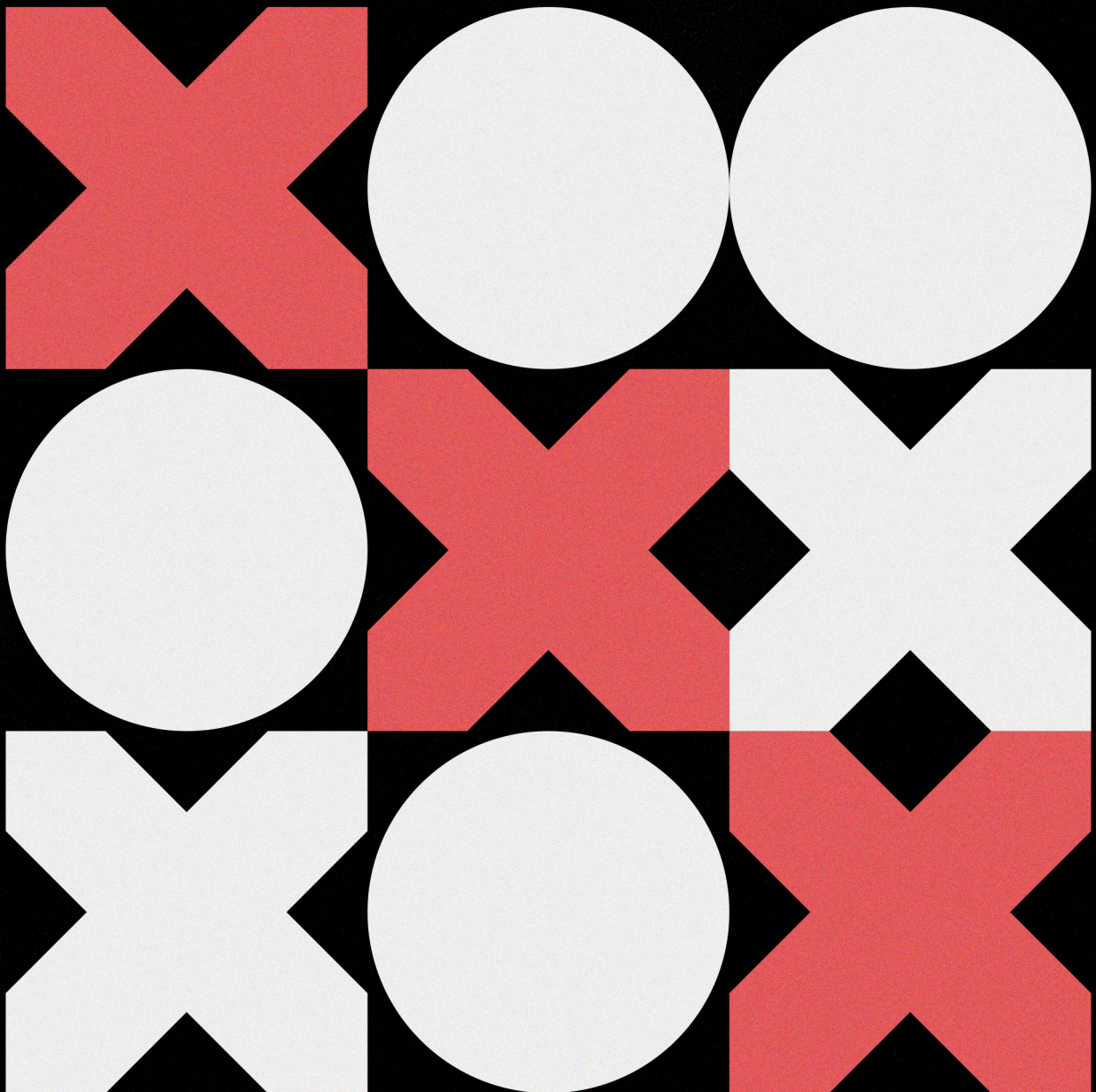


Developing sales opportunities

The tactics and strategies to convert prospects who want to buy won't commit



This publication may not be reproduced (whether in whole or in part) in any form or by any means whatever without the permission of Huthwaite Research Group Limited.

SPIN, Huthwaite and the Buying Cycle are trademarks of Huthwaite Research Group Limited and are registered in many countries throughout the world.

This publication shall not be used in North America, South America, Australia, New Zealand or Japan without prior written permission from Huthwaite Research Group Limited.

