The Guiding Principles of Sales Success

The Five Principles of Sales Success

This chapter introduces the five basic principles of sales success. I have attempted to describe them in a compact and intuitive manner. I make no claim as to having discovered these principles, as they are covered in every reputable book on consultative selling that I have read. While you will probably be underwhelmed by the universal simplicity of these five principles, I can assure you that applying these principles to your sales efforts will guarantee you long-term sales success.

The principles themselves are easy to grasp. The challenge that every salesperson faces is to effectively apply these principles to their specific industry and product. For this reason, the bulk of this book is devoted to providing examples of how to apply these principles to the most common situations that you will encounter in business-to-business software sales. From making initial cold-calls to responding to RFP’s, this book contains tips and techniques that software salespeople around the world have employed to help them experience Software Sales Success.

Before we begin our journey, I would like to make some terminology clarifications. When I use the term customer (with a lower case c), I am referring to both existing customers and potential customers (what most of us in sales would refer to as prospects.) When I refer to a Customer (with an upper case C) I am only referring to existing Customers. And finally, when I use the term Prospect (with a capitol P), I am only referring to Potential customers (actual Prospects) and I explicitly mean to exclude existing Customers. Throughout much of this book I will often use the terms customer and prospect interchangeably – just remember that “customer” beginning with a lower case c does indeed include prospects – as that is who we are most often selling to – OK? Good!

Let’s start by introducing the most basic principle that should be applied to any interaction among human
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beings, but for some unknown reason is often forgotten when someone takes on the title of salesperson. It applies to every sales situation, every product, every market, and is so amazingly simple that I am flabbergasted when I discover how many salespeople are seemingly ignorant of this most basic interpersonal skill. This principle, which applies to every salesperson in any sales situation, is this:

**Principle 1:**

*Listen to your customers*

I am sure that anyone who is reading this is nodding there head in agreement and saying “of course”, but I have to tell you, I am aghast at the number of so-called sales professionals I have worked with who have poor listening skills. As a matter of fact, studies have confirmed that salespeople are amongst the worst of listeners.

Now, anyone who has had the opportunity to spend some time with me knows that, like most salespeople, I do enjoy the sound of my own voice. Which is to say, I include myself in the category of salespeople that are poor listeners! But one thing I can say is that when I am on a sales call or meeting, I attempt to put on my listening cap and to close my mouth. While I may not be the best listener, I make a conscious effort to focus on what my customer is saying. I do not begin to formulate a response or let my mind wander to other thoughts – I am intent on listening and comprehending what the speaker is saying.

Before presenting your company’s credentials and history, before outlining your product offerings, and long before you begin discussing your company’s specific industry solutions, take the time to listen to your customers. This is such an obvious principle that when I began sales training over ten years ago I never thought to include it as one of the basic principles for sales success. But, over the years I have run into so many non-listening sales professionals that I have concluded that it is probably
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the number one reason that salespeople are ineffective – they have just never bothered to listen to their customers.

And please remember, you are not listening when you are talking or presenting or explaining! If every salesperson would just close their mouth and listen to their customers they would close far more business and have a much more enjoyable career. And, I have to believe their customers would be happier too. I have actually been on sales calls where all the customer wanted to do was place an order for our product, but my salesperson was so busy talking (and not listening) that the customer became so frustrated we almost lost their business!

Listening is most critical in the first couple of interactions with your customers. It is in these initial conversations that your customer is deciding whether they can trust you and want to interact with you. Since most sales interactions begin with a customer expressing interest or requesting information on your products, it is natural for a salesperson to want to begin talking about their products and services. Resist this temptation. Force yourself to slow down, to ask questions and to listen intently to your customers. There will be plenty of time to talk later on – but in those first few phone calls, focus on listening and learning about your customer.

Developing the ability to actively listen to your customers is actually quite difficult. Except for trained counselors and psychologists, most people have never had any formal training in how to actively listen to another person. And, what’s worse, many of us in sales have been trained to do just the opposite! Active listening is such a critical skill that I have devoted an entire chapter to it (Active Listening Skills.)

