



Fighting your way out of tough times: *it's not just about service*

At a time of unprecedented economic slowdown, it has become an almost unchallenged truism that if the customer is king, then customer service must be the overriding servant of that master. **Annalize Cuthill** says that although focussing on existing customers is a logical response, there are other ways to tackle tough times.

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A RECENT SURVEY of senior executives across UK manufacturing and service industry reflects the increasing difficulty of selling into more competitive markets. As a result, the fact that businesses are visibly putting greater emphasis on customer retention should come as no surprise, especially as the cost of developing additional business with an existing customer is demonstrably cheaper than generating new business.

Yet this is precisely the time when vendor organisations should be focusing more than ever on customer acquisition as the foundation for future success.

For, though it is all-too-easy to see the total sales opportunity as shrinking in times of economic downturn, this ignores the greater opportunities to sell to a more promiscuous and demanding customer base willing to shop around for the best combination of product and service support. Similarly, opportunities will arise as less able competitors fail to survive the current economic pressures.

Easy to say but hard to achieve? Perhaps, but by moving sales from the narrow departmental silo typical of many organisations and putting it at the very heart of the business, a Living Sales approach offers both a practical and achievable way of creating credible differentiation in meeting the identified needs of both existing customers and prospects.

FLAWED STRATEGY

UK businesses are still firmly focused on holding onto existing customers through service rather than proactively selling to attract new customers. The survey found that fewer than one in five respondents placed a greater emphasis on customer acquisition, with the

overwhelming majority either focusing on both goals equally or more strongly on customer retention.

And the logic of this approach appeared to be underlined by the fact that, as customers, 90 percent of respondents confirmed that they would buy more from a supplier as a direct result of receiving high-quality service beyond their expectations.

Ironically however, the survey showed that this is failing to deliver the desired results, by not feeding through to the customer. Many vendors are falling at the first hurdle in delivering even an adequate level of service, as 39 percent of those questioned cited 'poor customer support' as the principal source of frustration with suppliers, both in business and consumer markets.

And the lack of awareness of a need to get close to the customer was reinforced, as the survey found that other soft issues such as 'lack of understanding of my business' and 'lack of responsiveness' also featured much more highly than 'lack of real product differentiation' and 'lack of creativity' as reasons for customer dissatisfaction and switching supplier.

This shows that vendors' best intentions to improve the customer experience are not being realised at the point of contact. Equally importantly, it reflects a lack of recognition that a strong sales focus is more important than ever in an economic downturn.

CREATING VALUE

In tough times, it is easy to think that everything comes down to price. And, as products have become more commoditised and buyers better informed as a result of the internet, these have become valuable bargaining

tools in driving down price at a time when the buyer seems to be holding most, if not all, the cards.

Yet if it were true that price is the only issue, only the cheapest suppliers would survive: yet, time after time, organisations charging a premium for their products and services continue to win business through even the most difficult conditions. Successful vendors focus on other aspects of service support and delivery, looking for innovative and creative ways to create the necessary differentiation to 'stand out from the crowd'.

For example, research shows that in difficult times firms are extremely risk-averse and are more likely to opt for the safest, rather than the cheapest, option. Companies cannot afford to make mistakes so they play it safe, often willing to pay a premium for a low-risk option. To be successful therefore, the sales person requires the skills to convince the customer they have the best and safest solution.

In order to put together an all-round proposition which best meets the individual customer's requirements, it is essential to understand – and, better still, agree – precisely what their challenges and demands are. Technologies such as customer relations management software tools can go some way to helping here, in making customer information available in real time at the point of contact, in order to improve the quality of decision-making. However, two further elements are necessary to get 'under the skin' of the client or prospect in identifying their needs.

The individual sales person requires an especially high level of interpersonal sales and negotiating skill to cope with

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the additional commercial pressures faced by the business during a recession. In addition, sales has to sit at the heart of the business, creating a commercial philosophy in which every employee recognises the role they can play in positively influencing the sales process.

This underlines the strong link between sales and service quality in Yet the question remains: what precisely is good service? The answer lies in a recognition that customers' demands continue to rise at the same time as their willingness to accept any shortfall in delivery diminishes.

Customer acquisition and loyalty is hard-won today and requires something more than simply meeting expectations. To win business, vendors must go beyond simply adding value to creating value for their customers. This requires a deep level of customer awareness which enables the seller to both recognise and anticipate the buyer's needs.

THE IMPORTANCE OF TRAINING

With vendors looking to cut spending throughout the organisation, the axe often falls on staff training. This may look attractive as a simple way to reduce costs, yet is likely to prove a false economy. As highlighted recently by the UK Commission for Employment and Skills, research shows that firms that do not train their staff during a recession are more than twice as likely to fail as those who do.

For the sales team there are a number of key skills critical in a recessionary environment. These include:

- **Developing the 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 customer study, sales increased by 1.7 percent in a trained group, while their untrained counterparts experienced a survival strategy is to win more new client business, then training the sales team to adopt established sales improvement techniques might prove a sound investment.

- **Training 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, and build the skills to deliver a competitive edge.

- **Developing stronger perceptions of value.**

Customers are more concerned about costs during a recession so sales people 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.

- **Teaching salespeople to handle customer concerns about risk.**

As customers are more risk-averse when times are hard, they are 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 in winning high value sales.

- **Developing sellers' negotiating skills.**

Price pressure is inevitable in a recession, often leading to 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 adding value and seek ways of expanding the deal to create a mutually beneficial agreement.

COMPANY-WIDE APPROACH

Research supports the argument that the companies which survive and thrive are those that develop a wholly sales-centric culture, by embracing and championing sales. They implement the necessary skill sets as a core requirement – not just for those involved directly in selling but for employees such as call centre and technical support staff, at every customer touch point.

This requires a recognition that sales-oriented behaviours must be ingrained at all levels, as an enterprise-wide philosophy and not a department. Such an approach undoubtedly challenges the perceived worth of the sales role and in most cases will require a fundamental cultural shift that restores the value of selling.

To bring in and retain business, sales people need the support of their colleagues. The objective therefore is not to turn all staff into sellers: that would be unrealistic and indeed

counter-productive. Instead, though selling remains the domain of the professional sales team, every member of staff learns to appreciate the impact their behaviour can have on the business' bottom line.

These are not just fine words but a set of practical deliverables which enables the business to go that critical step beyond just good customer service. of understanding the customer's organisation, how they are structured and, ultimately, how they sell. It is about anticipating their needs – even before they are aware of them – and finding precisely the right solution.

WIN/WIN STRATEGY

In 'giving the customer what they haven't asked for' in this way, the buyer benefits as much as the vendor who ultimately becomes embedded as an indispensable part of the buyer's business development strategy.

To achieve this, training is vital as positive behaviours have to be learned, retained and applied at every level throughout the business – from improving negotiation skills within the sales team, through the way incoming calls are handled to accounting, technical support and even the post-room.

Armed in this way, the business should be well-equipped to compete for sales and even grow at the expense of the competition. One thing is for sure: doing nothing is an effective strategy for becoming a victim of the recession rather than a survivor. ■



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