

Time to Adjust Sales-Vendor Relations Amid Downturn

By Marc Emmer

Listening is Key to Selling And Serving Customers

The spasm of the global economy over the last year has completely recalibrated the customer- vendor relationship. In order for suppliers to fend off commoditization in a difficult operating environment, sales professionals must be adept at renegotiating their relationship with customers.

Purchasing decisions have become more transparent, and in many cases, the primary buying contacts of the past have become irrelevant. The \$100k decision that was made previously by a Director is now being made by a Vice President. At a time when vendors face greater risks with customers, there are opportunities to deepen relationships and have more strategic conversations with decision makers.

In fact, offering up a senior level meeting to discuss providing more value or “reducing the total cost of ownership” is compelling for the customer, and opens doors for the supplier. Such meetings often serve as a lever to identify latent customer needs that can be converted into improvements that create a more synergistic and sustainable business relationship. The downsizing of the workforce provides significant opportunity for vendors who can effectively replace internal functions that are being neglected, or outsourced.

Effective salespeople who utilize consultative style selling techniques are adept at discovering customer needs that they cannot effectively articulate. During the dot com bust, I held a senior position for a national gourmet food supplier. One day I fielded a call from one of our Regional Managers who asked if I would take a senior level meeting with him at a major U.S. retailer for which our company had gained little traction. I agreed to fly to Minneapolis with him to try and reign in the elephant.

During the meeting, I asked the V.P. a series of fairly provocative questions such as “what are your corporate initiatives, how are you evaluated, etc.” They were not the type of questions that a supplier generally asks of a customer, and I remember the V.P. being amused and befuddled by some of the questions. After about 45 minutes of discussion, I came to discover the real problem which was that the customer did not have the capacity (in the form of labor or expertise) to manage our category of products. I asked him “What if we could put someone in your office to manage the category for you?” I will never forget the customer’s response: “You mean you would do that for me?” We left the office with a multimillion dollar order at which time I had the Regional Manager buy me a really big steak. Consequently, we renegotiated our relationship and positioned ourselves to provide an innovative bundle of services in alignment with the client’s existing strategic initiatives.

In a world where headcount is being cut, vendors should not be thinking about how to cut prices, but how they can deliver more service. The art of selling (and serving customers) is really about listening. At a time when a customer’s awareness of the value provided by suppliers is heightened, there is a bounty of problems for vendors to solve. Regardless of whether you are an insurance company or manufacturing widgets, senior managers need to be proactively meeting with decision makers to redefine their offer.

This is not a time to allow salespeople to own customer relationships exclusively. To do so emboldens them not to share critical customer insights that can reshape the service offering. As business development slows, salespeople engage in more tactical thinking (such as cutting prices). This market presents the opportunity to teach salespeople how to diagnose needs and to enable their organizations to provide more robust solutions.

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