While listening to your customers is an important skill to master if you wish to improve your sales success, it is useless if you do not know what you are listening for. The reason that you want to listen intently to your customers is so that you can understand their situation. You will be able to quickly qualify, and just as importantly, disqualify...
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prospects after you have developed a good understanding of their situation. Which just happens to be the second principle of sales success:

**Principle 2:**

**Seek to understand your customer’s situation**

Let's begin our discussion of this principle with a simple example. You walk into an electronics store and are interested in purchasing a new television for your bedroom. A sales rep approaches you and asks if he can help. You tell him you are considering buying a new flat panel television. He immediately brings you to the television aisle, and starts talking. He is spewing information in regard to features, specifications, picture quality, inputs/outputs, and more acronyms than you ever knew existed.

At the end of this verbal barrage, he is kind enough to inform you that, if you want the best deal for your money, it is this particular model, the XYZ-5001, which just happens to be on sale this afternoon, but there are only a few left, and you would probably have to make a decision soon, as they will likely be gone before the day is out. And if you do decide to buy it today, you will get a free extended warranty, plus a subscription to TV Guide magazine, and even a free mounting bracket...

It is pretty obvious what is happening here. The salesperson has been told to sell as many of the XYZ-5001 TV's as possible, and he will probably get a big commission check if he does. This sales rep is not listening at all – nor has he made any attempt to understand your situation. Because he never bothered to listen to you and understand your situation, he has no clue that this TV is far too big to fit in the space that you have available in your bedroom.

Unfortunately, many salespeople are taught to approach potential customers in exactly this manner. How many of you have sat through (or worse yet, agreed to show up and present!) a 55-slide, 40-minute “Death by

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PowerPoint” presentation - without knowing anything about your customer’s specific situation? What’s even worse, since so many customers have been brainwashed into believing that this is how software should be bought, they actually invite salespeople into their offices to “show us what your software can do”, further propagating this ridiculous ritual. If you get nothing else out of this book, I hope you learn that there is a far better way to “demo your software (covered in a later chapter, The Software Demo.)

But, I digress. Let’s return to the task at hand, which is to continue defining our principles for sales success. As I promised at the outset of this chapter, these principles are not exactly earth shattering in their complexity. And if our TV sales rep had just asked a few simple questions and listened, he would have blundered his way towards the third principle of sales success, which is:

**Principle 3:**

*Identify your customer’s needs*

If we understand our customer’s needs, we should quickly be able to determine if our product or services will be of use to them. Not exactly rocket science, is it? As simple as this principle sounds, it is a lot harder to do than it seems. And if you haven’t first taken the time to listen to your customers to understand their situation, it becomes even more difficult.

Without a need (or at least a perceived need) there’d be no reason for anyone to ever buy anything. Identifying, understanding and resolving customer needs is the very essence of selling. We will discuss “needs” in greater detail in the next chapter, but for now I would like to provide a very simple definition of what a need is: A Need is “a state of mind in which something is required or desired.”

Everyone (and every business) has needs. These needs continually wax and wane, but at any one time we are usually only consciously aware of a few pressing needs.
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Salespeople are usually well aware of the needs that their products and services can resolve, and they are constantly on the lookout for prospects that are likely to be experiencing these needs.

Needs commonly arise from issues or problems that a customer is experiencing (although there are other sources.) Therefore, to fully understand a customer’s needs, a salesperson must be able to identify the issues or problems that cause a particular need to arise.

The problem with many traditional sales approaches is that they instruct salespeople to attempt to uncover a customer's needs (and associated issues and problems) before fully understanding a customer’s situation. There is a natural tendency for salespeople to try to do this. After all, we have been trained to be on the lookout for any signs of unmet needs that our product can resolve.

In many situations, we actually understand the problems that our customers are experiencing and are correct in our belief that our software can solve those problems. However, if we don't take the time to listen to our customers and allow them to fully explain their situation, we may not understand the root cause and overall impact of the issues they are experiencing. And, as Dale Carnegie so aptly said over 70 years ago – “people are best convinced by reasons which they discover themselves.” This is just as true today as it was then, and this is why it is so important to let your customer’s uncover and identify their needs in a more natural manner, rather than to brashly tell them what those needs are.

