

*Helping You to Develop
Your Business with Free
Hints and Tips...*

... In This Issue

*Winning Profitable
New Business*



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Winning Profitable New Business ⇒ *Developing top line growth*

Overview

Winning profitable new business means increasing revenues without raising costs. Inevitably, issues such as the nature of the market and competitive rivalry complicate this challenge.

There are in fact three dominant forms of rivalry – three ways that businesses compete for customers:

- Turning potential customers into actual customers.
- Capturing rivals' customers while keeping your customers from switching to rivals.
- Competing for sales to shared customers who are not exclusively with you or anyone else.

There is a significant variation and even misunderstanding about what it is that leaders do to win profitable new business. Clearly, there are differences between organisations and industries, but the essence remains the same:

- Ensure that the organisation gives a high priority and sufficient resources to generating profitable new and repeat business.
- Focus on proactively understanding and meeting the needs of current and potential customers. This means keeping customers – current and potential, internal and external – in your thinking when making decisions.
- Instill a passion for excellent customer service across the organisation. In practice, this means ensuring that people continuously understand and adapt to changing customer needs.

Benefits of winning new business

Every business, however illustrious its history or brand and however many assets it has, is only as strong as its next three months' order book. In other words, sales matter. This may seem obvious, yet it is easy within major corporations to become complacent and think that sales will always flow in. History is littered with examples of organisations that failed to work at winning new business and that withered away as their customers departed to competitors. Other reasons why new business is important is because:

- It provides the cash and momentum to develop new products, enter new markets and become even more competitive.
- It starts building the lifetime value of the client, with brand new clients providing cross-selling opportunities.
- It denies competitors, while generating cash and strengthening your position own relative to other businesses.
- It enhances the long-term value of the business.

- It motivates and encourages people, validating the work that everyone in the business is doing. We are all in the business of working effectively so that we can attract new business – and succeeding at this breeds success.

Action checklist: applying effective sales techniques to win new business

Ask members of your team to discuss the best sales approach and then use this to inform the marketing and sales strategy. It may result in winning new business or it may simply raise awareness of customer issues amongst team members, either way, it is valuable. Although by no means intended as an exhaustive list, the following techniques can be particularly powerful; however, they have their disadvantages.

Sales technique	Advantages	Disadvantages
<p>Direct selling</p> <p>This can be in the form of key account management, telephone selling as well as sales representatives who generate and/or follow up sales leads.</p>	<p>The seller:</p> <ul style="list-style-type: none"> • Deals directly with the customer and has the greatest level of information and control. • Can target different sectors. • Can directly influence sales volumes to match capacity. • Can understand where additional resources need to be focused: for example, whether the problem is generating or converting sales leads. • Can use customer contact to enhance products and the overall offer to the customer, improving and entrenching their market position. • Costs can be controlled to an extent, as staff can be paid on commission, according to results. 	<p>Most of these arise from the fact that direct selling is people intensive, for example:</p> <ul style="list-style-type: none"> • People can leave, taking key accounts to competitors. • People can be expensive to train and remunerate; this is particularly significant if there is a seasonal element to the business. • Customers can resent and react against what they perceive as intrusive 'hard-sell' techniques.
<p>Network marketing</p> <p>This has been developed into a surprisingly sophisticated technique, but in essence it involves a person selling to their network of contacts.</p>	<ul style="list-style-type: none"> • Low cost. • In theory, high sales volumes can be generated very quickly. • A profitable, self-sustaining network can be established. 	<ul style="list-style-type: none"> • Finding customers who are also willing to sell products on is essential, and this can be very difficult. • It only works for a limited range of products.
<p>Public relations and communications</p> <p>This involves profile-raising activities to raise awareness of the product and its benefits. A common example is exposure in the media that is not perceived as 'self-serving' advertising, such as articles, reviews and independent commendations.</p>	<ul style="list-style-type: none"> • Low cost. • Particularly effective, as it reaches a wide audience – but can be targeted by reaching the right media channels. 	<ul style="list-style-type: none"> • Awareness is not the same as selling – other factors often need to be brought to bear to close the sale. • The seller sends out the message but this may be distorted by the media – the seller rarely has final control.
Sales technique	Advantages	Disadvantages
<p>Internet selling</p> <p>This method has the advantage</p>	<ul style="list-style-type: none"> • Low cost. • Universal and international. 	<ul style="list-style-type: none"> • Targeting the right customers can be difficult: links with other sites where potential

