

What Differentiates You?

How to be different, even when you're not.

By Duane Sparks, Chairman, The Sales Board, Inc.



Let me guess. It is more difficult for your company to maintain any degree of uniqueness. Your competitors seem to be cloning your products and services. Even your sales force refers to your solutions as commodities. Margins are shrinking as customers challenge you to meet or beat the lowest price for the goods and services you sell. You want more market share, but winning competitive deals is harder than ever. How am I doing?

It seems harder to differentiate yourself. Most authorities on selling blame the problem on the internet. They say things like, "Because of the existence of the internet, three-fourths of buyers do over half their research before talking to a salesperson." But, the reality is that the differentiation dilemma has been going on for decades. I'm going to go out on a limb and tell you, the internet isn't the problem. Neither are your guarantees, your partnership programs, or your value-added strategies.

**Failure to differentiate...
the Internet is not the
problem.**

Here is the challenge: You are fighting a war on two fronts, price and growth. You want to grow market share, but you want to do it with deals that have decent margins. Gaining market share requires you to successfully take business from competitors, and your sales force too frequently relies on a low price to get the job done.

The answer to both of these challenges can be wrapped up in one word: DIFFERENTIATION. But the solution to *meaningful* differentiation cannot be found on any of the battleplans most so-called experts try to thrust upon you.

To begin, let's talk about the price problem. Until you learn the solution to true differentiation, you'll be trapped along with your competitors in a race to the bargain basement. If that's the case, you might start asking yourself, "Why do we need a sales force, anyhow?" After all, you don't have to pay a sales force to match the competition's price. If salespeople cannot add some value to the equation that justifies a higher price in the mind of the customer, then salespeople are just additional overhead.

**Why would anyone pay a
sales force to match the
competition's price?**

You are not alone

In a recent National Price Competition Study, The Sales Board found that 80% of companies are seeing sales volume increase while 51% say margins are eroding. Fully 40% of companies admit they are increasing volume at the expense of margins. *Is this a winning formula?*

Almost 90% of companies say price competition is a growing issue, and 60% of field salespeople and managers admit it is shrinking their own personal wallets. The vast majority of C-level executives think their sales teams are good at handling price objections; 81% of salespeople and sales managers admit they are not.

That's a problem!

What else the C-level doesn't know

Unless you're the price leader in your industry, you clearly need a way to differentiate your solution to consistently get your price. Based on the survey, only 1% of C-level executives admit they are their industry's price leader. This leaves 99% of companies trying to compete on the basis of value. Yet more than half of salespeople say they give discounts to match a competitor's price on 70% of their deals. So, either the value-added message isn't getting through, the tactics don't work, or salespeople aren't equipped to carry out those tactics.

Are salespeople following a consistent selling procedure? C-level executives think so. But sales managers admit that's not what they actually observe. Unless you're comfortable with a never-ending effort to undercut somebody else's bargain-basement prices, it's *time to take action*.

C-level executives think their sales team is good at handling price objections...they are not.

There is a ray of hope

Some salespeople appear to have a way to avoid the price trap and to take customers away from the competition without sacrificing margins. According to 86% of survey respondents, top-performing salespeople consistently generate higher margins. If they can do it, why can't we teach others to do it?



Our research suggests that it's largely because most sales-training programs are teaching the wrong things. The No. 1 reason customers say they buy from one rep over the other is not product features, not company reputation, and not price. What customers value above all is the quality of the sales relationship. If your sales training focuses on product knowledge,

company capabilities, and skills like price negotiation, you are enabling salespeople to do the wrong things.

Since meaningful differentiation is all about the quality of the sales relationship, differentiation becomes the solution for both the price problem and the market-share problem. What do top performers do to develop quality relationships? That is what we need to teach our entire customer-contact work force. That's how we can opt out of the race to the bargain basement and end the failing struggle to increase market share.

More than half of salespeople discount 70% of deals.

We are enabling salespeople to do the wrong things.

The usual recipes for attacking the dilemma with sales training are aimed at the wrong targets:

Common Myths and Ineffective Differentiation Methods

Myth #1: Salespeople need to get better at closing.

