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White Paper – Selling consultatively lifts sales even in tough times

When business conditions worsen, clients focus even more closely on solving real needs for their organisation. Purchases are prioritised against how well they meet the strategic imperatives facing the organisation. Nice-to-haves are delayed, at best, or simply struck from the business plan. Investments that have a long-term payback are re-considered as cash is protected for those projects that provide faster returns.

This paper explores the types of needs our business and public-sector clients have, how they prioritise them, and how salespeople must respond if they are to win business in tough times.

*This is one of a series of papers on the techniques needed to build high-achieving sales teams. For more information on the topic, or to enquire about the workshop **Consultative Selling Skills** go to www.directional.biz or call Directional on +61 (0)2 9983 0712.*

Defining Needs

Let's start by looking at the different types of needs facing organisations in business and the public sector, starting at the most strategic level and going downwards to the tactical.

In commercial enterprises, growing shareholder value sits at the top of the 'needs pyramid'. Growing shareholder value ultimately depends on two things – increasing revenue and/or reducing cost. How the company chooses to achieve these outcomes is, of course, the essence of strategic planning.

In the public sector, the ultimate measure of success relates to how effectively policy is developed and implemented.

With the increasing use of balanced scorecards in strategic planning, strategies will commonly be split into four categories, such as –

1. Financial
2. Markets / customers / stakeholders
3. Business operations, and
4. People

Improving quality, growing market share, increasing productivity, reducing time-to-market etc are common strategies to contribute to these two ultimate outcomes.

Much debate is had around boardroom tables about the differences between strategies and tactics. A simple definition is - *Strategies are what we Plan. Tactics are what we do to achieve the plan.*



As you move down the organisation, needs change from strategic to tactical.

Once strategy has been defined, it is implemented through the business processes used across the organisation. Every process can be broken down into a series of tasks, from the relatively straightforward – eg processing an invoice, to the less common – eg assessing a business acquisition.

Selling to needs

As a general rule, the more junior the person you are talking to, the more task-oriented their needs are likely to be. As you move up to management, their needs will evolve into problems with business processes and operational challenges. Take the lift to the top floor, knock on the doors of the boardroom, and your discussion should focus on strategy.

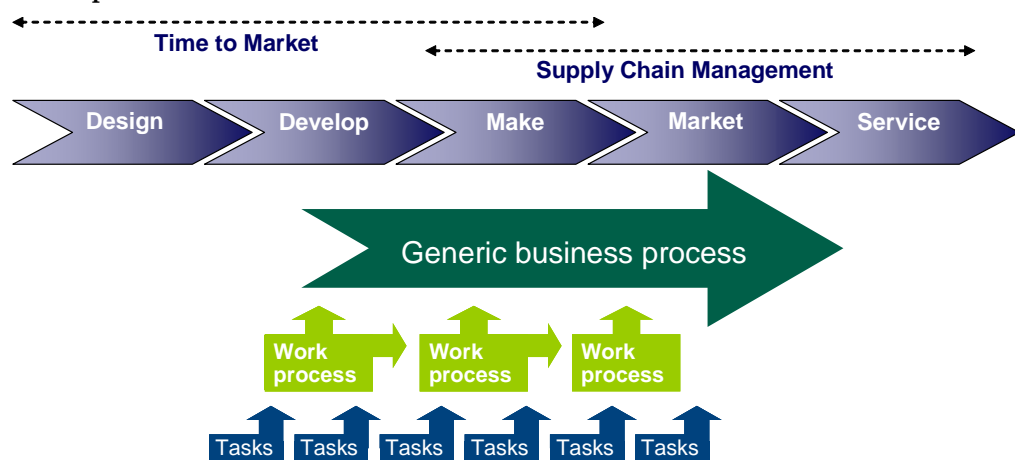
As you talk to your prospects, you should be gathering these needs, and developing them as much as possible. Task-oriented issues could create operational problems or process challenges. These in turn may directly effect strategies. If you can help the client make a strong connection between their needs, and how these may be affecting the strategy of the organisation, the organisation is going to want to act on it.