of being easy to change and update, and it appeals both to corporate and domestic markets.	<ul style="list-style-type: none"> • Can make products look dynamic compared to other sales channels. 	customers may go is vital.
<p>Database and direct mail marketing</p> <p>This method involves buying, renting or otherwise amassing contact details and information about current and potential customers so that they can be directly targeted with sales information and promotions designed to have the greatest appeal.</p>	<ul style="list-style-type: none"> • Offers can be selectively targeted and markets can be tested to ensure maximum cost-effectiveness. • Information can be built up about customers' preferences and habits: this is directly relevant when enhancing existing products and launching new ones. 	<ul style="list-style-type: none"> • Legal requirements affect the collation and use of information held on databases. • People often resent mailshots (and fax broadcasts) and are often unimpressed. • The importance of analysis and follow up often means that they can be expensive.
<p>Sponsorship</p> <p>Essentially this is selling by association: a sponsor associates themselves with a cause, event or situation that will appeal to their target market.</p>	<ul style="list-style-type: none"> • A powerful means of reinforcing the external perception of the sponsoring product or company. 	<ul style="list-style-type: none"> • Can be expensive. • Control of the marketing message can be minimal. • There is no direct link with sales, and measuring effectiveness can be difficult (though not impossible).
<p>Trade fairs</p> <p>These provide a showcase for new products, as well as an opportunity to make new contacts and to influence external perceptions of the business within the market.</p>	<ul style="list-style-type: none"> • Direct contact with customers and distributors. • An opportunity to impress potential customers. • An opportunity to gather details of potential clients. • A chance to inspect competitors. 	<ul style="list-style-type: none"> • Expensive and inconsistent – an event may be excellent one year and poor the next. • It is an opportunity to look average or sub-standard next to competitors.
<p>Special offer promotions and sales incentives</p> <p>These provide an excellent means of launching products, as well as regenerating interest. They also provide a means of direct selling, as well as market testing products and gathering detailed market intelligence.</p>	<ul style="list-style-type: none"> • Popular, appealing and responsive. • They offer the opportunity to appear innovative and attentive and to reinforce whatever perception the seller wishes to promote. 	<ul style="list-style-type: none"> • Can seem gimmicky. • Success may be short-lived, if customers are only interested because of the offer. • They can reduce profitability – not only do they need to be marketed but there needs to be an additional incentive for customers.

Avoiding problems

- View the product offer from the customer's perspective – what will attract them and what objections might you need to counter?
- Consider what matters to each individual customer, binding customers to your product through flexible and appealing initiatives such as loyalty schemes.
- Avoid basing your decisions on flawed assumptions about customers. Sustaining a productive dialogue with customers is much more beneficial, giving more insights of a higher quality.
- Share customer information throughout your organisation to help co-ordinate activities and decisions. Remember that discussions with colleagues and others involved in key decisions (e.g. distributors) can be invaluable in ensuring success.
- Act quickly and decisively to impress and reassure customers.

Key questions

- Where is the 'low-hanging fruit' – revenue-generating ideas that can be implemented quickly and inexpensively and customers that can be persuaded to buy relatively easily?
- What do other businesses do to boost sales?
- What is the message and how well is it getting across? How could the message and its delivery be improved? In particular, what are the benefits of the product and how do we match these to different customer groups?
- Are you using the most effective sales channels? Products often fail to achieve their potential because they fail to get the message to the right people in the right way.
- Would a marketing event work? If so, what form should this take?
- Would a special offer be appropriate or valued?
- Is pricing an issue? Are you charging too much or too little? Are your discounts driving sales or needlessly giving away revenue and an air of desperation?

Dos and don'ts

Do:

- Prioritise potential new customers, segment your market and qualify your leads.
- Consider how best to convert each potential customer (or groups of customers) into actual business.
- Make sure that your product is distinctive, attractive and different, and that your customers view your product in an appealing, compelling way.
- Consider why customers will buy your product. Understand your product's benefits and match these with customer needs.
- Talk to your customers, understand them and help them to understand you.
- Consider how other parts of your business could help you win new business.

Do not:

- Focus on the wrong target markets or fail to adequately segment the market.
- Think selling is the sole responsibility of the sales force.
- Lose patience – converting leads can be a difficult, lengthy process.
- Ignore pricing – make sure it is consistent, competitive and reasonable in the eyes of the customer.
- Hesitate – delaying could jeopardise the sale. Be confident in the quality of your product and its benefit to the customer.

Things you can do

Sell

This involves the following process and techniques:

1. **Plan your approach from the buyer's perspective.** If you can, test your understanding of the most important issues facing your customer. Whether in person or in the form of written communication, you should make your customer feel important by relating your product to their key objective.
2. **Create a sense of urgency, encouraging the customer to act now.** This can be achieved by demonstrating that conditions beyond the control of both of you are changing. Show how these changes may affect your customer, and indicate that you have a potential solution.
3. **Maintain and build your customer's interest** by outlining the benefits that they will gain from using your services. When meeting customers in person, it is also worth checking that these are regarded as benefits and that their worth is appreciated. It can help to link the benefits logically to prove that if one is achieved then the others will follow as a consequence, and show that the final benefit in your chain of logic is the customer's key objective.
4. **Tell your customer all that they need to know about your product**, in sufficient detail. If you are meeting with the customer in person and lose their attention, then:
 - Stop talking and wait for your customer to speak.
 - Listen actively and demonstrate this by repeating a key idea in your own words.
 - Deal with any problems.
 - Continue when you are convinced that the customer is satisfied and ready to listen.
5. **Ask for the order** – this is best done by simply asking. It may be useful to look for buying signals (such as the customer giving approving nods or developing your ideas) and move straight to the order request.

