David Lambert (david.lambert@
ioweu.com), international consultant in
selling and co- author of the book
Smarter Selling

Effective selling
in the Internet era

Katarzyna Bachnik talks to David Lambert

Selling becomes harder and harder. The availability of information through the Internet makes buyers more aware of the real value of offerings, and the technological progress enables them to choose among many competing options. In this situation salespeople need to review their selling techniques and tools in order to retain clients, sales and margins.

We live in a world of constant changes generated by the development of IT technologies. How does this kind of environment influence the process of sales and the role of the salesperson?

Searching through the resources available on the Internet, the buyer can find more information about a given offering or organization in 20 minutes than a salesperson could tell them in an hour-long conversation. What is more, they can sit down at their computers at any time they choose, and without pressure to actually buy something. This almost unlimited choice of purchase options and the abundance of information at the buyer's fingertips changes the nature of transactions, as well as the buyers' behavior. And when buyers are unable to see any differences between available options, price becomes the key selection criterion. It is the salesperson's role to indicate other differentiators and shift the main focus of purchase deliberation to other ways in which the buyer can benefit from purchasing their products or services.

So, can we say that the internet makes the role of a salesperson much more difficult?

Yes, it does. To be successful, a salesperson must make a greater effort and constantly seek ways to differentiate their offering from their competitors in ways that the buyer understands. In the good times there was little pressure on the sales function. In the current tighter environment the sales function is under scrutiny. Companies have begun to question the existing selling practices and techniques, and some of them even wonder whether they need a sales force at all. All in all, the role of the sales function is not any more to simply provide information, as not only does the internet provide buyers with product or service details, but also with recommendations and other users' insights.

You have mentioned that the availability of vast information and the ease of benchmarking offerings makes buyers stick to price criterion. Is this factor really the dominant criterion when it comes to making purchasing decisions in the Internet era?

In terms of buyer motivations, three types of buyers can be distinguished. The first of them focuses most of all on price (price-busters), the second one concentrates on finding good deals (deal-hunters), and for the last type the key factor is value (value-buyers). It is quite a universal pattern of behavior, which can be observed in almost every industry and in every country. Yet these types are not mutually exclusive. A buyer can exhibit features typical of more than one type. For example, value-buyers who continue to place great emphasis on price may appear to be deal-hunters. What is more motivation tends to shift as a result of experience. After all, it is hard to stick to price alone when, within a given price range, the buyer cannot find the product they want or service that they need. But it is quite natural that price becomes the main selection criterion when the buyers cannot find any other factors differentiating a given offering.

This almost unlimited choice of purchase options and the abundance of information at the buyer's fingertips changes the nature of transactions, as well as the buyers' behavior. And when buyers are unable to see any differences between available options, price becomes the key selection criterion.

I would like to make another point here. Information overload is a big problem for many people and is getting worse. How many of us now regret signing up for the free newsletter that was interesting at the time, but is no longer welcome as it drops into our email inbox? Not to mention the unsolicited emails from the other companies who have been sold our details by the company whose newsletter we signed up for. Thus, a new way for an organization to differentiate from its competitors is to communicate with their customers more carefully. It is no longer enough to send a general newsletter. Today it is worth taking time to attach a note that says, "I was looking at this article and as I read the final paragraph on page 4 I thought of you, because the example fits closely with the topic we discussed last week. I've highlighted this fragment below but also included the whole article in case you want to read it." This shows that you are thinking about the customer and people respond well to being thought of.

I have observed that price-buster behavior is found more in mature or low-skilled industries where goods and services are heavily commoditized.

To counter price-buster behavior, value-sellers must believe in the value they bring, and constantly reiterate that value to buyers. I remember a conversation once with a sourcing agent who complained that overseas buyers were always hammering him on price and saying they could source from Vietnam or India (instead of China). I pointed out to him that while they might say that, it was probably just a tactic and he should always remember that it was him that they were actually talking to, and not his competitors. He was actually in a stronger position than he realized.

Is a shift in this dominant orientation possible? Is it possible to make the impact of other purchase criteria bigger?

