

The Sales Environment

Everything we have to know to win!

We're at the end of Part 3, in which we've gone a long way in characterizing the sales opportunity. Although developed with sales automation in mind, this material is applicable to the everyday understanding of the sales opportunity, even outside of the framework of the computer. Much of it depends on the science of selling; we've taken some of the cornerstones of the science and reformatted them in a way that makes sense to the computer.

Now the discussion continues in a direction that is the most important in determining success or failure for the salesperson. What happens in the sales cycle itself?

The Importance of Information

In Chapter 14, we saw that Critical Interactions are the essential components of a reliable sales process because they provide the environment for the dialogue between the salesperson and the customer. In this dialog, **information** is exchanged which shapes the strategies that salespeople use in their efforts to win the sale.

Strategy is central to good selling. A strategy is a well-defined plan to get from where we are now to where we want to go. The plan is a series of action steps, forming a strategic *path* and leading in a strategic *direction*. For salespeople, the end is always the objective of winning the sale. If they don't have information about everything concerning the sale, they are flying blind and

can't develop a winning strategy. Strategic selling is founded on **knowledge** of what's going on in the sale formulated from the information picked up in the Critical Interaction. With good information coming in, strategies can be developed or modified on the fly. The process is ongoing—strategies are initiated, refined, discarded, and reinvented, depending on the ebb and flow of the sale.

The Sales Environment

Information and knowledge are intimately connected. Knowledge is **understanding** built up from accumulation and analysis of information. Salespeople need knowledge of *everything* that can affect the sale. Who is making the decision? Is more than one person involved? How much funding is available? Is there any competition? Who are they? How well am I doing in this sale? How do politics work in the customer's organization? How important a player is the customer in these politics? And so on, and so on. There is an awful lot of stuff to know. For the sake of convenience, we throw all of the answers to these questions into a grab-bag of information that's called the **Sales Environment**.

Sales Environment: A term to describe all aspects and circumstances surrounding the sale that will ultimately determine its outcome.

The Sales Environment is the **factual** description of all the issues that affect the sale. Of course, no one person, the sales representative, the customer or anyone, *knows all the facts*. The customer may believe that funding can be secured, but the CEO of the company may have absolutely no intention of providing it. The salesperson may think that they will win the sale even though they are actually disliked by the customer, who has no intention of buying the product.

Proposition

All things being equal, the salesperson with the most knowledge of the Sales Environment will win the sale.

The proviso here is “all things being equal” because even the sales team with the most knowledge about the sale won't win if they don't know how to

formulate and execute the right strategy, or if their selling skills are not up to par.

There are a few important things about the Sales Environment that are vital to understand:

- The Sales Environment *changes* as the sales cycle progresses. As salespeople weave their way through the sales cycle, the issues that determine the sale constantly change, which will alter the Sales Environment.
- Salespeople's perception of the Sales Environment may be quite *different* to what it really is. In customer interactions, salespeople must seek all the facts that determine the Sales Environment. It's easy to get it wrong, but the closer it can be understood, the better.
- Salespeople have the power to *influence* the Sales Environment. That's a given since they are *half* of the sales equation (the customer fills the other role).
- The Sales Environment contains the answers to the questions “Will it happen?”, “Will we get it?” and “When will it happen?”—The *IBO Essentials*.

Discovering the Sales Environment

Salespeople function within the Sales Environment. They are an intimate part of it, as are all other players: customers, competitors, advisors, users, and more. When the sales cycle starts, the interactions between these parties begin, and the complex dynamic of the Sales Environment unfolds. It's like a play by Shakespeare—but this isn't acting.

The challenge confronting salespeople is figuring out what the Sales Environment really is. At this point, our story links back to earlier discussions on fundamental skills—the skill of *probing* is used to discover facts surrounding the sale. Figure 2I-1 shows this in a simple way; the circle on the right represents what the Sales Environment really is while the circle on the left represents what salespeople think it is. The *gap* between the two represents the knowledge that separates perception from reality. Salespeople have to work hard to narrow this gap. A certain way to do this is to probe as much as possible.

Influencing the Sales Environment

How can salespeople influence the Sales Environment? By using the fundamental skills of *prove* and *close*.

If the customer doesn't understand an important feature of the product, the outcome of the sale may tip towards the competition. The performance and the value must be *proven*, which can move the balance back to the salesperson and change the Sales Environment. The skill of proving is an important agent of change within the Sales Environment and it has to be mastered.

