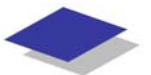


How to win profitable customers away from competitors

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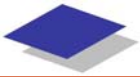


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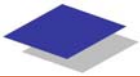
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Introduction

Customers buy from you because they expect to get something more valuable to them than the money they pay for it. You can assure them of getting that value by answering 7 important questions¹. Prospective buyers usually don't ask these questions. They may not even think of them. But they won't buy from you until all 7 questions are answered in their mind.

1. EXACTLY WHAT ARE YOU PROPOSING?

Prospects won't buy unless they know exactly what you're offering them. Make your proposition simple and easy to understand.

2. WHAT'S IN IT FOR ME?

Prospective customers don't really care about you or your company. They only care about how they can personally benefit by using your product or service. Tell them what they want to know. Describe in detail how their life will improve when they buy your product or service - and why it's worth the price.

3. HOW FAST CAN I GET IT?

The faster you can deliver your product or service the more sales you'll get. Consider offering an option for overnight delivery if you sell something that cannot be delivered immediately after being purchased. One Internet marketer found that her orders increased almost 30 percent when she added the option for overnight delivery - even though she charged the additional cost to the customer.

4. WHAT IF I DON'T LIKE IT?

People are reluctant to risk the chance of not getting what they expect after buying your product or service. Offer the most liberal guarantee you can afford. An unconditional, money back guarantee will produce the most sales because it completely eliminates all of the customer's risk. State your guarantee prominently and in detail. Clearly reveal any conditions that apply.

5. WHY SHOULD I BELIEVE YOU?

A prospective customer will not buy from you until you remove all doubt in his or her mind that you can and will deliver exactly what you promise. Testimonials are a powerful tool you can use to accomplish this. They provide proof you've already delivered satisfaction to other customers.

TIP: Avoid using any claim that sounds exaggerated ...even if it's true. A bold claim creates doubt in your prospect's mind and jeopardises the sale. Reduce any bold claims to a more believable level.

6. IS MY DECISION TO BUY A GOOD ONE?

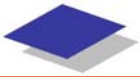
Customers usually make an emotional decision to buy. Then they look for logical reasons to prove their decision was a wise one. That's the time for you to talk about how long you've been in business, how experienced you are or how much research went into developing your product or service. It provides the logical reasons your customer needs to justify their emotional decision.

7. HOW DO I GET IT?

Did you ever walk out of a store empty handed instead of waiting in a long line for somebody to take your money? I have. Many buyers abandon their orders at online shopping carts instead of trying to figure out the confusing instructions.





It's a total waste to lose sales from ready buyers because the buying process is too complicated or lengthy. Don't let that happen to you. Make sure your buying process is simple, easy and fast.

A prospective customer won't buy from you until all 7 of these questions are answered in his or her mind. Take some time now to review your web site and other sales tools. Do they clearly answer all of these questions? If not, revise them so they do. You'll see an immediate increase in the number of sales you get.







Section 1: Winning customers away from competitors

The most valuable prospects are usually locked into strong competitors and your service features and advantages, no matter how good, often fail to tempt them away. To attract these customers you need four key skills:



-  The ability to get appointments with the boss,
-  A solid understanding of the customer's business,
-  Good interpersonal skills,
-  Influencing skills.

Rules on how to get a first appointment with a boss

-  Ask them for the appointment. This may seem obvious, but most sales people shy away from a direct approach to the boss. If you don't ask you'll never get a meeting. And they don't bite!
-  When you first call a boss they like to know three things:
 - What is the purpose of the meeting - what will they gain?
 - How long will the meeting take?
 - Who, from your side, will be attending?
-  Offer something strategic they need. Don't offer them your services.
-  Give them reasons - to believe that what you offer you can deliver, provide referrals, testimonials, logic, etc.

Three vital requirements for the first meeting

Prospective customers may listen but won't hear what you have to say until you satisfy three vital requirements.

