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## **The Problem with Sales today.**

In principle there are two core problems with the way sales is conducted today. Firstly, over the last five to ten years how our customers behave has changed and sales teams have not kept up. Secondly, the old traditional mindsets of sales continue to mislead business and sales leaders in the design and implementation of their approach to customer engagement. This whitepaper discusses these two core problems and then provides a way for business and sales leaders to get their sales practice up to date and relevant for customers in this age.

### **Our Customers (buyers) have Changed**

We are reminded every day about how our customers have changed over the last 5 to 10 years. However, I am also surprised how few organisations are adapting to these changes, we tend to focus more on the shift in the technology (digitisation) rather than the change in the people who are using the new digital options.

Here are the top four ways in which customer behaviour has changed recently, and because they are behavioural, they are intertwined.

1. Customers are very 'sales resistant' these days. Anything that looks like, sounds like, or smells like a sales pitch, resistance levels increase.
2. And this corresponds with what a lot of people are calling a 'self-service revolution' - customers want to do it themselves. Do the research and purchase themselves
3. Customers are more informed than ever in history. Not only about products and services, but also informed about other customer reviews and alternatives available to them.
4. Rising expectations - because some businesses have really nailed the customer experience, our expectations as customers have risen to the point where the experience a lot of organisations provide is not good enough. We expect things to be quicker, smoother and no hassle.

Our businesses need to adapt, so that we can continue to deliver value for our customers in this age.

### The Eight Great Misleading Traditions of Sales

The problems with sales today is that much of the thinking and leadership of sales teams is driven by ideas developed in the last century. These ideas mislead managers into believing a certain set of actions will lead to the numbers they need to achieve. This is why I call these the "eight great misleading sales traditions". It's descriptive of what these mental models do.

The Profit by Design approach shows that many businesses create customer portfolios that are based on Pareto's principle; that is twenty percent of customers generate eighty percent of profit, and the majority of advocacy. And it is often the thinking behind these traditions that mislead us in getting to the outcomes we are striving for.

These misleading ideas are symbiotic that is, each one reinforces the belief on the other which causes the flow on problems to worsen. What follows is a brief explanation of each one.



### **1. The perception that sales is easy.**

Sales is rarely seen as a profession. People (typically) do not go to university to become a sales person. Even though so many people that study the sciences find work in sales roles. Many pharmaceutical reps have degrees in health science, similarly with engineering. Which is why in 2015 Griffith University developed and offered a course in selling and sales management (2038MKT) to better prepare students for what might happen after graduation.

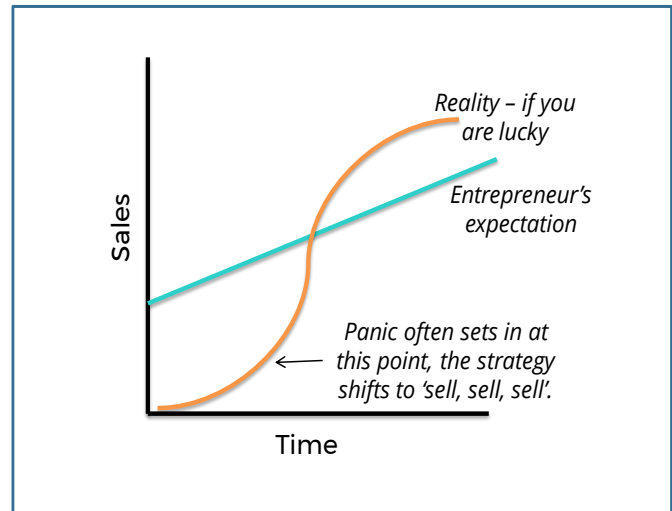
The perception that *sales is easy* leads to all sorts of poor decisions within the business. Such as: if sales aren't happening the way it was forecast, then it has to be the fault of the sales team; the reaction to this assumption then leads onto a range of other issues within the business which are often about how they try to "fix" the sales leader or the sales team. When there is poor performance, people are rarely the problem. The solution more often lies in the processes being used or systemic issues in management or the business. Trying to 'fix' the people when they are not the problem only makes things worse.

This perception that sales is easy, leads on to the next misleading tradition.

## 2. Build it and they will come.

The focus on the product being 'right' leads businesses to put effort into the product development rather than co-design with customers, or even finding the right customers for the product.