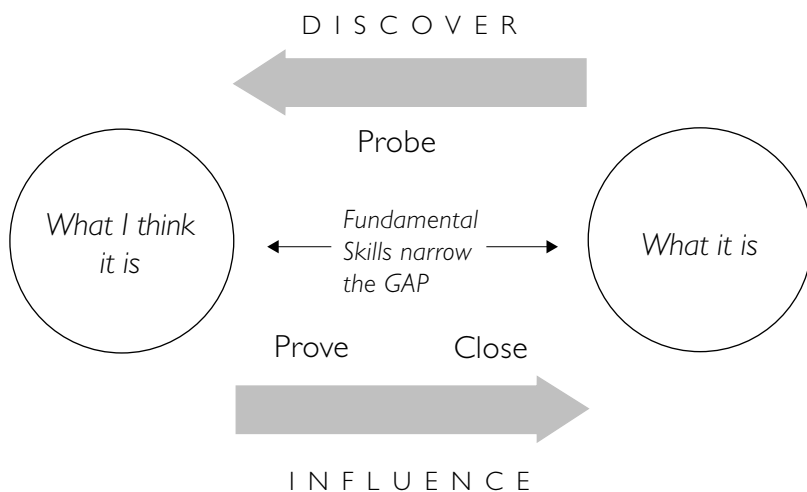


Figure 21-1: How the salesperson interacts with the Sales Environment

The skill of *closing* can have a more dramatic effect on the sale because it has the power to bring a win, eliminating the Sales Environment.

Successful proving and closing puts the mark of the salesperson on the Sales Environment. Influencing moves the Sales Environment to where the salesperson *wants it to be*.

Proposition

Fundamental selling skills are used to narrow the gap between the salesperson's perception of the Sales Environment and what it really is.

Developing a strategy that works depends on getting as much information on the Sales Environment as possible, and probing is the way to do

it. The strategy is then executed by proving and closing. Strategic selling depends heavily on interacting with the Sales Environment.

Lessons Learned in Part 3

This discussion on the Sales Environment concludes Part 3. We've covered a lot of material, all of it being interconnected. The result is a characterization of the sales opportunity that is conveniently suited to being understood by the computer. These ideas are important to understand as we move forward into Part 4, which will deal with a method of figuring out, as accurately as possible, what the Sales Environment really is. They are important enough to warrant a recap, and Figure 2I-2 helps us with that.

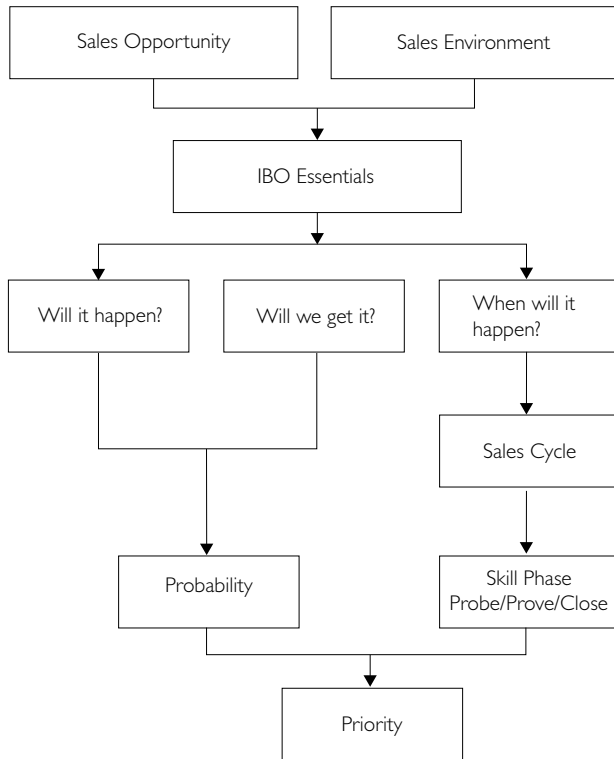


Figure 2I-2: Summary diagram showing the methodology introduced in Part 3

Starting with the **sales opportunity**, it is vital to recognize its existence as early as possible. It's not acceptable to log a sales opportunity into a sales automation system at the point where the customer's request for quotation ends up at the door. Getting into the sale as early as possible is one of the most important factors in winning the sale. Accordingly, our advice is don't be *reactive* in addressing customer's needs, but be *proactive*. Sales automation helps here; once the sales opportunity is logged into the computer, there is a constant reminder that selling effort is needed.

Every sales opportunity has a unique set of issues and circumstances that determine its outcome, which for simplicity is dubbed the **Sales Environment**. We've condensed all of the information associated with the Sales Environment into three crucial concerns for the salesperson, which we call the **IBO Essentials**. The answers to these three questions determine the value of the IBO. If the best "gut-feel" response is assigned to each Essential as the sale develops, opportunities get labeled with a priority that places them in a natural hierarchy of importance in which the salesperson has confidence.

The IBO Essentials each have a contribution to developing the story further. "**When will it happen?**" determines the length of the **sales cycle**, and is obtained by subtracting the "date entered" from the expected close date. The sales cycle is then divided into the three **Skill Phases** using the rule of 50%/35%/15%. Now, at any point in the sales cycle, the computer knows which of the fundamental skills should be dominant—in other words, which skill phase we are in.

The other two IBO Essentials contribute to the important issue of **Probability**. Probability is derived from "**Will it happen?**" and "**Will we get it?**". Assigning a *one out of three* value to each of these Essentials in the Probability Matrix leads to the computer tagging each opportunity with one of six unique probability percentages.

The only work left to do is to meld together the two parameters of probability and skill phase to come up with **Priority**.