Shifting buyers' criteria is not easy, but far from impossible. Let's stick to the B2B sector. The key thing is to focus unerringly on each buyer's business goals. It is a *sine qua non* condition. And the salesperson's actions must be oriented on ways to help customers achieve those goals. When buyers perceive the salesperson as someone who is genuinely trying to use their broader knowledge and contact network to help them achieve their goals, price becomes less important. Buyers start to perceive additional value. To be clear, while it is not a Golden Rule of sales, but I am convinced that in many cases valuable sales opportunities are missed just because salespeople do not make the effort to build deeper, stronger relationships. In other words, poorly trained and poorly motivated salespeople prefer to push products to their customers, assuming that a good presentation of a product and strong negotiation skills are the key to sales success.

So building a relationship between the salesperson and the customer seems underestimated. Is it caused by the fact that we still do not have sufficient understanding of this area or that it seems complex?

Possibly. I identify four types of business relationship that it is helpful to be able to recognize: social, technical, ad-hoc and partner. In a partner relationship the buyer trusts the salesperson and knows the salesperson is there to help, not simply to sell. Discussions and connections are both broad and deep. Buyers turn to "partners" for help and advice, even if they know it is not an area where the salesperson can help directly – because they trust the "partner" to look after their interests. Being asked for help in an area where you are not recognized as expert is a key indicator of a partner relationship.

A social relationship is friendly and fun, but usually quite superficial. Such relationships often exist between the selling organization and senior individuals in the buying organization. Entertainment budgets are set, people meet for drinks, food, perhaps some corporate events and social functions, but the conversation of both parties rarely involves business issues. Indeed, I'd observe that many companies spend large amounts of money entertaining senior executives for which they get little return.

The most common relationship types that we encounter are ad-hoc and technical. In the first case, ad-hoc, there is little loyalty involved and the relationship is based on satisfying a specific need. For example: "I need a package shipped from point A to point B today. I need it transported securely, and I need it done now." Because I have an urgent need, I'm not going to shop around – I'm coming to you because I have a problem and know that you can sort it out. However, the next time I need to send a package, and it isn't urgent, and security is less of an issue – I'll shop around.

In technical relationships, the customer is buying technical competence on a regular, as opposed to an ad-hoc basis. The buyer recognizes the seller's expertise but does not necessarily enjoy the buying process because the seller has a habit of talking too much about their own offering and not showing sufficient interest in the buyer's world. The range of assistance tends to be narrow and revolve around a specific competence, often to the detriment of the organization's desire to sell a broader range of products or services.

I've worked with lawyers, accountants, engineers, financial advisers, and many kinds of technical specialists such as IT salespeople, who fall into this category. Their desire to demonstrate specific expertise (which of course is a key source of value – but not the only one) renders them unable or unwilling to build real rapport through engaging buyers in a broader discussion (and on topics where they may not be "expert").

Is it possible to say which of the relationship type is the most attractive from salesperson's point of view?

Our target is always a partner relationship, a relationship based on trust. The buyer gets value from every interaction with the seller. This value means that when the buyer comes to have to pay for the offering they rarely argue about price (meaning profitability is higher) and referrals for other work are common. Much of the work I do is with organizations offering multiple products or multiple services. In their case partner relationships facilitate the cross-selling that drives growth for these businesses.

Iron Mountain in Poland is a good example. Iron Mountain is a leading global provider of secure document storage and information management services who constantly seeks ways to expand its offer. Iron Mountain realized that their salespeople could be the best source of ideas through their relationships with clients. However, they needed to develop a broader set of dialogue skills so that they could engage with new areas of their clients' businesses and hold broader commercial conversations around the client's business goals and strategies. This shift from existing technical relationships to partner relationships required developing additional skills, frameworks and business analysis tools.

The only real disadvantage of a partner relationship that I have observed is that it takes effort. It takes effort to really understand a buyer's business goals, to know their market, to know their competitors, to know their key customers, to know their colleagues, to know their personal goals and the pressures they face. It also takes a lot of time. To help the customer move towards their goals, the salesperson must be willing to go beyond the boundaries of their everyday job, which means to share experience, offer insights and use their broader network. Sometimes it may even mean foregoing short term targets – and sales bonuses – for the sake of long-term customer loyalty and generating future profit.