Let's take an example of a telecoms company such as Telstra or Singtel Optus. A 'small' issue for call centre operators may be affecting how quickly they can access customer records. This 'small' issue starts to effect business process and operational effectiveness if it results in delays to respond to customer service queries. If the delays are sufficient to annoy customers, it may result in customers moving to competitors. Multiply this challenge across a large call centre group and the customer retention KPI (Key Performance Indicator) that the sales and marketing directors have on their performance targets may be at risk. If enough customers start to jump ship, revenue and profit may be affected. An apparently small task-related issue may now be causing heated discussions in the boardroom.

Let's say you have a solution to this issue. If you connect your solution only to how it solves the call centre problem, and pitch it to call centre operators, your message will probably be ignored. If you use a consultative questioning process to help the client's managers see the ultimate knock-on effect on revenue and profit, your message is far stronger.

How do your solutions impact the value chain?

Another way to look at your solution is to consider how they affect the client's value chain.



The Value Chain (top line of large blue arrows) shows each major step that an organisation goes through in taking a product or service to market. Every step comprises a number of business processes, which are completed through a number of tasks.

Value chains vary by industry and company. The value chain in the graphic above is a good example for a manufacturer such as Toyota. Their value chain may begin with the process of designing a new car model. Having agreed the design, they'll develop a prototype for evaluation and test marketing. If the prototype is given the green light, they'll start making them. They'll market and sell them, and provide servicing.

Consultative questioning

Consider where in the client's value chain your solution can impact. Then consider how a senior manager in charge of that part of the business is likely to be measured. What KPIs would they use to measure their function / department? Then break those KPIs down into the key business processes in that function / department. Consider which key tasks and business processes your solution can improve. Is there a strong link between your solution and these processes? Can your solution meaningfully impact these KPIs used to measure the output of these processes?

If so, you've got the makings of a very compelling value message.

Then consider what questions you would ask to uncover these process issues. If your questions are uncovering small, task-oriented issues, you need to use a series of questions to help the client connect these issues to higher-level strategies. Use questions like:

1. *What challenges do these (task-oriented issues) create for the team?*
2. *Do they impact key business processes? (eg does it delay an important business process?)*
3. *Does that effect a key strategic measure (eg customer satisfaction, customer retention, supply chain effectiveness etc)*
4. *Can you measure that effect? If so, how?*
5. *Does that ultimately impact revenue / profit / costs?*

Notice how each question above builds on the previous question, going up the needs pyramid shown on the first page of this paper.

Notice also how you are getting the client to explain the knock-on effects with each question. Often, you'll find the client hasn't considered these knock-on effects in this way before. You're actually helping the client understand the ramifications of 'small' issues, by using this questioning technique.

And that, of course, is the essence of consultative selling.

About the author.

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Directional (www.directional.biz) is a sales performance and sales training consultancy based on Sydney, Australia founded and led by Paul Howdle. Improving sales process is a core focus of the consultancy, regardless of whether the client already has a CRM system or otherwise.

Paul is a business and management consultant with a broad skills-base gained from over 18 years in sales, consulting and executive management roles. He has worked with organisations varying in size from start-up to multi-national. He has so far trained over 3,000 people in areas such as business management and planning, finance, leadership, project management and sales.

Paul's straightforward approach to business has helped many companies grow and prosper. Highlights for him include being one of a three-man team that built a new business from scratch to contracting over \$76m in its third year. At the other extreme, Paul has assisted another return to profitability.

He has worked with many organisations both large and small around Australia and SE Asia, including IBM, Fuji Xerox, Telstra, Fujitsu, QBE, Allianz, Axa, BP, Caltex, Optus, Commonwealth Bank, Westpac, Deutsche Bank, Deloitte Touche Tohmatsu, Department of Defence, CSIRO and Pacific Power.

For two years, he was a guest lecturer at Australia's top business school, the Australian Graduate School of Management (AGSM), leading 2-day sessions on topics such as Strategic Management, Marketing, Financial Analysis and Leadership as part of their Executive Development Programmes.