Figure 2I-2 helps to focus on connectivity between the various pieces of the story, and points out the tremendous importance of the IBO Essentials. The information embodied in the three Essentials provides so much value in managing a heavily populated portfolio of sales opportunities. Two of the

Essentials provide a consistent evaluation of chances for success, which is fundamental to accurate forecasting. The other Essential provides the answer to how much time is left to sell, and to the skills needed at a certain time in the sales cycle. The three Essentials combined provide a value of importance to each opportunity, such that salespeople can intelligently work one opportunity in relation to another, knowing that their precious time is being used to the best effect. The IBO Essentials are so interdependent that if you take away one of them, most of their value disappears. Probability alone is not much help in sorting the Opportunity Portfolio, because you also need consideration of the sales cycle. The wonderful thing about the computer is that it can do all the behind-the-scenes calculations in the process outlined in Figure 2I-2 while keeping a constant eye on time, and it can do it for all the sales opportunities in the portfolio. All the salesperson has to do is to update the IBO Essentials throughout the sales cycle whenever the Sales Environment for a particular opportunity changes.

The computer can help out in another important way. It can perform a reality check on the salesperson's views of what the IBO Essentials are.

Proposition

The IBO Essentials are derived from knowledge of the Sales Environment. The more detailed the knowledge, the more accurate the answer.

Determining the IBO Essentials is not easy. Many issues within the Sales Environment can collectively contribute to what the Essentials should be. Issues may not be factual and could be open to interpretation. The salesperson's gut feel on whether "Will it happen?" is Low, Medium or High depends on their ability to seek out and identify the many factors that can contribute to the answer. Only detailed knowledge of the Sales Environment can ensure a correct handle on the IBO Essentials. Seasoned salespeople may get it right, whereas a rookie may not.

Regular updating of the IBO Essentials is a good exercise because it forces a rethink of the Sales Environment. Salespeople typically check out their feelings about a sale in discussion with their peers or managers. The Sales Environment for the opportunity in question is dissected under close scrutiny by both parties, with each trying to poke holes in the other's in-

terpretation. The objective is to get down to the facts, and to challenge the assumptions that have been made, to see if they hold water. Here are some of the issues that might get addressed:

- “Are you sure that you’ve talked to all of the decision makers?” (Affects “Will we get it?”)
- “Are you sure that we will get an order in May and not June?” (Affects “When will it happen?”)
- “Will he get Board approval for a purchase this time around?” (Affects “Will it happen?”)
- “Are you sure that the customer has an urgent need for our product?” (Affects “Will it happen?”)
- “Do we know all the competition involved in this sale?” (Affects “Will we get it?”)
- “The customer says we will get the order. Will Purchasing allow the award to come to us without going to tender?” (Affects “Will we get it?”)
- “Is the customer telling us the truth when she says she is the sole decision maker?” (Affects “Will we get it?”)
- “Have you had enough face-to-face meetings with this customer to do some serious selling?” (Affects “Will we get it?”)
- “The customer has already started work on a new research wing to house all of this equipment.” (Affects “Will it happen?”)

Notice that the information in the above exchanges consists of fact, observation, interpretation or perception. But this is the raw material that the sales team has to deal with. The number of meetings with the customer is fact, and it is either enough or not as judged by the sales team. The new research wing is fact, and the sales team can form their own impression of whether it will be completed, or get delayed through factors such as funding cuts. How well the competition is doing is perception, based on the salesperson’s exchanges with the customer, as is the urgency of the customer’s need. These notions about the sale come from integrating a myriad of issues within the salesperson’s mind—and the human mind is particularly adept at this. The best salespeople observe the Sales Environment, are sensitive to it,

and build the insight necessary to assess it correctly. Then they develop their strategies to manage it.

It also helps if the salespeople can easily bounce their ideas off a willing listener because they cannot conduct strategies in a vacuum. Now here's a proposition that will cause a stir in the crowd.

Proposition

The computer can be used as a useful tool to question assumptions that are being made by the sales team about the Sales Environment.

This infers that the computer can take the place of the “willing listener.” Before this could happen, the computer would have to have a level of understanding about the performance of the salesperson in the sale. Is this possible? It is, if we narrow the scope to the “science” of selling. In fact, we are not narrowing the scope too much—the science provides most of the building blocks needed for successful strategic selling. But first, we need to develop the technology that provides the intelligence that the computer requires, which leads us conveniently into Part 4.

Points to Remember

1. The Sales Environment contains all the information needed to build sales strategies, and a better understanding of the Sales Environment than the competition will lead to more sales
2. The salesperson *discovers* the Sales Environment using the skill of *probing*.
3. The salesperson *influences* the Sales Environment using the skills of *proving* and *closing*.
4. The IBO Essentials are contained in the Sales Environment. To provide the answer to an IBO Essential, the salesperson evaluates and considers all contributing issues from the Sales Environment and then forms a final conclusion.
5. Determining the IBO Essentials *forces* salespeople to re-evaluate and assess changes in the Sales Environment.