In the academic study<sup>1</sup> of entrepreneurs it has been found that the expectation for sales over time (almost) always exceeds reality. Even if the business starts up with the right intentions of growing a profitable business, the focus quickly changes to generating cash flow. The result is typically that the business creates a customer portfolio where 80% of customers only contribute 20% of profit, and so much of the effort of the business is in servicing these low value customers.



When we think that sales is easy, then we can easily be misled by the idea that we have a great product or service, and as soon as we get it out there, the customers will come running.

<sup>1</sup> This is seen in the work of Professor Evan Douglas of Griffith University; and Saras Sarasvathy at the University of Virginia.

### 3. It is all a numbers game.

This fallacy is firmly believed by many people. It's the idea that if you have something to sell, then it is only a matter of the number of people you talk to, and it is supported by the idea of the sales funnel.

These ideas come from the era of door-to-door salespeople. Whether you are selling, brushes, cleaning products, or encyclopaedias, you just have to knock on enough doors. This assumption leads managers to think it is all about the numbers, whereas the reality is that it is far more about truly understanding your ideal customers, knowing how to find them, preparing for and having genuine conversations.

So let's now talk about The Funnel, that is still used by some of the best marketing organisations on the planet.

The earliest reference I have found to the Funnel was from *The Art of Selling*, by Arthur Sheldon, in 1911.

The Funnel has long passed its use-by date.

The Funnel that we so often use in communication to describe leads to converts (social media, marketing and sales), has stopped being useful at all, in fact it actually hinders engagement with our future customers. Let me explain.



1. Firstly, *The Funnel* had its origins in the early days of the last century when knocking on doors was key to making sales. Then we evolved to making phone calls to get sales. So what happens today, in this *age of the customer* where we have information parity..? Our future customers are doing their research online and within their social networks (up to two-thirds of their buying journey). So all we have done is translate the front end of *The Funnel* to now include visitors on websites, or people that download a report or eBook and sign up for an email newsletter. Not what *The Funnel* was designed for. The

customer environment and context has changed and yet we are still using the same tool. Does not make any sense.

2. Following on from this first point is the fact that using *The Funnel*, means we need to qualify the various stages and make individuals responsible for each stage. The Social Media Manager and or Marketing at the front end, and middle. Then Sales at the lower end. We develop complicated qualifications and then internally trade between these definitions to ensure our numbers balance. The use of *The Funnel* is fostering internal horse-trading. Rather than managing the whole system, we are focused on the parts and dealings with ourselves (rather than understanding customers).

A Forrester Report<sup>2</sup> (The New Physics of Lead-Revenue Management) demonstrates the inappropriateness of *The Funnel* (to me anyway) by showing the conversion rate from the top end to a customer is 0.75% (B2B). Yes, 99.25% of people we bring into *The Funnel* reject your offering. Surely this is not what we are trying to do...

3. Language. The language of *The Funnel* is a shocker. Let's think about those people that might be wanting to engage with our brand and offerings, those people that we would like to become our customers who love what we do and will become promoters of what we do. Now, let's call them Leads and then give them definitions like marketing qualified, or sales qualified. Now let's see them as unenlightened individuals that need to be converted. The sales team then approach these people like evangelists on a mission. Is this really how we want to treat our future customers. I think not. We should start the customer relationship the way we want it to be forever. How we communicate with our marketing and sales teams has a huge influence on how they 'think about' and 'talk with' the people we want to be our awesome customers.

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<sup>2</sup> Lori Wizdo, Forrester Research Inc.

#### 4. The gun sales guy.

This is a classic tale of the hero.

The business and sales manager were struggling to get their products to market, until they found the sales gun. Then everything changed, the sales gun brought in busloads of customers and lots of products were sold. Eventually the sales gun rode off into the sunset (with huge commissions) looking for the next business to save. Leaving the first business, none the wiser as to how it was done, and so they anxiously look for another sales gun.

I am still stunned by the number of businesses that tell me their strategy with sales, is to "get a sales gun". This misleading tradition aligns with the previous ones, *'we don't need figure this out, all we need to do if find someone that has done this before'*. Simple.

Each business needs to figure out who their awesome customers are. Those customers in the sweet spot of the two-way exchange of value, the profitable promoters. Once the awesome customers are known, then develop customer engagement tactics.

Seeking a sales gun is never the answer to the problem with sales.