-  Be liked - no one does business with someone they don't like. Smile and call them by their name. Mr/Mrs Jones to start and, when appropriate, by their first name.
-  Establish your credibility - how you have delivered for others.
 - Justify taking up their time - how you can be of value to them.
 - Show interest in the things that are important to them.
 - Use sincere praise. Everyone likes to be praised for what they have achieved. Don't overdo this or you

- become insincere.
- Don't criticise. No one likes criticism - especially the boss!



Understand the customer's business

- Research confirms that most bosses expect a salesperson to understand their business and trading environment.
- If you know their business, you'll know what's strategically important to the boss. If you don't, you have nothing to offer except your services which bosses aren't interested in.

Good influencing skills



Use questions that encourage the boss to explore strategic issues, particularly those that you can relate to your service offering.



And don't talk too much. Instead, practice active listening that steers the conversation the way you want it to go.

Winning an appointment with a top person

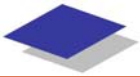
If you sell to people who are at the bottom or middle of a customer's organisation, you will probably be evaluated on the features and advantages of your organisation and its services. *How large and secure are you? What range of services do you provide? What specialist skills do you have? How much do you charge?*

This is because middle and senior managers are responsible for the performance of a business function. Their primary need is that the function is carried out correctly. The manager of an accounts department, for example, needs to keep a clean set of books and ensure debtors are kept under control.

When you sell to a boss you are faced with a different set of needs. These are usually strategic and relate to personal and organisational success. How for example, can we improve the bottom line and keep the shareholders happy.

If you approach a middle or senior manager with a strategic pitch it will probably fall on deaf ears. On the other hand, if you approach a boss with features and advantages that will also fall on deaf ears.

That doesn't mean that you will be successful if you approach middle and senior managers with the correct message. If their present



supplier is delivering a good service then there is no reason for them to talk to you, even if you are better. After all, the devil you know is safer than the one you don't.

And don't forget. Middle and senior managers don't usually have the authority to sign contracts and agreements. They would need to seek the approval of the boss and to get that approval they must present your case. What confidence do you have in their ability to represent you properly?

However, if you contacted enough middle and senior managers you may eventually catch one who is unhappy with their present supplier, willing to talk to you and capable of presenting your case to their boss. But don't hold your breath. It could take a long time. And don't forget, most customers who move from supplier to supplier are a liability. Not, necessarily, the one's you want to win.

In practice, it is all but impossible to dislodge a good supplier when you approach at middle and senior management level. The best approach, by far, is to target the boss. There is always a good chance that the present supplier, your competitor, is trapped at middle or senior manager level and won't have a strong working relationship with the boss. In which case, the boss may not be aware of a connection between the service provided by their present supplier and a strategic benefit the company enjoys. An example is where a boss is at risk of being sued by a customer for the failure of a product. If the present supplier has not discussed this issue with the boss, it is an opportunity for you to demonstrate effective safeguarding. It's your way in.

The larger sale

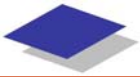
The larger the value of the sale the more risk a boss perceives. Buying a book has little risk - you're prepared to take a chance. Buying accountancy services, on the other hand, involves far greater risk so you take your time and evaluate alternative suppliers - many times.

Of key importance will be the relationship with the supplier's representative. The customer reflects: *Can I trust this person? Do I like this person? Can I work with this person?* Remember, you are selling a relationship with a person.

It's not hard to see what is important to a boss. They are concerned about risk to themselves and to the company and they want personal success and reward from the relationship. The concern about risk makes them very cautious about changing suppliers. This is often the greatest hurdle you face breaking in.

If you can't break-in with the big sale it sometimes pays to think small. We saw before that every customer has problems they want to resolve. Many problems are small and can be tackled quickly. Why not offer a solution to a small problem. Pick a skill where your competitor is weak and you have a good chance of building a relationship.

And never forget, that while some bosses buy after one meeting, others only make a decision after four or more. So always have a meet-again strategy ready at the end of a meeting - to get you back in.



Section 2: Better ways to ask questions

Questioning skills are the bedrock of all selling. They uncover factual information, buyer's needs and preferences, their concerns and fears. Without questions a sales person achieves nothing.