Reality: Salespeople need to get better at opening.

Myth #2: Salespeople need to become better price negotiators.

Reality: They need a way to sell that takes the focus off price negotiations altogether.

Myth #3: Price haggling is a way for customers to win.

Reality: Your clients would be glad to stop nickeling and diming their precious time away. They'd be happy to find a justifiable way to escape the price trap. You just need to give them one.

Because we've approached the problem incorrectly for so long, what we've accomplished is to educate the customer to focus on price and always negotiate for a better deal. That's ridiculous when we know for sure that some top-performing salespeople in every industry are able to maintain margins and grow market share while others are not. It should be obvious that the answer doesn't lie in *What You Sell* but *How You Sell*.

So, What's the Answer?

If salespeople can show their customers how they are a clearly differentiated solution, they will win more often at higher prices. In reality, the battleground for differentiation has little to do with product features, company capability, or low prices. The battleground is inside the mind of the buyer (or buyers, in a complex selling situation). If you don't know what's going on in the mind of the buyer, you can only take random shots in the dark at serving their needs.



Furthermore, if you present your capabilities randomly or in a manner unconnected to the unique needs of the customer, you'll look exactly like every other vendor. As a better alternative, let me introduce you to the concept of DIFFERENTIATED NEEDS. I'm sure you've heard of differentiated solutions. What salespeople must learn, once and for all, is that you can't truly present a differentiated solution until you've first uncovered a differentiated need.

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Introducing the Differentiated Need

It's not what you say...It's what you ask. Most modern sales training correctly attests that differentiation starts with questioning. But most programs fail to provide training that demonstrates exactly *How* to do this. This is a critical flaw because the quality and quantity of needs uncovered is a clear determiner of success on sales calls.

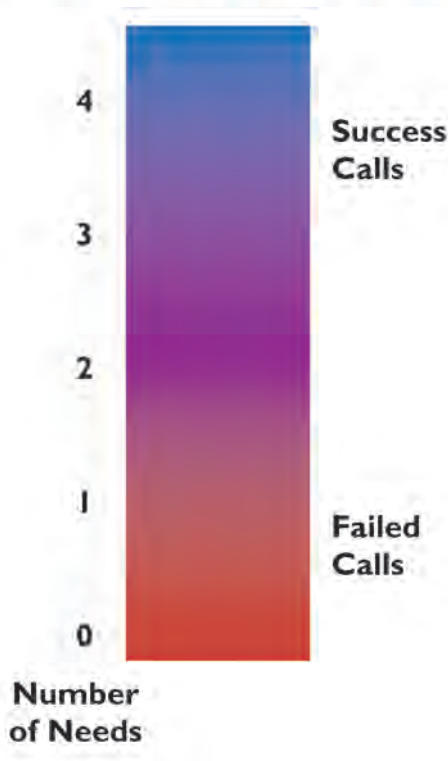
***It's not what you say...
It's what you ask.***

What is a “quality need”? Research tells us that failed sales calls (calls in which no commitment is gained from the customer to move a deal forward) focus mostly on “commodity” needs. These are needs pertaining to the specifications of the product or service. Your competitors usually can match or exceed them.

Successful sales calls contain “differentiated” needs. These are needs that top performing salespeople are able to satisfy with their personal strengths or those of their product, service, or company capability. Keep in mind that these may not be totally unique capabilities. The salesperson simply has done a better job of uncovering the buyer’s specific needs for those capabilities and agreeing on them. Therefore, the salesperson is able to present solutions that are differentiated in the mind of the buyer.

What about the quantity of these high-quality needs? Data shows that salespeople need to uncover at least three differentiated needs for what they are selling during the discovery process. Calls are far more successful when that magic number is reached. So, don’t stop questioning until you have uncovered at least three differentiated needs!

How Many Needs Do You Uncover?