#### 5. One throat to choke.

This is about managing the parts rather than the whole.

The idea of "division of labour" was developed in economic theory by Adam Smith in the late 1700's. Business leaders are under the assumption that if you hold one person accountable for sales, another for marketing, another for social media, then you have single point accountability (*one throat to choke*, as some say). This approach is fantastic for entrenching silos. For creating environments where one team can succeed, another team can fail and yet the business does achieve its goals.

Surely today we want social media, marketing and sales to work as one team to engage with our awesome customers and develop a customer portfolio for the business that is profitable and full of promoters. The idea of one throat to choke and single point accountability for targets and dollars destroys teamwork, often creates internal competition and focuses people on 'gaming' the components of the system they have control over, rather than improve the whole.



## 6. Focus on targets and dollar outcomes.

Flowing on then from "one throat to choke" is the idea that challenging targets are set, predominately on some particular numbers or dollar figure. So what does success look like for everyone..? Get your numbers. Now the game is on.

One B2B account sales team was given a target to get a one new customer each month, this they achieved by approaching the customers of their larger customers. Target achieved, but the consequences for the business were unfortunate. Another business set volume targets on a new set of products only. The sales people protested, but were told to get their numbers. This they did by cannibalising their existing customer base, that's where their relationships were and the easiest way to get the targets. This resulted in an overall reduction in the value of these customers for the business, but the management team still got their numbers. We communicate strategy through the targets we set, let's be careful about how we communicate what is important.

Profit for businesses comes from the portfolio of customers they have created. Building a profitable customer base cannot be condensed down to a simple set of numbers and dollars.

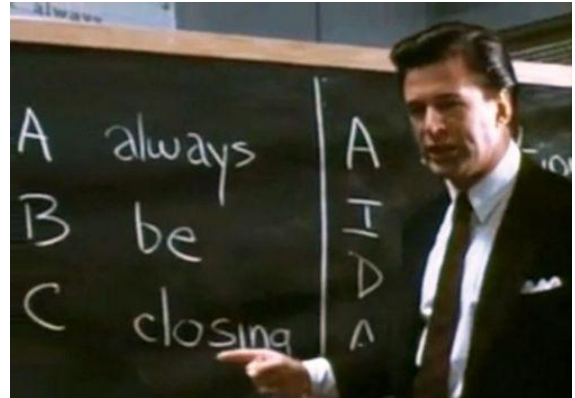
Your approach to customer engagement is not developed from a financial plan or budget.

## 7. Close the sale.

Sales managers often say they are looking for closers, people who can close the deal and make the sale. The era for closers is over.

This idea is best personified by Alec Baldwin's character in the classic movie 'Glengarry Glen Ross'. In this scene Baldwin delivers a brilliant rant to a cast of hapless sales people about how they always need to be closing the customer, sorry prospect. This is how sales was back then.

*Closers* and *Deal-crunchers* might have been heroes in that bygone 'Glengarry Glen Ross' era, but not now.



Today we are in an economy based on a person's perception of experience and their feelings of connection. Customers are more informed about products and sales than ever. Customers are more sales-resistant than ever, they are more aware and tired of the tricks sales people and businesses use to try and cajole them. Today the goal is not to close sales, but to open relationships with customers who will be advocates of what we do.

## 8. Sell the product or service.

The misleading tradition of sales at the end and beginning of the symbiotic cycle is all about the focus on selling things, which leads to telling people (anyone that will listen) all of the fabulous features and advantages of these particular products. And yes sometimes there is a discussion about benefits. Today customers are seeking value, and they define value in ways that do not relate to features. They don't need to be informed by humans of product features, this information is readily available. Our conversations with customers needs to be more about true value exchange.

For people in sales roles and for their leaders - stop being deceived by these old methods and tactics. They are not relevant for this age. They are not relevant for building teams. Nor are they relevant for allowing customer facing people to focus on the experience they are delivering for the customer (yes, even sales people).

## **And How to Fix it.**

So let's turn our attention to what we need to do.

Quite simply, stop being misled by all those old sales traditions. Recognise that most of those sales mental models come from long ago. A time when sales people had more information than their customers, a time when people got value from owning new things (consumerism) and a time when people were not familiar with the tricks unconscionable sales people used to get a sale.

Today, our customers are informed, aware and looking for value. Today, our customers have a powerful voice.

The sale is not the goal.