There are two forms of questioning taught to sales people, closed and open. Closed questions demand a yes or no answer. Open questions demand longer answers that convey information. "*Shall we eat out tonight*" is a closed question whereas "*What shall we do tonight*" is open.

Great emphasis is placed on the correct use of each form, and whilst they are effective in gaining information, they do not necessarily guide the customer closer toward buying.

Top sales achievers go one stage further and encourage the customer to clarify, in their own mind, what their real needs are. Using selective questioning the sales person guides the customer to identify the best way to resolve their needs.

Here's an example: Ask the question: *Would a set of legally binding terms and conditions of sale protect you from customers who use your products in a dangerous way?* This elicits a yes/no answer or a *"Yes it might but..."* answer. (Closed questions quite often result in a closed negative answer.) Now add *"How"* to the start of the question: *How would legally binding terms and conditions of sale protect you from customers who use your products in a dangerous way?* The customer is now forced to consider different ways they might help. Much better.

The principle behind this form of questioning is to make the customer think through the benefits and tell you. Conventional selling expects the salesperson to explain the benefits and tell the customer. Which is the customer most likely to remember and recall? The reflective questioning approach has greater influence on the customer's decision to purchase.

Used correctly, this superior form of reflective questioning is used to lead the customer's thinking. You, the sales person, choose the questions and the way the

customer thinks. With prior planning and practice you can lead a customer step-by-step through a logical process of self-evaluation building all the reasons why they should buy.

From here it's just a short step to offer the customer a service producing terms and conditions of sale. But before you do, remember not to ask for the order but to get the customer to ask for the service, otherwise you may face a final price objection.

Question the customer about the value of using terms and conditions of sale, to the safety of the business and his/her future lifestyle. "*What would it cost you to defend a legal action, even if you were to win?*", "*And how would that affect the actual worth of your business?*" Then finish with a closed question: "*Is it important to have solid terms and conditions which will safeguard your business?*" The answer should be YES.

When the customer identifies the need and the solution, and then asks for you to go ahead, there is nothing for them to object to. And their mind is always full of positive thoughts you encouraged them to think.

The secret of effective selling, therefore, lies in influencing what the customer thinks and decides. Top sales achievers use leading questions to guide the customer to think about their needs, the best ways to resolve those needs and their choice of service and supplier which, of course, will be you.

Introductory letters, mail shots and brochure should follow the same approach as face-to-face selling. The only difference is that you must work out the 'customer needs' in advance.

Good Questioning

Good questioning should elicit the real needs of your customer. Question and then get them to openly confirm their needs. It's your ammunition for winning the sale. The more needs the customer identifies and confirms during a sales meeting the more likely you are to win an order. So get probing.

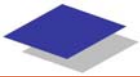
If the customer communicates a negative thought "*We often get caught with product claims caused by customer abuse*", encourage them to convert it into a positive need, "*We really do need a way to avoid claims from customers who abuse our products during use.*"

Winning the customer's attention

You can win and keep the customer's attention with a series of questions.

Questions force the customer to pay attention, particularly questions about the customer themselves. These are keenly listened to.

Everyone likes to talk about what's important to them and the answers to your questions completely involve the customer's attention. They won't be bored. They will tell you everything you need to know in order to sell them on your ideas. And remember, the right questions make the customer persuade themselves.



Section 3: Handling objections and closing

How to handle customer objections forms a key part of most sales training courses. This makes sense because objections which are not managed effectively, kill a sale dead. Some sales trainers claim that objections are a vital part of a sales interview because they tease out the customer's real needs and concerns - an effective way, in fact, to highlight the features and advantages which the customer most wants to hear. Answers to objections are also used, by some sales people, as a closing tool: *"If I can meet that requirement will you go ahead and place the order?"*

It is commonly believed that experienced sales people achieve success because they are better at handling objections. But this is not true. Research has shown that successful sales people face fewer objections from customers than new or less successful sales people.