Introduction

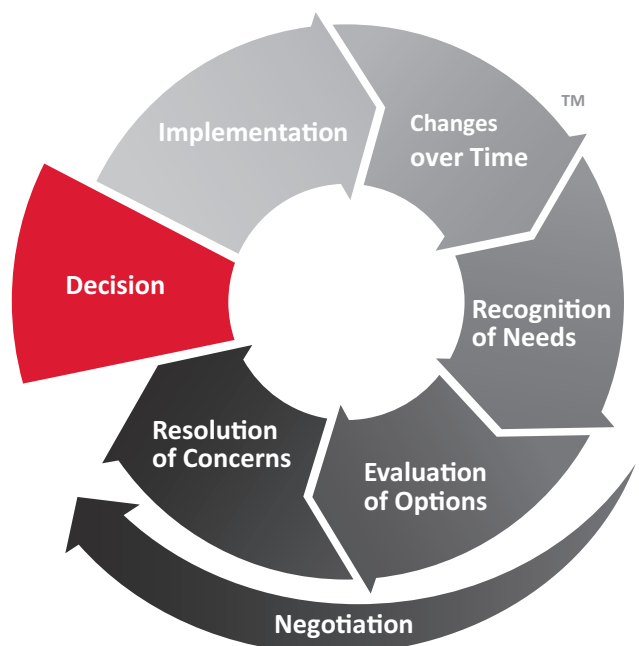
The purpose of this paper is to explore, in the broadest terms, the potential areas for development within a sales function by comparing, at each stage of the process, the behaviours of a sales operation that is world-class with one that is typical. By assessing where a sales operation sits between these two positions, an organisation may form a view of what and where its development needs may be as the basis for further discussion and diagnosis.

As a starting point we have used our model of how major purchasing decisions are made in complex sales situations.

We define a complex sale as having one or more of the following characteristics:

- High value decision
- Multiple decision makers involved (possibly including third party advisors)
- Long selling cycle (multiple contacts over a period of time)
- Decision is high-profile – the solution selected is highly visible and/or may affect many areas of the buying organisation
- Significant potential for further business
- Competitive market.

In these circumstances the decision making process can be described with our Buying Cycle model:



In the following sections we will look at each phase of the cycle, and consider the skills and tactics we would expect to see utilised at that phase by a world-class and a typical sales organisation.

Changes over Time

In this phase of the cycle the customer is not in the market to buy at all. The customer is satisfied with the status quo and is not actively seeking a solution. However, the situation, both inside and outside the organisation, is changing in ways that will, eventually, open a new sales opportunity. The changes can be large and outside your customer's control, for example the general economic climate, or entirely internal and self-initiated, a new CEO or an acquisition for example. They may even be changes initiated by you, say, a new product offering, or your competition – a new market entrant perhaps. In any event these changes will upset the customer's current state of contentedness and begin a new buying cycle.

At this stage, world-class sales organisations will be:

- staying close to their customers and looking for changes
- using non-sales contacts, for example service or technical support, to gather sales intelligence
- monitoring trade and general business media for changes
- using social contact with customers and prospects to seek out impending changes
- monitoring competitive activity
- seeking referrals and introductions into new potential customers and markets.

At this stage, typical sales organisations will be:

- spending little or no time with their existing customers
- focussing entirely on more developed sales opportunities that are further around the Buying Cycle
- waiting for inbound enquiries.

Recognition of Needs

In this phase of the cycle the customer becomes aware that the status quo is no longer satisfactory. In the early stages of this phase needs usually are presented in the form of problems, difficulties and dissatisfactions with the current situation, for example:

"Since we won that new contract we're struggling to cope with the increased demand".

As buyers progress through the phase, these needs develop and eventually are firmed up into a clear want or desire, for example:

"We really must increase our production capacity".

As the needs develop they are influenced by several factors; the customer's previous experiences, advertising and marketing messages, the advice of third parties (consultants for example) and, sometimes, potential suppliers – both you and your competitors.

The key questions the customer is asking are *"Should we change and is it worth changing?"*.

At this stage, world-class sales organisations will be:

- being proactive and seeking opportunities triggered by Changes over Time
- working with the customer to uncover and develop the needs
- influencing the needs so they are most closely matched by their solutions
- building value for their key differentiators
- creating competitive differentiation
- ensuring their key unique selling points are translated into decision criteria in the RfP.

At this stage, typical sales organisations will be:

- limiting contact to routine meetings or service fulfilment meetings (with existing customers)
- having no contact at all (with potential customers)
- focussing entirely on more developed sales opportunities that are further around the Buying Cycle
- waiting for inbound enquiries.

