



Selling in Uncertain Times: Strategies for Building Business in a Tough Economy

point of view

The pressure is building. You can feel it every day. A host of forces beyond your control is converging to squeeze your margins, ratchet up expectations, challenge your people, and create a potent mix of opportunity and risk. You feel it in a host of ways:

- Your CEO is increasingly counting on the sales organization to drive growth organically.
- Your customers are more knowledgeable, demanding more concessions and more results.
- International competitors from emerging economies are undercutting your sales organization's best offers.
- Hordes of upstarts are presenting themselves as new rivals.
- New business models are changing your economics and introducing new channels.
- Your products—and those of your competitors—are more quickly developed, more sophisticated, and more difficult to sell.
- Prices are falling.
- In an uncertain economy, your top performers are surveying their opportunities, to determine whether greener pastures lie elsewhere.

- As pressure to perform increases, you need to get more output from sales representatives who haven't been stars in the past.

But that's not all. Add one more pressure to the cooker: Studies have shown that senior executives are more inclined to attribute their sales organization's difficulties not to a tough economic and competitive environment but rather to their salespeople's poor skills and their sales managers' poor leadership.

Any one of these forces would challenge even the best of sales organizations in the best of times. Taken all together, however, these mounting pressures make this one of the most trying periods for sales organizations to weather in recent memory.

If you think the pressures sound familiar, rest assured you are not alone. Sales executives participating in the latest research by The Forum Corporation—a leading consulting organization in the area of executing growth strategies through people—agree that sales jobs are becoming increasingly more difficult, complex, and challenging.

Paradoxically, the pressures under which sales organizations now operate embody both opportunities for success and risks for failure. Intense pressures, as we know, can be debilitating. Lesser organizations crumble under their weight, especially in uncertain times—but superior organizations flourish. Pressures can send an organization on the road to ruin or light the path to improved performance. How your organization responds to the “pressure paradox” dictates your own destination.

The encouraging news is that, even in these uncertain times, it is still possible to deliver impressive results. Forum's latest research on sales force

effectiveness reveals four “pressure points” that can make or break sales organizations, depending on how the organizations handle them. The common denominator here, an organization's people and the way they are managed, distinguishes successful sales organizations in today's increasingly challenging sales environment. Paying attention to the pressure points can yield positive effects, relieve tension, and unleash potential that translates into more effective sales teams and managers, deeper customer

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relationships, and—most importantly—increased sales.

Readiness is key to selling in uncertain times. The global economy is a patchwork of growth, stagnation, and recession. In all cases, top-performing sales organizations effectively handle these pressure points:

1. Leading strategically by the sales manager
2. Leveraging key process disciplines
3. Building a high-performance climate
4. Developing all salespeople to be stars

Taking actions categorized by these pressure points has a positive and statistically significant relationship to achieving superior results.

Driving Change and Success: The Role of the Sales Manager

The sales manager's role has never been more challenging. Spread thinner and running faster all the time, sales managers today work harder than ever before. More often than not, however, their efforts do not translate into stellar growth and productivity. In today's uncertain times, we see sales managers losing sight of the power of strong leadership. They make the common mistake of jumping in and taking over in critical sales situations, thus confusing the customer and eroding the credibility and confidence of the salesperson. Coaching and developing salespeople is neglected. Sales managers are exerting pressure on salespeople to work

harder, but not necessarily smarter. Many sales managers rally to the battle cry of "getting back to basics"—when basics are now no more than the price of admission to the selling game.

New strategies and tactics are needed to win in today's environment. High-performing sales managers demonstrate disciplined leadership. Sales manager action streams highlight the magic ingredients in any plan to leverage a company's strategy to get to desired results.

There is a strong relationship between successful sales organizations and sales managers who are strategic, versatile leaders.¹ The true hallmark of leadership is the ability to get results through people. Sales managers in successful sales organizations succeed because they focus on intentional, strategic sales management activities that further their ability to generate results through their salespeople. Sales organizations that outperform their competitors do so in large part because their sales managers are strategic, versatile leaders.