Is this effort warranted in all cases – no. It would not be very effective in the case of price-busters and deal-hunters, who do not want and do not value a deeper relationship with the seller. Therefore, they will not share the information the seller needs to offer additional insights. On the other hand, there are companies who have benefited greatly from developing "partner" relationships, even in fiercely contested retail markets such as electrical goods and hotels.

Let's take GHD, who make hair straighteners, as our example. The company wanted their agents to focus on how to engage customers from the first word by having salespeople ask questions around what customers wanted to do with their hair, rather than starting with describing product features. Similarly, the managers of Emporium boutique hotels decided to treat guests arriving late in the day differently. Instead of a standard question such as "How was your day?", they'd ask if the guest had had a chance to eat? If they hadn't they'd offer the option of ordering from reception or waiting until they got to their room. The other practice – although not entirely new – is gathering preferences and desires of guests. The hotel's database system makes the information available instantly, so that a guest arriving at the hotel would not be asked the same questions by different personnel.

There are companies who have benefited greatly from developing "partner" relationships, even in fiercely contested retail markets such as electrical goods and hotels.

What tools and methods would you advise to apply in order to shape partner relationships with customers?

In any conversation with a customer or client, I recommend tools that help to create a good first impression and establish an open environment for discussion. This is supported by an expansive, future-oriented, questioning approach. Finally, when putting forward ideas or offerings, these must be positioned in such a way as to focus squarely on the value to the customer or client.

I also recommend using some kind of personality or behavioural profiling tool. This element of selling, the interpersonal connection, has been badly overlooked in recent years as companies sought to systematize the sales process. But we should remember that buying is principally an emotional decision, even in a corporate setting, and people typically buy from people, basing a large part of their decision on the way they feel towards the other people involved.

I found that most sellers are so focused on their own offerings that they forget the human element. They forget that people buy from people. I spent some of the most enjoyable years of my career advising on pitches. The business being pitched for spanned many industries: freight and shipping, engineering, legal, accounting, general consulting and investment banking. Values ranged from a few thousand euros each year, to tens of millions on a single deal. And apart from these differences, when interviewing clients about why a particular bid won, the answer typically comes down to the people. And although when people lose pitches, they're almost always told that it is because of price, in my experience this is rarely the real reason. It is convenient and seems unquestionable – in competitive markets, it is hard to differentiate and in the absence of another source of differentiation, we differentiate on price – but it is not real. As I can conclude from my experience, the buyer preferred to work with another seller because they liked the people – but of course they can't tell you that as that might harm future relations.

I prefer the *Octagon behavioral profile*, because it uses simple language and is easy to apply. It works on the premise that people tend to relate well to people who they feel are like them. If they resemble us, they cannot be bad, right? As the name suggests the Octagon behavioural profile explores 8 different behaviour categories: leading – following, opportunity – fear, trust – control, your needs – my needs, feelings – facts, free flowing – organized, my best – better than you, big picture – detail. In a selling context these fields play an important role in building relations with clients. The Octagon behavioural profile makes people more aware of how they prefer to behave and how their behaviour might be perceived by others. It helps them improve sensitivity to other peoples' preferences so that you can either match them to develop rapport or mis-match to cause a change in thinking.

Developing a better understanding of clients' preferences and the knowledge that these preferences do differ, prevents salespeople from delivering a standard sales pitch.

The salesperson who gets client's sympathy counts not only on closing a deal. He counts on client's loyalty. But numerous research suggest that customers are less and less loyal these days.

It is true that loyalty is harder to win these days and easier to lose. What makes a customer stick with a supplier? Let's leave out the BtoC environment in our deliberations, because in this environment the behavior of the salesperson matters less, since customers are often buying a product or service based almost solely on product or service features and brand reputation and will never have further contact with the salesperson after purchase. In BtoB it is typically different. Not only are purchases more complex, more risky and more expensive, but the buyer will likely have some ongoing contact with the salesperson and/or their organization. Trust is the glue that makes BtoB customers stick to sellers.