Further investigation of the top sales achievers shows that many face few, if any, customer objections in their day-to-day selling. Clearly their sales success is not linked to skills in overcoming objections, although this undoubtedly helps. If they receive fewer objections and they are more successful, then handling objections is not the key to sales success.

This makes a lot of sense. Every time the customer thinks of a reason not to buy, or a reason why your service doesn't meet their needs, they raise an objection. Objections, by their nature are therefore negative. That's why they're called objections.

Every time the customer objects a negative rings up in their mind. If the sales person responds with an effective answer or solution the negative is, in theory, turned into a positive - or does a trace of the negative remain in the mind and cause continuing doubt?

Clearly, there is a fundamental difference in the behaviour of salespeople who succeed and fail; good sales people generate few objections, poor sales people handle many. If your sales presentation centres on your service, service features and advantages, then

it is up to the customers to decide if what you are selling is appropriate to their needs. If it is not they object: *"I can't really see that being much use to me"* or *"Your firm isn't large enough to deal with all our requirements"*.

The sales person's natural reaction is to ask why or to defend their service. Asking why usually confirms additional reasons for the objection but, nevertheless, clarifies why it was raised in the first place. It also, unfortunately, reinforces, in the customer's mind, the reason for the objection. Defending your service, on the other hand, does little to address the customer's concern and may even make things worse. It can put the customer on the defensive and then you've lost.

Some professionally-trained salespeople may try to turn the objection into a minor close: *"If we can demonstrate that our resources will meet all your requirements, will you agree to a three month trial..."*. With this approach you join in battle and there is only ever one winner - the customer.

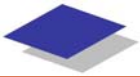
So what do top sales people do to reduce the number of objections and win more sales?

The answer lies in the use of customer benefits.

The whole of your conversation with a customer must centre on the customer's needs. This should not to be confused with service need. For example - a business owner's real 'customer need' is to safeguard everything that they have worked hard to build, to enjoy the fruits of their labour. Their 'service need', on the other hand, is legal protection against claims and litigation. Your service is a way to resolve a customer's need.

To minimise the number of objections you must concentrate the customer's mind on their needs and not on what you sell. You must also lead the customer to identify their real needs and what they require to satisfy their needs.

Your service, therefore, becomes the satisfaction of a customer's need, which is communicated in the form of 'customer benefits' - ways in which the customer's strategic needs are satisfied. With this approach you avoid discussing services and features, which raise objections.




Section 4: Choosing your customers


Many competitors don't address the real reasons why customers buy - which makes it easy for you to out-perform your competitors in a pitch situation.

For example, few firms employ solicitors effectively to safeguard the company and its directors. At middle management level this would be considered an extra expense and beyond their authority. At boss level, however, it is seen as a way to protect the company from unplanned legal costs and damages and time and resource wasting litigation. It also safeguards the ability of the company and directors to achieve trading targets.

Having made a decision to target the boss, how do you go about it?

First you need to focus. Your natural reaction will be to sell to as many different customers as possible, to spread your risk; to avoid putting all your eggs in one basket. To do this successfully, however, you need two things.

 First you need a service range which appeals to all customers. This is rare - even the great Henry Ford wasn't able to broad-base market a universal black car!

 Second, you must have the resource to reach and influence all potential customers. Clearly, only a handful of large companies have the strength to broad-base market successfully. A company like Coca-Cola or ICI may have that resource but is still unable to achieve complete market dominance. During the 1960s and 1970s IBM tried to dominate every computer market. Today it leads in none.

Chinese proverb: 'A man who chases two rabbits at the same time, catches none'.

Target marketing

Target or niche marketing gives an ordinary business a much better chance for success. Target marketing is often referred to as STP marketing. It means Segment, Target and Position.

Put simply, it's about identifying worthwhile customer groups, selecting one that best fits your business and its resources and then positioning yourself to deliver exactly what those customer group needs - and to do it better than any competitor.

Of course, there are many things that you have to be sure of. For example, are there sufficient customers in a small segment to make it worth your while? Will they continue buying in the years ahead? Are there competitors that you will have difficulty beating? These and many other evaluations must be carried out and are examined later during planning.

