

Spark A Chain Reaction: Successful Consultative Selling Techniques that Optimize Sales and Profitability

Your mission: Quantum sales growth without added resources

Earnings goals are in place at your company. Your boss just gave you the new mandate for the sales team: you have to increase sales and profitability this year, and by the way, **you can't have additional resources** -- no people, equipment, new products, compensation... nothing that would require additional cash flow.

Your sales team has until the end of the first quarter to have a plan of action, end of the second quarter to show results...end of year to reach your goal.

No – your first choice is not to empty your 401K and move to Fiji. Don't panic - you can do this! But you need to arm yourself with a new language and a bit of knowledge first.

You're going to get pushback.

If you've taken the time to read about the [5 major reasons companies fail to achieve quantum sales growth](#), then you already know some of the reasons your team is going give you for why this challenge is utterly impossible to achieve:

- "Our products are over-priced!"
- "Our competitors are giving price breaks!"
- "Our offering is outdated!"
- "I need more sales support!"

[You know why sales teams fail](#) - you understand the challenges you face.

But we have good news for you: this goal is not only possible, but even greater success is just within reach!

To drive improved results, you need to spark a chain reaction of change within your sales organization:

1. Salespeople must become better business people
2. Engage the customer in a real business discussion
3. Identify the "5X and "10X" multiplier opportunities
4. One profit number is worth a thousand words
5. Get to higher levels faster and improve sales productivity
6. Reduce competition and increase your win/loss ratio
7. Grow margins by only 1% and drive dramatic profitability
8. Increase customer retention and profitability

Let's start at the beginning, with the first, and most important link in the chain...

1. Salespeople must become better business people.

Finance – The Language of Decision Makers

It's the big family secret – 95% of the people in any business, from top management down to the shop floor (whatever type of "shop" you run) don't understand how their company makes money, let alone how your customers make money.

What happens when employees don't understand how a company makes money?

All kinds of bad things: price cutting, missed sales opportunities, selling to low levels, long sales cycles, poor negotiating...

When everyone has a better understanding of profitability and return on investment, they become more aware of how their choices within their job function affect the overall profitability of your company. When **sales people understand profitability and return on investment, they also understand how their clients' companies must maneuver to survive in the marketplace.**

When salespeople understand the key financial levers that impact customer profitability and know the critical profit drivers for their clients, **suddenly everything makes sense.** They understand why their customers must change for their business to survive. They understand why they're taking the actions they're taking. **They have that magic "AH-HA!" moment: "I see how our products and services can help my customer get where they're trying to go!"**

They see the link between improving the profitability for both companies and **their sales mindset is changed forever.**

You've sparked a sales chain reaction – but hold on – this is only the first step. Your sales people must now APPLY this new kind of financial and business knowledge to get to the next level.

2: Engage the customer in a real business discussion

Salespeople must crack the code of customer economics:

- How does the customer make money?
- Exactly how is the customer changing?

When your salespeople have confidence in their financial knowledge and learn to have a true business discussion, **they will learn to uncover how your customers are changing to improve their business.**

PLEASE NOTE: How a customer is changing is much bigger than the traditional sales strategy of “What are your needs?” or “What is the problem?” or “How can I help you?” **Changing business strategy requires looking at the business from 30,000 feet and understanding the pressure the customer is under to achieve their financial goals.**

From 30,000 feet, ask yourself:

- What do the financial trends tell you about a customer’s business situation?
- What are your customer’s strategies to grow their business?
- How is that customer going to change to address these financial trends?
- What strategies will they/are they employing to address their business, operational, and financial needs?
- How are they deploying resources and capital to achieve their desired outcomes?
- What is their expected return on investment from these changes?

30,000 feet is a “bird’s eye view.” And who’s the bird? **The entire C-suite of your client’s organization.**

It is critical that your salespeople share this view. Time, money, and effort are flowing to these change initiatives and they will be your customer’s highest priorities. **Your salespeople must be able to link their solutions to these initiatives if they want to be funded.**

Powerful things happen when a salesperson understands how a customer is changing and then engages them in a business discussion:

- The salesperson has an “insider’s view” of the business and is able to align your products and services to the highest priorities of the customer.
- Once a salesperson does this, they’ve started to differentiate themselves from the competition.
- Customers will view your sales team members as more than just vendors trying to sell a product or service.
- They will see them instead as business partners who understand their clients business and who will work with them to improve profitability.

3: Identify the “5x” and “10x” multiplier opportunities.

You’ve experienced this frustration: **overlooked potential**. We’ve already explained that salespeople who don’t understand their customer’s business miss tremendous sales opportunities.

Imagine salespeople identifying 5 times or even 10 times more opportunities for additional products and services in their top accounts. The impact would be dramatic:

- Less time and effort would be required to achieve substantial sales growth.
- The sales cycle would be sped up because your salespeople would be in a position to close business before competitors even know the opportunities exist.