Co-operate and network with colleagues across the business

- **Discuss with your manager** who would be the best people to involve in a sales network.
- **Decide the purpose of the sales network** – it may be helpful to launch this initiative if there is a specific sales initiative to use as a catalyst.
- **Contact colleagues**, explain the benefits and arrange to meet (or conference call).
- **Find out from your team the benefits that they would like to see** from this network.
- **Prepare a list of target customers** that may be interested in products from other Group businesses, and organise joint sales initiatives.

Build a sales culture that generates increased revenues

- **Run an internal sales programme** highlighting who your customers are (customer segments) and what they value, as well as your sales strategy.
- **Brainstorm ideas with team members to generate increased sales.** Prioritise each idea and assign someone to lead its implementation.

- **Discuss with your manager the organisation of the team.** Consider whether roles and objectives should be adjusted to provide a greater focus on current as well as potential customers.
- **Adjust team meeting agenda** to include sales reports.
- **Ensure that customer information regularly flows to everyone in the team,** and allow people the opportunity to comment. This may elicit ideas for improvement or suggestions for ways in which you can build on successes.

Review the effectiveness of past sales and marketing techniques

- **Which technique worked best?** For example, measure the marketing efficiency for each technique. (This is sales revenue divided by marketing expenses. So, if you spend US\$1,000 on marketing and generate US\$10,000 revenue as a result, then your marketing efficiency is 10; for every \$1, spent \$10 is generated.)
- **Why did it succeed?** This can be explained by focusing on *customer segmentation*: it may be that the features of the campaign matched the needs of the target market.
- **Review prices and discounts** and find out if you are giving away discount unnecessarily. Conversely, you may have the opposite problem – pricing too high. Price is a powerful sales tool, ensure you are using it effectively. It can help to organise a trial offer to test different approaches, before committing too much expense.

Develop a competitor database so you understand your competitors' weaknesses and strengths. As well as informing people of your sales plan, relevant information should also be communicated to everyone dealing with customers, so they know why your products are preferable.

Organise a sales briefing with non-sales staff

They may not be directly involved in selling but they know the products and are passionate about the business. Their ideas and observations could prove to be a valuable source of inspiration.

Match your style to the customer

You can meet different personal needs and build rapport by matching your approach to each customer. Here are some specific suggestions to use when meeting with customers.

1. Fast pace with priority on facts:

- Be business-like and focus on the job at hand.
- Use results – facts – and focus on the bottom line.
- Ask open and closed questions that focus on the customer's desired results and time constraints.
- Present quick, concise analyses of their needs and your solutions.

2. Fast pace with priority on feelings:

- Speak with friendly enthusiasm and let the customer set the conversational pace.
 - Ask open questions that explore their motivations and expectations.
 - Intermingle business-related questions with social questions.
 - Emphasise uniqueness, innovation, excitement and saving of effort.
3. **Slow pace with priority on facts:**
- Speak slowly and accurately.
 - Ask open and closed questions that clarify the customer knowledge and objectives.
 - Emphasise logic, accuracy, value, quality and reliability.
 - Provide logical options with documentation. Give them time and data to analyse their options.
4. **Slow pace with priority on feelings:**
- Speak in a relaxed, warm and informal manner. Show tact and sincerity.
 - Ask open questions that draw them out, especially about sensitive issues.
 - Work with the customer to find solutions to their needs. Provide personal direction and assurance.
 - Ask for feedback.

Think about an external or internal customer with whom you have an awkward or uneasy relationship. Identify this customer's preferences. Are they fast or slow? Are they fact or feelings? Also, identify two or three specific things you will do the next time you interact with this customer to match their personal preferences.

Gather customer feedback

This can be done by:

- Looking for opportunities to talk informally to customers.
- Following up on sales to see what happened post-sale.
- Exploring in detail why individual customers went elsewhere.
- Using customer feedback as evidence in making internal recommendations.

Exceed customer expectations

Exceeding customer expectations can help you to sell them new products; it also makes it more likely that they will tell their contacts, bringing potential new business. Once you know what a customer values, you can add value by:

- Keeping the customer informed.
- Delivering the product before the agreed deadline.
- Saving the customer time.
- Making things easier for the customer.
- Personalising service.
- Helping the customer learn.

- Giving the customer peace of mind.

Focus on the target market and understand what customers want

It is vital to accurately match the product to the needs of the market, as this underpins the whole marketing plan. For example, if the product has a niche market then this needs to be clearly understood when making decisions about pricing or sales methods. Some techniques that can help in understanding customers include:

Market research – this can be either formal (using detailed surveys or desk research) or informal. Often a simple discussion with current or potential customers is helpful when devising the marketing plan.

Feature/benefit analysis – the features of the product or service are the attributes that it possesses. Knowing what product benefits can be turned into valued and popular features is vital for developing a sales message that will appeal to customers and will work.

Further action

Use the following table to identify areas for further development.

Issue	Response	Further Action
Could you win new business by focusing on new market sectors?		
Is developing new business causing you to lose existing business?		
Issue	Response	Further Action
How can you improve your sales process, making it more efficient and better at generating lucrative business?		

*For Further Information or to
Arrange a Consultation*

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