



Monday, June 22, 2009

## The Top Three Sales Mistakes Made that Lead to Price Shopping

“My sales team is getting price shopped. The only way we get the business is to give a discount. Margins are eroding.” All of these statements are pains expressed in good times and bad. The current recession has added pressure to these pain points, testing even the most seasoned sales professional.

So how do you get beyond the price game? First, quit blaming external factors. Jim Collins, author of “How the Mighty Fall,” identified that companies in Stage 3 of failure blame other people or external factors rather than confront the frightening reality that the organization might be in serious trouble due to their own denial. The reality is your sales team might be the problem, not the economy. Here are three areas to examine, confront and change:

### 1. The Sales Activity Plan

This is all the activity that leads to an appointment. Many organizations make the mistake of measuring appointments, not activity, and end up working on a lagging indicator which often leads to empty sales pipelines. Put a number to each specific sales activity so your team knows if they are winning or losing; i.e. 4 networking events per month, 6 influence meetings, 5 introductions given for referral partners and clients. Empty pipelines always lead to desperation and discounting. The more robust the sales pipeline, the easier it is to execute good selling and negotiation skills. Oscar-winning actor Denzel Washington shares what his Dad once told him, “Do the work so you can do the work you want.” Sales professionals still winning business at full margin have consistently done the work for years.

### 2. Does your organization deserve the business?

When is the last time you have done business with your company? I heard Diane LaSalle, author of ‘Priceless’, speak two years ago. She shared the case study of a spa that engaged her firm to help improve new and repeat business. Diane’s firm set out to determine if the spa deserved the business and documented every step of the customer experience with the spa. The first disconnect they noted was the difficulty in finding the spa. The sign was hidden and her team drove by it six times. (What do you think the frustration level is for the typical customer trying to get to their appointment on time?) The second disconnect came when checking in for their luxury appointment. The counters were extremely high, requiring most women to get on their tip toes to even make eye contact with the receptionist. Getting the picture? At your next sales meeting, run through a detailed discussion of each step of your sales process and rate the client experience on a scale of 1 – 10. Confront the reality. Would you do business with your organization at full price?

### 3. Your Teams' Ability to Persuade, Influence and Negotiate

Many sales managers make the mistake of focusing their time and energy on training sales skills. Then the salesperson gets in front of a professionally trained negotiator and buckles like a paper cup. The reason is not lack of knowledge. The reason is the salesperson’s mindset.

My first negotiation workshop was over 15 years ago. The number one thing I took away from the instructor was: “If you can’t walk, you can’t talk.” (By the way, it’s easier to walk with a full sales pipeline.) The instructor’s point was that you must be mentally ready for negotiations before any skill training has meaning. Mindset means checking into your sales team’s value of



themselves or your services. You can't give away something you don't have. If a salesperson doesn't feel they are of value, why should the prospect?

Once the proper mindset is in place, focus on skill training. Salespeople have a bad habit of trying to convince the prospect of the value of solving the problem. Stop! Put the responsibility of solving the problem on the prospect. People believe their own data and a good salesperson facilitates that type of sales conversation. "What value is the organization putting on solving this issue? Is solving this issue in the top five priorities for the company? What happens if we are having this same conversation in a year?"

Take a hard look at the sales activity plan. Ask the tough question: do we really deserve the business? Get the right mindset and skill set to sell beyond price.

Examine and confront the reality. Is it the economy or your sales team?

Good Selling!

Colleen Stanley  
CSO – Chief Selling Officer

PS. Pick up Jim Collin's new book. It's a good read.

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## **Price Shopping...When it Serves Us and When It Sabotages Us**

When I tell salespeople that there is a relationship between how they sell and how they buy, I always brace for an argument. Most people think they can successfully separate who they are as a consumer from who they are in a sales role, but it rarely works that way.

When Bob Badseller (not his real name) was in a negotiation with Perry Prospect (also not his real name) he was ready with all the ways to handle objections that his manager had taught him, but for some reason they never found their way out of his mouth and into Perry's ears. Bob prepared his responses and knew he'd likely find himself negotiating with Perry, but when the time came, he did not execute. What happened?

Bob never addressed the way he makes buying decisions as a consumer. Bob is a price shopper and would likely drive out of his way to shop at a store with better pricing when given the choice. When Perry told Bob, "You know we can get this cheaper with your competitor" even though Bob knew how to handle the objection, he said, "Well, I understand in this economy that



saving money is important.” Game over.

Bob behaved consistently with what his emotional intelligence assessment indicated. He has lower score on self-regard and a very high score on empathy. This is a dangerous combination in a sales scenario. With that combination of traits, the standard training method of preparing answers to possible objections will not suffice. You must get to the root of the issue and deal with Bob’s self-regard and empathy. It’s difficult to uphold your margins if you are wondering if you are really worth it. It’s difficult to maintain your pricing if you are overly sympathetic to your prospect’s issues.

Worse yet, Bob will most likely find himself in similar situations again and again because there is something for him to learn about himself that goes deeper than memorizing objections and responses.

Training good techniques is important, but keeping your eyes open about the real reasons price shopping can support or sabotage you is mission critical if you want to conquer that issue once and for all. Next time you are making a buying decision ask yourself if that behavior will help you uphold your margin or make you more likely to cave in.

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