We’ve followed two links in the chain to get to this point:

- Salespeople who speak Finance improve their understanding of customer’s business.
- When they understand the customer’s business, they can have a meaningful business conversation and achieve access to the right decision makers.

Salespeople often discover that, when they get in front of decision makers, they are overwhelmed by the number of opportunities they uncover to help the customer improve their financial results.

When a customer recognizes your salesperson as someone who gets the big picture of what they are trying to do, they expand their view of how your company can help them and they will be more forthcoming about all of the initiatives they have in place.

Case in point: One of our major customers, a salesperson selling water treatment processing to electric utilities, took an account from \$200K per year to \$1.2M per year in additional products and services by assisting them with a new high priority water treatment project. The salesperson said,

“Based on the business discussion I had with my customer and my understanding of how they were changing, I was stunned as to how many opportunities I was missing with this account!”

4: One profit number is worth a thousand words

Translating your solution into a quantifiable number may be the most important thing you do in the sales process! It's how you tell your clients, **"The more business you do with me, the more I can improve the financial performance of your business."**

How well you articulate the business case will differentiate you from competition. The key is your ability to **quantify what you can do for that customer in real, hard numbers.**

The focus must be on profitability rather than operational or functional improvements the higher up the food chain you and your sales team members go.

This link in the chain reaction changes the rules by which companies compete. At [APG](#), we have found most companies have figured out how to position their products and solutions as cost savings or revenue enhancing improvements for their customers. The problem is, so have their competitors.

Customer: **"You say you can improve my profitability? I have three questions for you:**

- How much?
- How soon?
- How certain are you?

"If you can answer those three questions, I'm open twenty-four hours a day to hear your answers."

Quantifying and presenting profit impact will earn your salespeople the right to be invited back to the C-suite **because they have brought tangible value for the customer.**

5: Get to higher levels faster and improve sales productivity.

Doubling sales and profitability in one year means you cannot spend time with people who are not the decision makers.

You have to get to higher levels because they not only can make decisions faster, they can make **BIGGER** decisions. And that's where you want to be!

Question: "I know that I want to get to higher levels, but what will I talk about when I get there?"

Answer: The customer's two favorite topics: their business, and improving profitability. (Sorry, they don't care about your business.)

1,350 executives were asked this question in a survey, "What is the most important thing you want to know from a salesperson when they get in front of you?"

Their answer? "What do you know about my business?"

How skillfully your salesperson answers the executives' question will tell them if they are dealing with a businessperson or a vendor.

Vendors are simply shown the door, but executives will share information with salespeople that they perceive as business people.

Anybody can get to the higher levels once. **But will they be invited back?**

If the only thing you have to offer is "Here's information about my products and services", the answer is **NO. You will not be having another meeting in that office.**

But, if you tell them how you can directly affect the success of THEIR business strategy and profitability, then **YES, expect that door to swing open both wide and often.**

It starts with your salespeople believing they belong in that C-level office because:

- They have done their homework and understand Finance, their customer's business, and how it is all changing.
- They have put together a strong business case from the client's perspective showing significant profit improvement.
- They have the confidence needed to look the executive in the eye and to talk with conviction about their solution.

Chances are that at this point your salesperson is the only one having that conversation at that level because competition is struggling to gain access to the executive office.

6: Reduce competition and increase your win/loss ratio.

When you get to the higher levels, by default you have now cut your competition by as much as 80% or higher. Why? Simple – they're **still making the same mistakes** your team was making: **your competitors have convinced themselves that the safe and practical path is to sell to lower level contacts and hope they can take their message “up the food chain.”**

By the time you've reached this link in the chain reaction, your company has distanced itself from its major competitors. **The more often you show up at your customer's executive levels, and the more your competitors don't, will in and of itself constitute a competitive advantage.** Your competitors will be on the outside looking in, wishing they knew how to get in front of the executive.

You have built on the first five positive chain reactions that helped you earn the right to be at a higher level. Best of all, **you now can dramatically increase your win/loss ratio because decisions will be based on how well you have sold your value.**

Brace yourself -- now the payoff begins!

7: Grow margins by only 1% and drive dramatic profitability.

In a McKinsey study of the S&P 1,500 on the impact of pricing, they discovered that – with everything remaining the same - **a 1% price increase will increase operating profit by an average of 8% to 10%.**

This is huge!

It's also the reason why top management puts so much pressure on sales organizations to defend pricing. So, by following the first 6 steps of the chain reaction and doing a more effective job of selling a company's value and discounting less, **salespeople can have a major impact on profitability.**

McKinsey goes on to say that **a 1% discount will conversely drop operating profit by 8%. And, if a salesperson provides a 5% discount, it takes 18.7% additional sales volume to make up for the loss in profitability** (based on operating income margins).

Here is what every salesperson needs to know and most not do: When you drop your price by 1%, 100% of the discount hits the bottom line.

Let's say you have a \$50,000 sale to a customer, and the salesperson believes they need to drop the price by 1% (1% of \$50,000 is only \$500). That might not seem unreasonable to secure the business.