Let’s face it, no one wants a sales rep to inform them that “it is obvious to me that this is your problem, and I just happen to have the solution right here...” It just doesn’t feel good to be told what your problem is by someone who has not taken the time to listen to you and does not understand the specifics of your situation. It doesn’t matter if the salesperson is correct about the problem. What matters is that the customer has to feel good about the process of identifying and possibly resolving their needs.
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Now, there are always some exceptions – I guess I do like it when a mechanic can quickly identify a problem I am experiencing with my car. But, even then I would prefer that the mechanic take the time to look at my car or at least ask me some questions about the symptoms before a diagnosis is made.

Many sales reps have been taught to believe that their product is the solution to almost any problem. They are instructed to get out there and start selling (translated – get out there and start talking about their products compelling features and benefits.) Unfortunately, this pushy sales technique is likely to have a negative impact in the world of business-to-business software sales. You will alienate many potential customers, you will waste your time presenting to unqualified prospects, and most importantly, you will destroy any potential to build trust and rapport with your customers.

If a customer trusts and respects you, they are more likely to open up and discuss their problems and issues with you, and they may even be willing to discuss some potential solutions to their problems. Trust and rapport develop naturally when a salesperson takes the time to honestly listen to customers and to understand their situation.

The burden is on salespeople to earn a buyer’s trust. The best way to earn trust is to listen to your customers, to engage in open and honest dialogue with them about their situation and their needs, and to provide them with relevant information regarding your product’s capabilities. Which appropriately leads to the next principle of sales success:

**Principle 4:**

*Provide proof that your solution can resolve their needs*
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If you have followed the first three principles of sales success, you will have a good understanding of your prospect's situation and specific needs. If your prospects are not currently experiencing any needs that can be resolved through the purchase of your products or services, you are highly unlikely to do business with them. You should acknowledge this to be the case and move on.

However, let’s focus on the far more interesting case where a salesperson and prospect have mutually identified and discussed an active need that our salesperson is convinced can be resolved through the purchase of his product. The onus is now on the salesperson to demonstrate and prove to his customer that this solution can indeed resolve his prospect’s needs.

In business-to-business software sales there are a variety of ways to do this. By far the most common approach is to present a demonstration of your software that verifies (to the prospect’s satisfaction) that the software application can solve there needs. This may require an on-site visit, although webcasts or web based demonstrations are also a common way to demonstrate software applications for lower cost products.

The least time consuming and easiest way to provide proof that your software can resolve a prospect’s need is to request that the prospect speak with a reference customer who experienced similar needs and was able to resolve them through the purchase of your software application. You still may have to demo your software, but having prospects speak to a reputable reference customer goes a long way towards establishing your credibility.

Another way to prove that your software can resolve their needs is by agreeing to an evaluation or pilot project, which of course requires a significant level of commitment by both parties. In this case, both parties must be sure to define specific, quantifiable criteria that must be met to prove that the software application does indeed solve their needs. And, it is always preferable to have the prospect pay
for the time and effort that your company expends during this evaluation.

Lastly, for lower cost software applications ($10K to $50K) many companies simply provide prospects with a trial version of their application. It can be provided as an on-line/web-based version of the application, as a time-bombed version, or as a feature-crippled version of the application. While this method is not my favorite, it can be effective for products with intuitive, well-defined user interfaces, or with products that are extremely technical or specialized for a particular niche (such as scientists or engineers in a particular field.)

After your prospect has agreed that your software is indeed capable of satisfying their unmet needs, there is one final obstacle. Your prospect must be convinced that your software is a cost-effective way to resolve their need (there is always a competing option, even if it is usually to do nothing.) Which leads to our final principle of Sales Success, which is:

**Principle 5:**

*Customer believes your solution is cost-effective*

This last principle is clearly an important one, as no one would move forward with a business purchase if they did not believe it was cost effective. However, the vast majority of business-to-business software sales below a few hundred thousand dollars (the scope of this book) do not require a rigorous cost justification or a formal ROI (return on investment) document. And, in many cases there is really not much a salesperson can do to convince a customer that a solution is cost-effective.

Cost justification is a peculiar phenomenon in the software industry. For hardware purchases, such as a new fleet of copy machines or new laptops for the entire sales force, cost justification often takes center stage during the
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buying process. Elaborate spreadsheets are often developed to depict initial investment costs, maintenance and service costs, support costs, upgrade costs, etc. These are then contrasted with the current solution and competing options, and an attempt is usually made to demonstrate a verifiable ROI on the investment.

