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Tips and Talk

Don't sell price, sell value and customer outcomes

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Recently, a client called and said his salesperson was insistent that they needed to drop their price on a service for a particular customer. There were no problems or subtle hints for a price reduction from the customer, the rep simply felt they should protect their business with low prices.

Now we are dropping prices when there is not a problem or even a specific client request? Don't do it.

My first response was to suggest getting a new salesperson, and then I recommended telling this rep to get some guts and be a real salesperson, go get some sales training, read a sales book, watch a sales DVD or something! Regardless, the person clearly needed a change in approach.

That anecdote offers an opportunity for valuable sales lessons on how not to panic in this economy.

Never fall into the trap of selling price. Instead, think of creative possibilities for solving the customer's problems and protecting your profit. The bottom line is critical. We all like to build our top line so we can see our companies growing, but doing so at the expense of a profitable bottom line can lead to serious problems, perhaps even including bankruptcy.

Once you focus on price and not the value of your solution, your relationship and your company, it is difficult to get the profits back in the future.

Yes, sometimes we can offer a solution that has a lower price but still maintains profit and solves the client's needs; however, if you don't have alternatives, don't focus solely on price. Throughout my 20-plus year sales career I usually worked for the highest price companies and needed to focus on the value that customers would receive through the outcomes they got as our customer, and I still blew away the quota.

Much of the price that customers are willing to pay is often based on their relationship with the salesperson. If your salespeople easily develop credibility and trust, not just friendliness, it is easier to maintain your profitable price. When the customer trusts the salesperson, it is easier to sell the value of the company and its services or products.

Yes, you can teach people how to do this.

For example, when I started at one company selling highly technical services, a group at an existing client screamed at me about our high prices during our very first meeting. That was fun.

I listened and asked questions and listened some more. I learned what they truly needed and valued. They had a new opportunity and did not want the same old solution from my company. When discussing the opportunity with my company, I learned that before I arrived it always sold a particular solution to this customer. The service was the highest priced one we offered and had a higher value than the customer requested.

I asked why the company always offered that service instead of exactly the solution the customer needed and valued. The answer was: "This is what we have always done. We never thought to use anything different." Incredible!

I was able to convince the company to consider an idea that fit the customer's needs and provided a great solution. Providing exactly what the customer wanted and needed yielded a lower price, but the profit was the same. We won the competitive deal and provided a great solution for the customer while also taking care of our company.

The customer said I was its "advocate," and I was then able to close future profitable deals sole-source because of the client's trust in our relationship. In case you are wondering if this will work in a down economy, this deal was won during a down economy in 2001.

Another example of possibility thinking occurred when I was selling online database services. A client wanted to purchase one of our best services but needed the billing handled in a special way. I listened and confirmed that he did not need a cheaper price, just flexibility in the billing.

He had requested this many times before, but the sales rep handling that customer simply did not want to consider possibilities and go to management. I talked with management. We removed the barrier to the purchase, and the customer loved us. We found a new solution for him, and he bought the high-profit online service.

Is your culture one where your salespeople or on-site consultants keep their eyes and ears open for possible new opportunities? It should be. These people have the relationship with the client to continue doing profitable business. Encourage everyone in your company to listen to the customer, ask great questions and listen some more.

Business is a chess game. Have strong moves and consider all options. Never panic and focus on price out of unfounded fear and drop prices needlessly.

When you listen to your customers, they will tell you how to sell them and close profitable business.

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