This does not mean that the basic principles of effective selling don't apply just because times are bad. Generating customer interest, understanding needs, orchestrating resources, and following up impeccably are still fundamentally important components of the sales process. But they are not enough. Sales organizations that are surviving and even thriving in these difficult times are employing recession-fighting strategies geared to holding the line, taking share,

and blasting out ahead of the competition as the economic pendulum swings in the direction of recovery and growth. These sales organizations' strategies are sensibly focused on three drivers of sales performance: retaining existing customers, growing existing customer relationships, and acquiring new customers.

Sales managers lead the way in navigating the sales force through the troubled waters of a recessionary economy. Without their strategic focus, coaching, support, and modeling of key behaviors, leveraging the three drivers of sales performance will meet only limited success.

So what do the most effective sales managers do? Simply stated, they manage their sales force in the same way that effective salespeople manage their customers. They focus on acquiring, retaining, and growing their *salespeople*:

- Sales managers look to acquire talented salespeople with the attitudes and skills necessary to differentiate themselves with customers and achieve results. To raise the quality of the sales force, sales managers spend more money to attract stronger, more experienced salespeople.
- Retention of salespeople is equally important. In a recent survey, 76 percent of respondents from large companies indicated that retaining high-performing salespeople is the biggest management issue they will face in the next 1 to 3 years.² But not all salespeople should

¹ *How Sales Forces Sustain Competitive Advantage*, The Forum Corporation, 2006; *The Five Most Dangerous Issues Facing Sales Directors Today*, Trainique Ltd., 2004.

² Hewitt Associates, "Hot Topics in Sales Management and Sales Compensation," 2001.



be retained: Now is the time to bite the bullet: outboard low performers and invest more heavily in high performers.

- Sales managers must reward behaviors as well as results and ensure that compensation is aligned with desired behaviors and results. While a study of strategic account-manager compensation indeed showed that sales revenue is still one of the primary elements of a sound sales compensation program, it also showed that other considerations should impact compensation: profit, sales milestones, customer satisfaction, account retention, and persistence.³ Now is the time to ensure that compensation drives desired results.
- The same strategies that successfully retain customers—investing in research, providing insight, challenging the status quo, and uncovering problems and finding innovative solutions—also successfully retain salespeople.
- Top-performing sales managers understand the paramount importance of continuously growing and developing the sales force. Not only do they take the reins and lead learning to grow their salespeople’s capability, they also view sales force development as an everyday activity—not as a 2-hour motivational speech at the annual sales meeting.

■ The sales manager plays three critical roles to succeed in a down economy:⁴

1. *Climate builder:* The research showed a significant correlation between high climate scores and high performance. The sales manager needs to build a motivational climate for salespeople; it’s the equivalent of lighting a fire in an oxygen-rich atmosphere. The climate acts as the accelerator of a highly potent chain-reaction, which yields a substantial improvement in sales results. In an economic slowdown, climate is critical to maintaining momentum.
2. *Coach and motivator:* High-performing sales managers make time for coaching every day. They exhibit strong communication and people skills; they assess sales skills and respond accordingly. Forum’s research found that, although this skill area has been a crucial one for quite some time, the distractions of needing to achieve business results in a recession are now immersing managers in closing business at the expense of developing salespeople. Managers who do develop their salespeople enjoy a decided advantage, most notably as the economy emerges from recession.
3. *Crafter of strategy:* Translating organizational strategy into sales force strategy, and then into what each salesperson must do differently on a daily basis, is

critical to survival. Sales managers must create alignment in the sales force by:

- Developing a sales force strategy, securing organizational support for it, and communicating it to the sales team (in order to win the right kind of business with the right kind of customers).
- Aligning the sales team with common goals through skilled and focused leadership (in order to meet strategic and financial goals).
- Leveraging sales meetings focused on pipeline/funnel issues to speed closing business and resolving problems, as well as training and development clinics that speed sales force development (in order to involve the team and lead it to success).