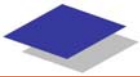
First let's look at the principle behind target marketing in a little more detail.

Segmenting is the process of breaking down all the potential purchasers of your service into segments or customer groups. The right way to do this is to brainstorm all the different groups of customers (customers are always people) who share a similar important need.

Through a process of brainstorming and selection, described in the following pages, you identify relevant customer groups who benefit from what your service can do for them. Remember, customers are not interested in your service. They're interested in what your product or service does for them.

Example: Defendants in court don't want legal representation, they want what good legal representation does for them - to minimise the sentence or set them free. A successful lawyer sells 'a better chance of being set free'. They are able to charge more for this service than for legal representation.

To plan customer groups you first build a framework, or a series of sketches, of different groups of customers who would benefit from what your service does. The market planning guide in Section 11 helps you through this selection process.



Section 5: Winning a customer pitch

The first rule of making a competitive customer pitch is should you be there at all? A good corporate pitch eats up a lot of resource. It costs money to put together. It also stops you making money from the resource that the pitch distracts. And how many competitive pitches do you win? One in three or four? Perhaps less.

There are two categories of pitches; those that result in an order being placed and those that don't.

Example: Organisations continuously face problems and search for ways to resolve them. In the search for a solution they often approach suppliers for professional guidance or advice. Some obtain a cross section of advice by putting a problem or task out to a competitive pitch with little or no intention of placing an order. That way they get the advice of many experts - and they don't have to pay.

The only way to separate out genuine and false pitches is to project yourself into the mind of the customer; can they afford it; is the pitch the idea of one person; is there a genuine desire by all the senior people to go forward to an order.

Having passed the first hurdle there are now four types of pitches, those you know you will win, those you have a reasonable chance of winning, those you might win if the wind is favourable and those you think you could win but in reality you lost before you started. Only the first two are worth pitching for. *See market planning in Section 11.*

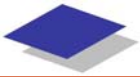
The second rule of successful pitching is to identify the key purchase influencer in the customer. Usually this is the person who controls the money; the person with the authority to sign the cheque. If you sell financial or legal services it will, in all probability, be the chief executive or a director.

You may, however, have day-to-day contact with a middle or senior manager who manages the competitive proposal. Their needs are functional. They will usually focus on types of services and their features. It is unlikely that they will discuss the strategic business needs, the boss's needs that are satisfied by the services they are buying. They will ask you to respond to a service specification.

You will, naturally, be tempted to concentrate your proposal on service features and advantages, the reasons why you are better than competitors. So will most of your competitors.

If you want to win a pitch you need a different approach. You need to get to the top decision maker. You must discover the strategic need that drives the pitch request. It is the only way you can make a proposal that addresses the ultimate decision maker's needs.

This gives you a distinct advantage over competitors. You'll know exactly what to offer. You can add elements to your proposal that make you a perfect match to the strategic need of the top person. *Refer to Section 1 for help in getting that appointment.*



Section 6: How to negotiate effectively

Inexperienced negotiators

Inexperienced negotiators try to achieve their ideal outcome. They see negotiation as a battle of wills; to concede means failure. They often wait to see which way the other party moves before deciding which concessions to negotiate.

Inexperienced negotiators also defend their reasons for achieving their ideal outcome and seek to dissuade the other party from achieving theirs. The negotiation sessions are a battle to win or defend concessions. In the final settlement both parties appear to have lost.

Experienced negotiators

Experienced negotiators tend to be realists. Their ideal outcome is a benchmark for achievement. They keep in mind their fall back position, the point at which they derive no benefit from the outcome. Between these two positions they negotiate a realistic outcome.

Experienced negotiators first try to discover the ideal outcome, fall back and realistic settlement positions of the other party. They then trade concessions in order to reach a realistic settlement that makes both parties feel they have won.

The balance of power

In every negotiation there is a difference in the strength or power of the negotiating parties. Many negotiators do not realise their real strengths or use them effectively. On the other hand, some negotiators claim to have position and strengths which are not real.