However, for software purchases below our $500K threshold, cost justification is a bit trickier. How do you cost-justify a manager’s ability to point-and-click their way through a graph to identify a regional sales trend that was otherwise undetectable? How can you quantify the time savings or the convenience of being able to click on a contact’s name from within your CRM application and have your phone immediately dial that contact’s number? How can you demonstrate the cost savings of the voice recognition technology that I am using to write (or should I say speak!) this book?

Technological innovations and well-designed software user interfaces do not lend themselves to simple “black and white” ROI cost-justifications. Some people may actually spend more time using a new software application than they did the old one – and it can be difficult, if not downright impossible to determine if they are more or less productive as a result of using that application for a longer time period.

The point is that it is difficult to accurately cost-justify a software investment – but that will not stop some of your customer’s from making an attempt to do so. Therefore, you should be ready to help your customer develop a simple spreadsheet-based document that demonstrates how their software investment could pay for itself over time through displaced costs and reduced effort, or through increased revenues and/or efficiencies. Just don’t be too worried about this, as it is not the true barometer by which most software application investments will be measured. The real “cost-justification” occurs when the key financial decision makers have decided that the
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pain of not solving the issues at hand is greater than the
pain of spending their budget on your software.

In many cases cost-justification for software
purchases consists of comparison-shopping the cost of a
“reasonable alternative solution”, even if a buyer has no
intention of purchasing one of these alternatives. The buyer
is trying to ensure that the desired application is within a
price range that is reasonable when compared to the
competition. Of course they may also be attempting to gain
some leverage when negotiating price concessions. The
competing products are usually just used as stocking
horses to get the desired vendor to lower their costs.

While this is standard practice in every industry, in
the software industry it is rare that a prospect will actually
purchase a competitor’s product simply because it can be
purchased for a lesser price. There is almost always a
compelling reason to go with a particular software
application, and this usually becomes very apparent during
the demo/proof stage of a software sales cycle. It is at this
point that you are likely to know whether your application
is the desired solution.

Because of the difficulty in accurately proving a
demonstrable ROI on many software purchases, salespeople
must do everything they can to qualify a prospect’s budget
before investing significant time in their sales effort. One of
the most critical aspects of qualification is to determine the
price sensitivity and potential budget that can be made
available to solve a particular need. Identifying the financial
decision maker(s) early on in your sales process and
verifying that these individuals believe that the need to
implement a solution is commensurate with the budget that
will be required is critical to ensuring sales success.

Putting it all together

PRINCIPLES OF SALES SUCCESS

Listen to your customers. Seek to understand
their situation, and then to identify their needs.
Then, provide proof that your solution is the best
solution to cost-effectively resolve their needs.

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The reason we want to listen to our customers is so we can understand their situation. We want to understand our customer’s situation so that we can identify their needs. And we want to identify their needs so that we can determine if our products or services are a potential solution to these needs. We then want to provide proof to our customers that our software solution can satisfy these unmet needs. And finally, we want our customer to be convinced that our software can satisfy their needs in a cost-effective manner.

As simple as this sounds, understanding and following these principles will definitely lead to sales success. When we began this chapter, I made it clear that these principles have circulated in one form or another for the past thirty or forty years. Every successful salesperson knows them, every satisfied customer has experienced them, and they have been described in hundreds of best-selling sales books. If these principles are properly applied to any situation, you will achieve sales success. The purpose of this book is to apply these principles to business-to-business software sales in the $10K to $500K ranges.

Applying the Principles of Sales Success

Pretty darn simple, isn’t it? So, if everyone knows that these are the keys to sales success, why does it often seem to be so hard to do? And why hasn’t someone developed a foolproof system to help salespeople follow these principles?

Well, one thing I can tell you is that it is certainly not due to a lack of effort. Nor is it from a lack of investment as hundreds of millions of dollars are spent each year on sales training books, courses, and seminars. Dozens upon dozens of sales training disciplines exist; with many of them
claiming that they have indeed developed that universal foolproof sales system.

At one point in my sales career I actually found a book whose title was – and I am not kidding here – “How To Close Every Sale.” Can you imagine that – closing every sale – wow! If it were as easy as purchasing and reading that book I think everyone of us in sales would own that book. And, please understand I do not mean any disrespect to that author. There are probably lots of great ideas contained in that book. My point is that achieving consistent sales success is a lot harder than purchasing and reading any book (including the one you are reading now.)