Evaluation of Options

This is the phase at which the buyer goes out to the market and is typified by an unsolicited enquiry, or the issuing of an RfP, to the supplier market. For most sales operations this is the point a sale begins.

By this phase the customer has established their decision criteria, based on the needs they have identified, and are now seeking to compare alternative solutions against those criteria. This is a phase of high sales activity usually typified by the submission of proposals and sales presentations.

The key question the customer is asking now is *“Who should I change to?”*.

At this stage, world-class sales organisations will be:

- analysing the opportunity and making an informed bid/no-bid decision
- contacting the customer to gain understanding of the needs underpinning the opportunity
- identifying all the key stakeholders and the decision making process
- conducting competitive analysis
- establishing the customer’s decision criteria
- reinforcing criteria they can meet
- promoting criteria where they have competitive strength
- mitigating criteria that are competitive weaknesses
- producing a persuasive proposal centred on the customer’s requirements and how they can be met
- producing a persuasive bespoke presentation based on the customer’s requirements and how they can be met.

At this stage, typical sales organisations will be:

- bidding for everything
- accepting the bid process at face value
- failing to attempt to get wider/deeper contact and understanding of the customer’s requirements
- responding to the needs as presented by the customer without further analysis or qualification
- ignoring the competitive context
- producing a proposal centred on their solutions
- producing a presentation based on a generic template focused on their solutions.

Resolution of Concerns

Sellers often overlook this phase, as, whilst it's an inevitable part of the psychology of decision making, it's a hidden part of the buying process. In this phase, close to the decision, the customer's attention begins to shift to the consequences and down-stream risks associated with any particular offer. Buyers begin to question the claims made by sellers and may be drawn towards what they consider to be the lowest risk option. This can take the form of a market leader, an incumbent supplier or the cheapest offer – regardless of quality.

Sales that, despite progressing smoothly so far, suddenly stall for no apparent reason are classic signs of unresolved concerns. At this phase the key question in the customer's mind is *"What if it goes wrong?"*.

At this stage, world-class sales organisations will be:

- identifying potential concerns early and pre-handling them
- recognising and acknowledging concerns that do exist and helping the customer resolve them.

At this stage, typical sales organisations will be:

- ignoring or minimising concerns
- pressuring the customer to make a decision.

Negotiation

Alongside the decision-making process is the separate, but linked activity of negotiating a deal. True negotiation begins when the customer has said, either explicitly or by inference, that your solution meets their needs but that they are unwilling to accept your terms and conditions. Skilled negotiators (both buyers and sellers) will use the selling/buying process to establish a climate and set expectations for the forthcoming negotiation phase.

In this phase the customer is thinking *"We will buy from you if we can agree terms"*.

At this stage, world-class sales organisations will be:

- avoiding making concessions before the true negotiation starts
- preparing a range of negotiable issues and planning how to use them
- assessing the power balance
- establishing a clear mandate with a walk-away and a fall-back position
- sending messages that any concessions will be hard to give
- trading concessions, giving the customer things they want, but always getting something back in return.

At this stage, typical sales organisations will be:

- making concessions to get to this stage
- preparing single point targets
- failing to plan
- failing to establish a clear mandate
- assuming the buyer has all the power
- making untraded concessions, giving things away and getting nothing in return.

Implementation

After the decision is made the new solution must be installed. This is the phase of least sales activity, however, top-class sales organisations will still be active.

At this stage, world-class sales organisations will be:

- reinforcing decision guidelines where you are strong – to protect the account from competitive attack
- pointing out additional aspects of the solution the customer is unaware they may be getting
- staying close to the service/fulfilment operation to spot difficulties and/or new opportunities early
- timing contact to handle the motivation dip – the inevitable point when the customers' enthusiasm for the project runs out
- capturing and reporting successes
- asking for referrals
- proactively seeking the next sales opportunity.

At this stage, typical sales organisations will be:

- moving on to the next prospect.

Huthwaite[®]
International



@Huthwaite_Intl



huthwaite-international



TheHuthwaiteGroup

+44 (0)1709 710081

enquiries@huthwaiteinternational.com

Huthwaite International

Change Behaviour. Change Results.™

© Huthwaite International. This document is the copyright work of Huthwaite International and may not be reproduced (in whole or in part, in any form or by any means whatever) without its prior written permission. SPIN, Huthwaite, the Buying Cycle and the Company logo are trademarks and are registered in many countries throughout the world. The copyright notices and trademarks on this document may not be removed or amended without the prior written consent of Huthwaite International.