Intelligence, fast thinking, personality and eloquence are personal strengths which help you negotiate. The rank or position of a person gives them authority or influence over others. The ability to reward (or punish) is also an important asset, for example where one party has the ability to reward or punish the other; when a buyer knows that a sales person receives commission from the sale; when a customer knows that a supplier desperately needs the order and when the supplier knows that only they fully satisfy the customer's requirements.

Your two most powerful negotiating skills

Use the word 'IF'

The most powerful word in negotiating is the word "IF". *"If I give you this will you give me that?"* Use it appropriately and you need never give anything away without winning back a concession.

And remember, what is important to you may be of less value to the other party and vice versa. In negotiating it makes sense to make concessions that are of value to the other party but of little value to you. For example, if you run regular training sessions for customer's staff then it costs you very little to concede free training. To the customer, however, this may be a very valuable concession.

Also look for concessions that are of little value to the customer but of considerable value to you. *"If we agree to give you free training will you allow us to use your company endorsement in our advertising".*

Never answer a question

Never answer a question may seem a crazy rule but think about it. When you answer a question:



You acknowledge that you understand the real question that was asked. All too often, the customer has asked the wrong question and you won't give them the answer they need.

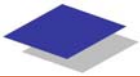


You don't know the reason behind the answer so formulating the correct response is all but impossible.

Always answer a question with a question that is designed to clarify the question or gain you additional information.

In your domestic life you may be asked the question: *"Are you busy over the weekend?"* Answer, *"Why, what had you in mind?"* The answer to that question puts you in a better position to decide if you are free or not.

A customer may ask: *"Can your staff come to our offices to do our accounts?"* Don't answer yes or no. Ask a question: *"Why is that important to you?"* Now you'll discover why the customer asked the question and you can make a better judgement about what to answer. You may find that the customer has not thought through their real need for you to go to them.



Planning your negotiation

The most important part of any negotiation is the work that you do before you start.

Planning allows you to pre-think and analyse the negotiation and develop a tentative negotiating plan. It is, of course, not possible to fully control the negotiation or predict exactly what the other party will say or do-if something can go wrong it invariably does. You must, nevertheless, build contingency plans to cover many of the things that may happen.

Common ground

Start by evaluating common ground. Remember, in most negotiations both parties usually have a lot to gain or lose, otherwise they would not be talking.

If the customer gains from the satisfactory conclusion of negotiations, don't let the cut and thrust of the final negotiations overshadow that fact. Keep reminding them of what they have gained.

A good negotiator will maximise the benefits the customer derives from what has been agreed and play down the importance of those things that still need to be negotiated.

A clear objective before you negotiate.

What are your ideal, realistic and fall back positions? What concessions do you want to win? What are you willing to trade?

Understand the other party before you trade.

What are the other party's ideal, realistic and fall back positions? What concessions do they want to win and what are they willing to trade?

Keep flexible

If you link negotiating points during planning you reduce your flexibility. There is no guarantee that the other party will share your view of what is or is not linked. It quickly leads to deadlock.

It's better to plan negotiating points or issues separately. This gives you the flexibility to modify your strategy during negotiations and to respond positively to counter proposals. It avoids deadlocks.

Your personal anxieties

Feeling confident and creating the right image is important in negotiating. The more confident you are, the more you are able to sway the other party. Nevertheless, the more important the negotiations, the more anxious we become. It happens to the most experienced negotiators so don't think that it's just you.




If you feel vulnerable, it helps to produce a strengths chart. You may find that you have greater strength than you think. If you are still anxious and fear you will make a mistake, appear a fool or let yourself or your colleagues down, then examine the worst-case situation. You'll often find that the worst situation is never as bad as you think.

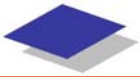
Here are a few other tips:

-  Write all your negotiating strengths down then add up what you've got.
-  Can you share the responsibility for negotiating with someone else?
-  Make sure your objectives are realistic and achievable or you may have failed before you start.
-  Have you thought through what you are prepared to trade and what you want in return?
-  Do you have your fall back position clear in your mind?