Strategies for Success: What Must Sales Organizations Do Differently?

Retaining existing customers in a recession

In uncertain times, it is most important to listen to your existing customers, understand their problems, offer insightful support, and do everything you can to help them survive. Retaining existing customers is less costly than acquiring new ones. It costs six

³ *How Sales Forces Sustain Competitive Advantage*, The Forum Corporation, 2006.

⁴ Tom Atkinson and Ron Koprowski, “Finding the Weak Links,” *Harvard Business Review*, July 2006.



times more to acquire a new customer than it does to keep an existing one.

- *Stop calling on your account list indiscriminately.* Identify strategic accounts that warrant the most focus, attention, and resources. Develop a shortlist based on technical factors (size, volume, growth, profitability, competition, product fit) and personal factors (referral potential, rewards, speed of advancing the sale, ease of working with the account) to prioritize activities in order to maximize results.
- *Understand your customer's strategy and decision process.* The typical sales process begins with the customer sourcing and selecting a supplier. But you must look to engage much further upstream in the customer's process—in the business-unit and business-enterprise planning phases—in order to create more substantial and longer-lasting opportunities.
- *Invest for retention.* Commit to the customer by adding value, especially when revenue is not accruing. Conduct periodic account reviews to summarize the value you are providing and to identify areas for improvement. Create customer advisory boards that look to involve customers in research, pilots, public relations, and advertising.
- *Steward your results.* Demonstrate the longevity of your company's strategy by stewarding results achieved for your own customers and other

customers with similar business challenges.

- *Go to school on your competitors.* Know your competition—which has never been more aggressive or more vulnerable. Develop defensive strategies and points of view. Help your customer's company develop strategies for succeeding in its business environment. Be proactive in providing advice and insight.

Growing existing customer relationships in a recession

The most highly leveraged and least costly way to achieve growth is to grow existing accounts. In a recession, customers, like you, are feeling increased pressure to get more done with fewer resources. This often means they are more open to consolidating their supplier relationships.

Focusing on your most “strategic” customers:

- *View the customer's company as a market.* Focus efforts on segmenting and capturing share of market. Leverage successes and relationships.
- *Explore creative pricing options.* Provide financial incentives that cover the totality of your business with the customer company. For example, explore retention pricing options that help the customer company save more as it spends more. Results contracts can reduce customer risk and strengthen commitment to partnering.
- *Leverage partners to help the customer achieve business results.* You can provide added value to the customer in a

situation in which your organization may not be funding new products and services. Your providing added value increases switching costs for the customer.

Acquiring new customers in a recession

Acquiring new customers is an obvious source of growth. If it is not done strategically, though, it can be a costly drain on time, resources, and results. Taking a new approach is critical.

- *Stop calling on your prospect list indiscriminately.* As with customer retention, it is mandatory with customer acquisition to identify strategic prospects that warrant the greatest focus, and the most attention and resources. Develop a shortlist based on potential technical and personal factors to prioritize activities to engage in, in order to maximize results.
- *Forget the 2 percent rule.* In direct mail, a 2 percent response rate is considered good. In strategic prospecting for new customers, a good response rate is 20 to 30 percent: Fewer cold calls, higher hit rates. How do you do it? In-depth research drives your response rate by ensuring that you are calling on the right people, in the right targeted accounts, and with the right hooks.
- *Don't wait for marketing.* Total advertising and marketing spend is usually cut back in a recession. How do you get your message out? The salesperson is the advertisement. Focus on



critical accounts and develop tailored marketing campaigns based on your customers' unique challenges and opportunities. Showcase your salespeople in these campaigns.

- *Be bold.* Offer innovative ideas and immediate insight. In a recession, many prospects are reluctant to change suppliers, and they are so busy fighting their own recession-related fires, they don't have time to discuss any but the freshest

ideas. What have you learned from other customers with similar issues that can relieve your new customer's pain immediately? Packaging your insights creatively is key to getting your foot in the door.

