extent as possible. It should include sales talent experienced in strategic selling and experts in finance. People familiar with the prospective customers will be valuable to the team for their knowledge and possible personal contacts. The non-repetitive sales situation raises a unique training problem. Most of the learning must come through careful planning and review as the selling process is going on.

Non-repetitive sales made by some form of facilitating sales organization, while expensive, decrease the drain on internal company resources. But even when outsiders take over much of the responsibility for the actual selling, company personnel need to be involved. Top managers don’t always treat this kind of sale with the same expenditure of effort and resources as they treat other sales. They must choose the right agent and supervise the selling process to ensure that the company’s objectives are met with minimum expense. And finally, they are responsible for assisting in the actual sale, since their power and knowledge are often invaluable.

**Conclusion**

In major sales, so many activities are required, so much information has to be obtained, and so many influential people have to be attended to that it is easy to overlook important considerations. The strategic selling approach offers guidelines to help successfully close major sales and create lasting relationships.