And, I think most of us in sales recognize that there is no foolproof sales process or system that is guaranteed to work no matter what the product or industry. Principles are great – but applying them to your specific situation is where things can get tricky. Why is this?

The difficulty is that the techniques and tactics of applying these principles are vastly different for every product, every industry, every market segment, every culture, and possibly for every single type of customer on the planet. I am sure you can imagine that the sales process for uncovering the needs of a two-person accounting firm in Boise would be quite different than the sales process for identifying the unmet needs of a 10,000-person investment-banking firm in New York City. And it is probably obvious that the sales techniques and processes that are effective for selling bicycles in a retail environment are probably going to be quite different than the sales processes and tactics for selling jets within the airline industry.

Any person who has sold different products in different industries would quickly come to the conclusion that it is simply impossible to prescribe a universal process for achieving sales success. So, while the guiding principles for sales success are similar for any product or industry, the sales process and tactics that you use to accomplish
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this goal will be unique to your product and industry. From medical sales to sporting goods, and from real estate to software, the guiding principles to sales success apply, but the tactics and sales process you employ will be vastly different.

Think about how different the sales process is when purchasing a house, a car, a new LCD television, a painting, health insurance, or a software application. Each one of these products has a sales process that has evolved due to the unique concerns of the buyers and the sellers, and just as importantly, due to the inherent characteristics of the product itself. The communication process, the length of the sales process and the specific sales steps that the buyer and the seller follow as they move through the buying process are vastly different depending on the product that is being evaluated. Some of these products require formal contracts, others need inspections, some require test drives, etc.

If we consider selling to different industries or within specific market segments, a whole new layer of sales process differences may occur. You certainly are not going to sell a software application to the US Government in the same manner that you will sell it to individuals or to a small business. I know from personal experience. I have had abysmal success in government software sales, but have done pretty darn well selling business-to-business software.

Take a good look at the table below. This table shows some of the possible steps of a sales process in the first column, and a list of products across the first row. The corresponding cell indicates whether that step is likely to occur during the sales process for that product. Notice the considerable differences in the sales processes for different products.
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<table>
<thead>
<tr>
<th>PRODUCT</th>
<th>New TV</th>
<th>Used Car</th>
<th>New Car</th>
<th>House</th>
<th>Health Insurance</th>
<th>$39 Software</th>
<th>$200K Software</th>
<th>Painting</th>
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<tbody>
<tr>
<td>Step</td>
<td></td>
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<td></td>
<td></td>
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<td>No</td>
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<td>No</td>
<td>No</td>
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</tr>
<tr>
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<td>Yes</td>
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</tr>
<tr>
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<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
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</tr>
<tr>
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<td>Maybe</td>
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<td>No</td>
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</tr>
</tbody>
</table>

Figure 7: Possible steps in a sales process for different products

I have included this table because I want to make it abundantly clear that there is no single sales process or methodology that is applicable to all products or services. Selling homes and selling business-to-business software both involve understanding and assessing your customer’s needs, but the sales tools, the sales process, the time frames, the communication techniques and tactics are vastly different.

Would you ever consider purchasing an existing home without paying a visit to the neighborhood and walking through the home? I doubt it! And you probably
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met face-to-face with your realtor a few of times to explain what you were looking for (your situation and needs) and to review several homes before making your final purchase decision.

Let’s contrast that with a typical business-to-business software sale. I have personally sold business-to-business software products in the $100K to $200K range without ever having met my clients face-to-face, but communicating via email, telephone, webcasts, and fax. This is vastly different than the steps for buying home, yet both processes involve sales of hundreds of thousands of dollars.

Having outlined the principles of sales success (listen to customers, understand their situation, identify needs, provide proof we can resolve these needs cost-effectively), we now need to apply these principles to the specifics of business-to-business software sales, and while doing so, define a sales process that is as efficient as possible. We certainly don’t want to fly on-site and perform custom software demo’s for every $25K software sale, nor do we expect our customers to place a $400K order over the web for a software application they have never seen.

Ideally this sales process would be congruent with how our customers wish to make a business-to-business software purchase. So, before we attempt to define our desired sales process, let’s learn how customers in the software industry typically make their software purchase decisions – the subject of our next chapter.