

Retaining business in difficult times





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Times are tough for most organisations as the recession starts to bite and it's difficult to see an upturn coming for quite a while. For many it has been a constant struggle to remain competitive even when times were good, so hanging onto business now the hard times have arrived is a major challenge.

Increasing price pressure from customers is the most obvious sign they are feeling the pinch and with margins already tight it's difficult to see how prices can be cut further and still make an acceptable margin.

Winning new business is also more difficult as businesses contract, so hanging onto the business we already have is top priority for most of us.

So what can we do to keep our customers?

While we can't promise the actions below will prevent the loss of business they should help to ensure that, if something has to give, your competitors are likely to suffer before you do.


1. Customer dissatisfaction is the first step to losing business

From all the work we have done over the past 30 years one fact is clear, price is not the only issue that matters to customers when they are making decisions about which organisation to buy from. Our research has been confirmed by other organisations working in specific market areas.

While price is a consideration, and may be more important in a recession, it is still only one of a number of factors important to customers. If this weren't true then only the very cheapest suppliers would survive, yet time and again we find organisations able to charge a premium price, which continue to win business.

So when a customer decides to switch or rationalise suppliers, price might be a factor but it's likely there are other issues driving the decision. It follows that if a customer decides to stop doing business with you and switches to a competitor, there must have been a level of dissatisfaction with your product, service, price or you (the seller).

It usually takes a while before the level of dissatisfaction grows to the point that a customer makes a change, so spotting and removing potential sources of dissatisfaction early is crucial. Decisions to change are usually made by senior people and it often takes a while for dissatisfaction from, for example, the user groups, to reach their attention. So check out user satisfaction regularly and respond quickly to any problems.



For salespeople this may mean having to bring bad news back to their own organisation. It's all too easy for such reports to either be dismissed, or worse, resented. The organisation needs to be made aware that action when such issues are raised is essential and shooting the messenger won't keep the business. The sales person must be seen as the eyes and ears of the business, feeding back crucial information to ensure high levels of customer satisfaction are maintained.

2. Develop a Living Sales™ organisation

The organisations that thrive and grow, even in difficult times, are those that have a very strong customer focus, not just within the sales force, but throughout the entire business. In a recession this is even more important if we want to ensure the customer is experiencing truly excellent service.

It's important that everyone in the organisation realises that their job depends on sales and that every lost piece of business is a threat to their position and rewards. Each must know they play a crucial part in keeping the customer satisfied, whether their job is in production, office services or accounts. Everyone has an influence on how well an organisation performs, so it is crucial all perform to the highest level and are willing to go the extra mile to ensure the customer always gets the best.

There is always a risk, in a recession, that in the business' own attempts to cut costs, it actually damages its own ability to maintain the necessary level of customer service. Cutting back on investment and people can have a negative impact on the customer, negating any positive impact from the cost cutting exercise and accelerating the decline in business.

3. Develop perceptions of value

This is true of all sales situations, but is even more important in a recession. It's crucial that senior people in the client organisation are made aware of the value you are bringing to them, so document the good news. We often forget to make sure senior people know about the successful implementations or the benefits people using the solution are seeing.

If they have no understanding of the value you are bringing to their business it's not surprising that they see little problem in changing suppliers. So in established accounts look for ways of drawing the attention of senior people to the benefits they are getting from using you.

More effort needs to be put into consultative selling, both the sales force themselves and the sales process need to bring value to the customer. There may be scope for you to help the customer to fight the recession through your expertise or products. In a recession the salesperson can be a major differentiator.



4. Maintain and develop your network of contacts

In long standing accounts there is a risk that customer contacts shrink so that regular contact is with a small group of often-middle ranking people. In the worst cases contact may be mainly with one person. Remember in a recession companies shed people; your contacts are not immune and losing your key contact can leave you vulnerable to change.

New employees are often looking to make a mark even if only to protect their jobs, changing suppliers to save money is one way of doing this. Having lots of contacts means you may have a better chance to get to know about changes early so you have time to respond.

You need to build allies who have good reasons for staying with you, so make sure you spread the good news about the benefits you are bringing to a wide range of people, especially people who could be allies.

5. Develop accounts don't maintain them


Just trying to protect what you have isn't the best way to keep business, actively try to grow the business at your competitors' expense. Attack is the best form of defence. Recessions mean change and things can change fast. Cosy relationships are shattered and complacent salespeople lose business.

Now is the time to be actively exploring what changes the customer plans to make to cope with the recession and how these changes could impact on business. Change can provide opportunities as well as threats. Organisations, which shed people, often become even more reliant on systems and equipment to keep their business flowing. What can you do to help your customer be more competitive in the difficult environment they face?

Don't neglect existing clients in pursuit of new ones; invest as much time in keeping an existing client happy as you would in winning a new one. Use account reviews to re-SPIN[®] them and reinforce the decision criteria they used to select you the first time.

Try to put yourself in the customer's shoes - how will the recession affect them? Can you predict where their competitive pressures will come from? Are there areas where you can help, such as helping to reduce running costs, improving efficiency or helping them to show their clients greater value? Does the recession provide them with new opportunities?