Trust is important because it is the enabler of open, honest relationships. This applies to both business and personal life. Indeed, we've always found it both sad and contradictory that some people can behave so differently at work and outside work – though I guess being untrustworthy and manipulative only half the time is still an improvement on being that way all the time!

I think the ideas for Smarter Selling came to us (and I include my co-author Keith Dugdale here) through our work across different industries. We started out working with lawyers and accountants (Deloitte, KPMG, PwC), then moved into banking and financial services (Morgan Stanley, JP Morgan, Bank Julius Baer, Zurich Financial, WesBank). We picked up assignments in media sales, then hospitality (Ottawa Senators, Emporium Hotels) and on to general industry, FMCG and branded goods (GE Oil and Gas, Unilever, Kraft, adidas). More recently we've started working with engineering consultants. What we've learned is that regardless of the industry, there is an enduring desire on the part of organizations to broaden their relationships with core clients. In our book *Smarter Selling* we promote the idea of doing business based on trust. It is predicated on the fact that most buying decisions contain a significant emotional component, albeit that many corporate buying decisions have elaborate processes wrapped around them, to try to minimize the impact of this emotional component. We find that organizations do not generally buy from organizations. It is more that people buy from people. We find Ford Harding's assertion in his book *RainMaking* to hold true: "People buy [based] on feelings, and use facts to justify the way that they feel."

Another fundamental of Smarter Selling is the notion of reciprocity. In most cultures, children are taught that if someone shares something with them, then they should give something back. This social imprinting goes very deep. We find that if you treat someone well, good comes back. In business, this "good" typically takes the form of referrals or additional sales.

Trust is important because it is the enabler of open, honest relationships. This applies to both business and personal life.

You talk about trust, but mistrust seems to underpin selling relations. Especially in Poland, where the willingness to trust is low. How can a salesperson successfully counteract clients' fears?

In this aspect we like the Trust Equation conceived by David Maister et al and presented in detail in the book *The Trusted Advisor*. Trust equals Credibility plus Reliability plus Intimacy all divided by Self Interest. Our IOWEU tools focus on building Intimacy (the degree to which you understand your buyers world), and reducing Self Interest. And we introduce a whole set of tools that are helpful in building trust when conducting a conversation with a customer or client. The seller chooses when to use the tools. The Octagon behavioural profile is also of great help here because it provides clues on matching questioning approaches to buyers' different behavioural preferences. It is this freedom to use which tool applies best that gives the salesperson freedom and probably differentiates our approach to sales from many others.

How would you persuade CEOs and managers that it is in their interest to strive for long-term relationships with customers instead of making efforts to meet short-term sales targets?

First of all, I want to make it clear that there is nothing in our approaches that prevents the achievement of short term goals. What we advocate is better use of sales resources to achieve both short term and long term targets. This means working only on those prospects that satisfy certain criteria, as opposed to chasing every opportunity - which is a strategy still pursued by a surprisingly high number of sales organizations. In other words, you need to make sure that you have a high success rate when you pitch for work. What our approaches do is help salespeople develop the right skills to convert the right opportunities.

Do you have any advice for Polish sellers?

From what I have observed, there are some similarities between Poland and emerging economies. Although I've heard many Poles joke about how they are a pessimistic people, I detect an air of optimism about the future and a desire to learn and try new approaches that is refreshing. The advice I would give to Polish sellers is not to compromise. Someone once said to me in a workshop: "You say that we should only sell products that our customers really need. What if our products don't match what the customers need?" Before I could answer, another participant offered this counsel: "Get your company to change the product to the right product, or move to a company that makes things that people want to buy!" It sounds overly simplistic, but if you think about it, it is right. Companies that compromise always lose in the end.

David Lambert (david.lambert@ioweu.com) is a co-founder of IOWEU International, a firm specializing in sales performance improvement. He is also co-author of *Smarter Selling,* Prentice-Hall 2007. Katarzyna Bachnik (k.bachnik@hbrp.pl) has a PhD degree in management and is an editor at *Harvard Business Review Polska.*

Translated to English from the original Polish article.
The original article number A1012B may be found at pages 74-81 of the Winter 2010 – Spring 2011 edition of
Harvard Business Review Polska.