Winning time to think

Few of us are expert at thinking on our feet. In the cut and thrust of negotiation it is all too easy to get caught up in the arguments and agree to something that you later regret. It is essential that you create as much time as possible in which to think. Always try to negotiate at a pace that suits you. Don't let the other party stampede you.

-  Buy time by asking further questions or asking for a clarification.
-  Call a break when it suits you, to get time to sort out your ideas.
-  Stop the negotiations, if necessary, to give yourself time to consult with others.



Six things to check before you start to negotiate

1. Are you dealing with the right person?

Does the person you are negotiating with have the authority to reach agreement?

2. Are both parties committed to doing business together?

If a customer is not genuinely interested in buying your services there is no point in negotiating terms and conditions - all you do is give them an excuse to say no. You must first get the customer to agree that they will purchase, subject, of course, to meeting their conditions. If you fail to raise a customer's interest in your services, don't launch into special deals, offers and discounts. If the customer is genuinely not interested you waste your time and theirs.


3. Good relationship and commitment.


You must also have a good relationship with the customer. If a customer doesn't like you personally it makes negotiating difficult if not impossible. It may be better for someone else to carry out the negotiations.

There must also be a commitment from both sides to resolving or overcoming any difficulties or problems that stand in the way of a settlement. If either party to the negotiation is not committed to resolving differences, it is no longer a negotiation but a 'fait accompli'. Take it or leave it!

4. A benefit to both parties, a win-win situation.

Will both parties benefit from a negotiated deal? If both you and your customer gain nothing from the negotiation then you may be wasting your time.

 The customer must gain as a result of a newly negotiated position.

 You must gain as a result of a newly negotiated position.

5. The right time and place.

Is there sufficient free time to talk so you are not rushed? Will you be free of interruptions? Is the other party receptive, not exhausted, irritable or pressured?

Make sure that the place you hold your negotiation is to your advantage. It should be quiet, with no interruptions, and

preferably on familiar ground. People are always unsure of themselves in strange surroundings. Can you get them to come to your offices or onto neutral ground, such as a hotel? Try to avoid your customer's offices, where they feel strong and can control the situation.

6. Are you dropping a time bomb?

Are you about to tell the other party something that will shock them, which will result in a difficult negotiating climate? E.g. The work won't be finished on time and this news will anger the customer who may react aggressively! It is often wise to pre-warn the customer of something that will come as a shock so they can calm down before negotiations start.

The way people make decisions

Think about the way customers make decisions. While a customer believes the service is not right for them, a sale does not progress. However, as soon as the customer thinks it is right for them, the sale moves forward.

A sales person should, therefore, pay less attention to selling the service and concentrate on helping the customer rationalise that the purchase is right for them. You do this by finding out as much as you can about your customer so that you can guide them through their decision making process.

Clearly, the most important skills for any sales person are:



Understanding;



Listening; and



Questioning.

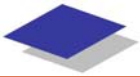
Six golden rules for listening

1. Stop talking.

You only find out the customer's negotiating position if you listen to what they have to say. If you keep on talking you learn very little. Remember, knowledge is power.

Listening skills

A negotiator must be a skilled communicator. However, many mistakenly interpret communications as the ability to talk or argue fluently. This is not so. Some of the best negotiators are poor speakers. The secret of negotiation is, in fact, good listening and questioning skills, which everyone can master.



2. Put the other party at ease.

Your objective is to find out as much as possible about the other party. If they are tense and guarded they will react defensively and you will learn very little.

3. Tell the other party that you want to listen.

Most people complain that no one listens to what they have to say. What could be better than telling the other party that you want to listen, that you are genuinely interested in what they have to say. Let them sing their hearts out. You benefit.

4. Be patient, don't criticise and don't interrupt.

These are three certain ways you stop someone telling you what you need to know so:



Don't show impatience or lose your temper; it stops communication immediately.



Don't criticise what they say; nothing more is said for fear of further criticism.