- *Make use of referrals, results stories, and references as your trump cards.* Offering referrals from existing customers can virtually eliminate the need for cold calling. Results stories and references can build credibility and trust with

prospects and earn you the right to explore how you might provide similar outcomes.

- *Performance pricing is a powerful tool.* Overcome risk aversion by proactively offering to share accountability for hard results. Demonstrate your confidence in your ability to tangibly help the customer achieve success by asserting your willingness to share the financial risk.

Driving Principles for Selling in a Recession

Three driving principles guide the salesperson's behavior in a recession. Related attitudes and beliefs should be acted on throughout the sales process to build credibility and trust with customers, and make a positive impact on results.

- 1. Be a true business consultant to customers.* Talk business strategy with them. Show how your offering advances their strategy. Create solutions for their problems. (Customers expect solutions that support and drive their central business strategies.) Talk results with customers. Show how your offering can positively affect their key performance metrics. Identify appropriate metrics and create a compelling case for your solution. Be innovative. Increase credibility by acting as a trusted advisor bringing innovative, highly differentiated solutions to the table that respond to the customer's unique business challenges. (Customers value new ideas and insights based on your experience with other issues similar to their own.)
- 2. Do your homework.* Know more, connect to more information than your customers do—and turn your knowledge into value. (More than ever before, customers want insight.) Invest time and energy in researching your customers' customers, markets, competitors, employees, and challenges. Move beyond asking high-gain questions about customers' situations. In a recession, when competition is fiercest, learn much more *before* the call, so you can prepare insights to share with the customer *during* the call that then turn into meaningful actions *after* the call. Before calling on the customer, learn the answers to (or at least form opinions about) questions relating to the customer's situation—the customer's customers, competitors, vision, strengths, and weaknesses. (So much information about your customers is available in the public domain that asking them to provide you with it asks them to waste their time.)
- 3. Focus on results and relationship.* (In today's tough economic times customers are focused on results. So are you and your organization.) Enhance both the customer relationship and the results. ("Beating" customers in the short term may yield short-term results, but it is a destructive play to make in the client retention and growth game. "Losing" to customers is one of the quickest ways to get sales management's attention.) Balance "beating" and "losing" by persisting in seeking solutions that involve customers in searching for innovative answers to tough questions, by converting opposition to mutual understanding, and, in extremely tough situations, by asserting your own needs and encouraging customers to assert theirs.



Summary

Sales leaders are key to sales success in a recession.

Managers: Craft a recession-proof sales strategy, build an energized climate, and coach to win.

Salespeople: Act as true business consultants to your customers. Do your homework. Focus on both the results and the relationship. (New conditions demand new strategies.) Maximize your success retaining and growing existing customer

relationships, and acquire new customers by focusing your efforts on calling on the right people in the right accounts with innovative and competitively unique ideas.

In the short term, sales organizations that see through the haze of recession and stay focused on the needs of their customers are less likely to be unseated by special deals offered by competitors. In the long term, they will be rewarded with increased customer loyalty and repeat sales.

Forum is a world leader in helping organizations achieve the results of their growth strategies faster, more effectively, and more completely. We focus on the essential driver of growth strategies: people.

We help organizations transform their sales force, refocus on the customer, shift to a performance culture, and develop people at all levels. Our work has contributed to increased profitability, as well as increased market share, revenue growth, and customer and employee loyalty for our clients.

We combine experience and research-based insights in learning design, consulting, and facilitation to bring about changes in attitudes, beliefs, and behaviors that enable employees to achieve and exceed the desired benefits of a strategic change, to reduce time to improved performance, and to sustain the change over the long term.

For 35 years clients have trusted Forum to bring their most important growth initiatives to life. We're agile and quick to respond to your global needs and we create value for you, your leaders, your organization, and your customers.

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