But the bad news is that, for a \$1 billion revenue company, if every salesperson did this, **profit before taxes would decrease by \$10,000,000!**

The really bad news is that sales teams often give that 1% up multiple ways (pricing, terms, deliverables and conditions). Why? Because they do not understand Finance and they do not understand how your company makes money. They don't mean to do it, but they lack financial understanding of the net affect on the company.

Your salespeople must learn to speak Finance – they are the last line of defense for margin protection. You must change the mindset of your sales team.

8: Increase customer retention and profitability.

Here's the good news: you've taken all of the right steps to grow business the right way.

- You've expanded business with existing customers.
- You've acquired new customers because you earned the right to get to economic decision makers.
- You've reduced the price obstacle by making the business case for your solution based on profit improvement.

But be prepared: you will continue to receive an onslaught of competitive attempts to undermine your success. Your competition is going to try to steal your customer with a lower price.

But, thanks to you and your team now understanding the language of Finance, the language of C-level decision makers, you can now firmly establish within your customer's mind the value they've already received from your company and completely negate the effect of your competitor's offer of a lower price.

The best way to build long lasting business partnerships with customers is to do business the right way, based on a solid business rationale. You will defend against price driven competitors by always bringing profit improvement proposals forward to the customer, dramatically increasing customer retention and profitability.

Quantum sales growth occurs when you leverage all seven preceding links to ensure you win and retain customers based on a sound business case driven by profit improvement. Achieve this and your sales organization is then freed to pursue business the right way.

Make Quantum Sales Growth A Reality with **The Profit Specialist®** for Sales

At APG, we have repeatedly demonstrated how the right changes in an organization can lead to tremendous success. Salespeople who strengthen their financial and business skills can more effectively analyze a customer's business and then see and effectively articulate how their products and services impact the client's strategies.

Every company can achieve quantum sales growth if strategies are in place to execute more effectively.

APG delivers results.

APG and **The Profit Specialist®** have helped more than 200 of Fortune 500 companies improve their profitability by enabling their salespeople to defend price by understanding the impact pricing has on overall profitability and how profits are lost during the sales process because tangible value is given away.

Here is just a sample of the organizations that we have helped achieve extraordinary results by deploying the strategies in this ebook:

- APG customized **The Profit Specialist®** to help a major pharmaceutical company understand the healthcare business and how to have a business conversation around the key financial and business drivers impacting every level of their market, from the physician's practice to the hospital CEO. They now consistently gain access to senior levels.
- We helped a major industrial supply distributor identify 3 to 5 times the number of opportunities within existing customers by making the business case that consolidating customer total spend would deliver greater profitability for the customer. The result? Improved sales growth – 27% over plan – a record for this organization.
- A major office supplies company asked us to help them grow new business by going directly after CFOs in their targeted prospects. By leading with a strong profit proposal, they earned the right to sell high, win business without direct competition, and increase their margins because they quantified their total value and sold the customer on the profit improvement they would receive.

APG Clients

APG has implemented our financial and value-selling solution for more than 200 of the Fortune 500 companies across 30 industries. Following is a partial list of our clients:

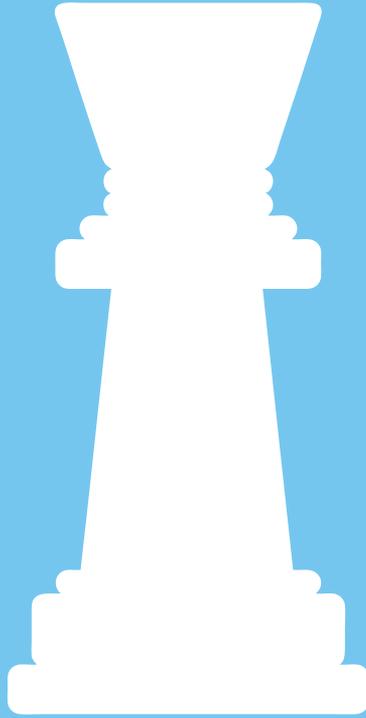
- Abbott
- Anheuser Busch
- Air Liquide
- BASF
- Bank of America
- Bell Helicopter
- BMC Software
- Black & Veatch
- Brunswick
- Cardinal Health
- Coca Cola
- Cooper Tire Company
- Covidien
- Delta Air Lines
- Ecolab
- GE Aviation
- GE Water
- Grainger
- HP
- IBM
- ITW
- Johnson Controls Inc.
- Lubrizol
- McKesson
- Pactiv
- Pepsi
- Rohm & Haas
- SCA Tissue
- Schlumberger
- Siemens
- Steelcase
- Stanley Black & Decker
- Textron
- The HON Company
- Timken
- UPS

About Aarthun Performance Group, Ltd.

APG develops and customizes high impact, financial, sales and professional / managerial training programs that deliver bottom line results. We are currently working with nearly 200 of the Fortune 500 companies. Our mission is to help our customers create better business people.

Powered by





Real financial intelligence
changes the game