Most deals are won or lost during the discovery process. To ensure more wins, we teach salespeople a technique called “Back-Tracking Benefits” to develop the best questions to ask that will assure they uncover enough differentiated needs. When this is done well, successful calls happen. When they fall short of uncovering either the right quantity or quality of needs, salespeople will be caught in the commodity trap. *No differentiation!*

The salesperson who best manages the sales process...Always Wins

Almost every company uses the term “sales process.” No two companies mean the same thing by the term. When sales teams get this wrong, it can damage the sales culture of an organization. Here’s the best way to think, talk, and behave with regard to the sales process:

The Definition of Sales Process

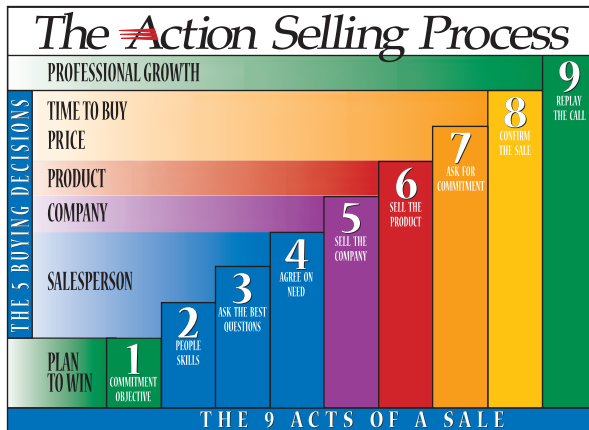
“Sales Process” actually is a combination of two critical processes:

- 1. The Sales Call Process:** How salespeople communicate with the customer during every interaction.
- 2. The Sales Cycle Process:** The sequence of steps, stages, or milestones that lead to a sale in any particular company.

Here’s how we view these processes:

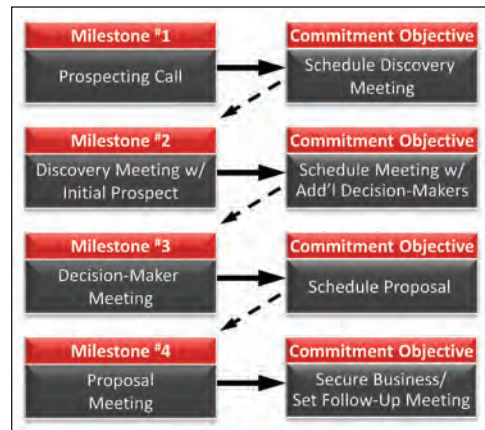
Sales Call Process:

The sequential actions salespeople use to manage interactions with customers. We use the 9-Act Action Selling process to manage the sales call process.



Sales Cycle Process:

The progressive Milestones (activities) and associated customer Commitments that lead to a sale. The following is an example of a Sales Cycle process.



The *Action Selling* **Sales Call Process** is used by salespeople to gain commitment from the customer to move to the next milestone in the **Sales Cycle Process**.

Want a Company-Wide Sales Differential?

Companies with a real sales differential also have great sales cultures; the two go hand-in-hand. If you can achieve proper execution of your defined sales process by every customer-contact employee, you'll have a fabulous sales culture and a cohesive method for differentiating your company. A company that does this is able to recruit and hire better people, preserve positive attitudes of all customer-facing employees, and supercharge sales volume while maintaining profit margins. Want advice on how to make this happen?

Contact Your Sales Culture Experts at The Sales Board.



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ABOUT THE AUTHOR



Duane Sparks is chairman and founder of The Sales Board, a Minneapolis-based strategic sales training company that has trained and certified more than 400,000 salespeople in more than 3,500 groups in the system and skills of Action Selling™. Sparks has guided companies through every phase of business development, from start-up, turnaround, survival and rapid growth. He has also written five sales books, personally facilitated more than 300 Action Selling training sessions and continues to engage in the business and art of the strategic sales process.

Duane Sparks is the author of Five **Sales Books**:



Action Selling: *How To Sell Like A Professional, Even If You Think You Are One*

Selling Your Price: *How To Escape The Race To The Bargain Basement*

Questions: *The Answer To Sales*

Masters of Loyalty: *How To Turn Your Work Force Into A Loyalty Force*

Sales Strategy From The Inside Out: *How Complex Selling Really Works*

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Sparks is the author of the free, monthly online newsletter eCoach, which provides sales training advice based on the principles of Action Selling.

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