The goal is opening relationships with profitable promoters of what we do.

As a summary of the action to take to remedy these problems with sales, on the next page there is a table with the eight misleading traditions of sales to reject, and new mental models to adopt.

### New Mental Models

Here are the eight misleading traditions to fully be aware of and reject. Instead adopt a new way of thinking about how you engage with customers and build a customer portfolio that is full of customers that love what you do and are profitable.

The Eight Misleading Traditions of Sales	New Mental Models to Adopt
1. The perception that sales is easy	Sales is a discipline and requires a methodology like all parts of business.
2. Build it and they will come	We need to put the effort into understanding our awesome customers and how to engage with them.
3. It's all a number game	Building profitable customer portfolios recognises that not all customers are equal. It's not about the number of sales.
4. The <i>Gun</i> sales-guy	You need a customer strategy and engagement approach.
5. One throat to choke	Build teams that collaborate, learn and relentlessly pursue engagement with your awesome customers.
6. A focus on targets and \$'s	Define the results you want from your customer strategy, measure your progress towards them.
7. Close the sale	Open relationships with profitable promoters.
8. Sell the product or service	Learn how to communicate value for your customers.

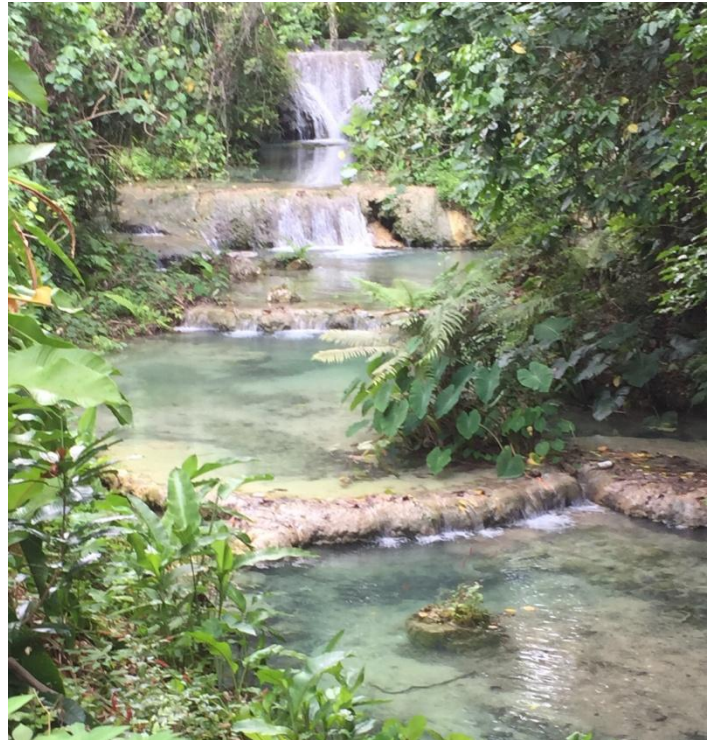
## The Flow of Customer Engagement

As an alternative to the Funnel, consider instead building methods and tactics that are based on The Flow of Customer Engagement.

Image a pristine stream, up in the distance are some potential customers, we don't quite know them yet, can't quite see them clearly. As they are drawn towards us we start to see and understand them more clearly.

Our role is to remove the obstacles that prevent them getting close to us. Draw them towards us.

And, if the value exchange between us is right, and communicated well, then those customers will join our pool of customers who are also our advocates.



## About the Author

### Mark Hocknell

For the last 12 years (as a consultant) Mark has developed customer strategies with more than 35 organisations (from small businesses to large Government Owned Corporations) to improve business results and the delivery of customer value.

Prior to this, Mark was with Suncorp for 14 years where he held senior customer management roles, during his last three years there he led the implementation of the technology, tools and change to support the 'Allfinanz strategy' which placed Suncorp with the highest cross-selling rate of any Australian financial institution.



From 2003 to 2011 he was a sessional academic (part-time) with Brisbane Graduate School of Business (QUT) where he developed and delivered two electives within the MBA program, Sales Management and Customer Relationship Management (CRM). In 2015 he was appointed as an Adjunct Lecturer to the Griffith University School of Business, where he has developed the Personal Selling and Sales Management course (2038MKT) for the Department of Marketing.

Mark has a MBA, holds qualifications in change management, and certifications in Net Promoter Score and PuMP®(performance measurement).

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