Keep an eye on the news for positive indicators, there may be stories about organisations which are weathering the storm well, or who are implementing strategies, which will provide opportunities for you. Not all organisations respond to recession by cutting back in all areas.



Make sure all your teams are clear about their role in developing the business. Sales support, consultants and service engineers can all play a part in spotting opportunities and in providing customer value.

Remember the first segment in the Buying Cycle is called changes over time. It's change that makes customers realise they need to do something different. Change produces dissatisfaction with the present systems and suppliers, and produces new needs, so make sure you are the first to find out about them and respond to them. This will provide real competitive advantage.

6. Expect price pressure

It's natural for customers to seek price reductions in a recession, but it doesn't follow that we have to just give way on price. Don't feel you have to respond to demands there and then in the meeting. It's crucial to take time to consider how you will respond and to check the full cost of any concessions you are being asked to make.

Check out if price is really the issue. In some cases they may have problems because budgets have been cut and there could be other ways of helping rather than cutting the price. For example, could invoices be phased differently or delayed until a new budget cycle? These things aren't always possible but you should always check.

First, make sure customers fully understand the value of what they are getting.

Second, plan how you will negotiate if price becomes an issue. Remember blanket discounts live on to affect all future business, and it takes years to get back to previous price levels. If you have to give some ground on price, try to trade it for other things of value, such as better payment terms, or more business. Look for one-off items on which you can give ground rather than discounting the regular on-going business.

Don't be fooled by promises of 'jam tomorrow' in return for concessions today, it's a common tactic for customers to dangle the carrot of more business in future if you help them now. So make concessions conditional on getting that extra business now.

Customers often rationalise suppliers in a recession to cut costs, so you may be in a position to win extra business from your competitors in return for those price concessions.

Transactional sales, where the customer's primary focus is already on cost are most likely to be affected by recession, since it is easy for the customer to change suppliers in the search for lower prices. To succeed you need to make it as easy as possible for the customer to buy from you. Check that your customers like the way you do business with them, do your processes and ways of working match with theirs? With transactional sales look for ways you can add value, by for example, supplying additional services.



Finally, if you aren't skilled at negotiating it may be wise to involve someone who is.

7. Watch your own cost of sale

Don't chase every scrap of business that comes along, qualify each prospect to assess your chances of winning, don't chase business where your chances are very low.

Sell to your strengths; focus on areas where you have a strong track record. Don't be tempted to chase business where other players are better known and better established than you are, unless you have something to offer which gives real competitive advantage. Most customers are less likely to take risks during a recession, they tend to buy from suppliers they know and trust. So focus your effort where you have real strengths.

Check the news for negative indicators about your customers. In a recession you need to be efficient - spending time on customers who have no money or who look as if they may not survive will not help.

Track your call outcomes. If you are getting a string of continuations, where the customer is making no commitment to move things forward and all the actions are coming from you, it could be time to re-assess your position. We can fool ourselves that we are making progress when in fact we are wasting time and money on a client where nothing is going to happen.

8. Marketing

Now is probably not the best time to cut back on marketing, but it may be a good time to review your strategy. Does your marketing spend focus on building your brand image or does it aim to bring in leads today? Building brand is fine, but good leads now could be more important.

Make sure your leads handling system is efficient and that leads are actively followed up. Now is not the time for hard won leads to disappear into the system, never to be seen again!

Marketing can also play a part in sending messages that your own organisation is stable and weathering the recession well. Customers want to buy from businesses they believe are stable and successful, not ones who appear to be struggling. Make sure you publicise the good news.

9. Do you have some recession proof clients or market areas?

Some organisations are better at weathering storms than others, and some sectors are less affected than others, so can you focus your effort on areas that could still be looking ahead rather than battenning down the hatches?



10. Are you making good use of corporate entertainment?

Budgets for entertainment are often cut in recession so it's important to make maximum use of any money you do spend. Make sure you invite people you need to influence rather than free loaders and have a plan for how you are going to use the event to influence the customers. Giving them a good time is not enough, we need to use these occasions to actively influence them, while not spoiling the event by treating the whole thing as a sales call. Choose events where there will be chances for some quiet discussion.

Remember that customers who are struggling and who have made deep cuts in their budgets may have a negative perception of lavish entertainment. A feeling that they are paying for such events and that if your company has such money to burn it could afford to reduce prices does not help your cause.

11. Offer clients low risk solutions

In recessions customers are less likely to take big risks, survival is their first priority. So look for ways of reducing risk in the solutions you put forward. Plan implementations with them so they can be confident that your solution will implement successfully. Try to offer them small bites rather than facing them with a huge and costly decision. Can implementation be phased so that risk and cost can be spread.

Being pro-active is the secret of success

There is no magic formula to help you sell more successfully in a difficult market; success comes from working with the customers as closely as possible and paying attention to issues such as the ones outlined above. Taking actions, in each of the areas previously mentioned, should help you to retain and even expand your business when times are hard. Complacency and continuing with "business as usual" when we need to be pro-active, are the main contributors to failure.

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