Don't interrupt: it stops them dead in their tracks.

5. Always ask questions.

If you want to find out more about what they think, ask questions. It confirms you are listening. It tells them you are interested in what they have to say. It gets you information you need to win the negotiation.

6. Reflect what has been said to confirm understanding.

Most people hear what they want to hear. If a customer says one thing and you believe they said something different, your communication has failed. A difference in understanding will weaken any agreement that is forged. Continuously reflect what you have been told. Use phrases such as: "So what you mean is...", "It seems that...", "So you feel that...", "Your position then is...". It also tells the other party that you have been listening and understand.

Speaking skills

There is a natural instinct in all of us to dominate the conversation, to make sure that the other party hears everything that we want to say. Unfortunately, the longer you dominate the conversation the less they listen and the less you get to find out.

How the way you speak affects listener comprehension.

The average speaker talks at a rate of 125 to 160 words per minute. The average person listens and thinks easily at four times this speed; 450 to 480 words per minute. This leaves the listener a lot of spare thinking time.

There is a natural tendency for listeners to fill this spare thinking time with distractions. Very soon they become lost in their own thoughts. They no longer pay attention. They no longer hear what you say.

Conversely, if you say things that require a great deal of thought, they will take time out to analyse what you have said or to formulate their answer. They miss whatever else you have to say.

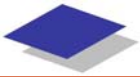
The way to overcome the problem is to break down what you have to say into small, digestible pieces and discuss and agree each separately. Giving the other party a chance to talk keeps their attention and ensures that everything that you want to say is not only heard but also acknowledged.

Body language

We instinctively observe body language. We can tell when someone is angry or annoyed because they adopt threatening postures and gestures. The body language of anger is very obvious. What is less obvious is the body language of boredom, disbelief and distrust.

Reading body language tells us more about the progress of a negotiation than the words that people use. Experts tell us that in face-to-face negotiation, words communicate around 35% of our message. Body language communicates much more - 65% or more. Look at the body language of Italians and French in conversation. Words often seem superfluous.

Observing the other person's body language during negotiation is a key part of understanding what they are saying. Your own body language is also important. For example, if your words say that you are enthusiastic for a project and your body language says you couldn't care less, no one will believe what you say. Body language is also a very powerful way to give impact to what you say. An insignificant 7% of



message impact is conveyed by the words you use. 93% is conveyed by non-verbal means - 38% through your tone of voice and 55% by your facial expressions.

Think about Winston Churchill's wartime speeches. Few remember what he said. Everyone remembers the power of his message because of the tone and inflection of his voice.

Body language affects negotiation in two separate ways

Experienced negotiators read the body language of the other party. They listen with their eyes as well as their ears. By observing they gain knowledge of the other party's negotiating position. Knowledge is power and strength. It helps you to control the negotiation.

Experienced negotiators use their body language to communicate a significant part of their message. Their body and facial expressions communicates interest, approval, disapproval, concern or delight. A good negotiator can influence a customer's negotiating position with hardly a word spoken.

Behave like a chameleon

Experienced negotiators mirror the body language of the customer to gain their confidence. Latin people like to stand close and touch when they communicate. English people prefer to keep their distance. This is a simple example of what is a very complex area of human behaviour. An excitable, fast thinking person will have great difficulty negotiating with someone who likes to think long and hard before they reply. Both parties experience frustration and anxiety. It is the worst situation in which to hold a discussion.

The salesperson should always try to mirror the behaviour of the customer. The customer then feels comfortable and is more willing to communicate.

Be conscious of:



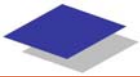
The tone and tempo of the voice. Mirror their way of speaking and they will feel comfortable talking to you.



Their body posture and movements. Mirror their facial expressions and the way they stand, sit and move.



Let them set the contact distance. Be aware of the natural distance they put between you. Make sure that you do not invade their space.



Section 7: Winning the order

At the conclusion of a meeting, a customer is enthusiastic - often with a 100% expectation of purchasing. Natural caution, however, makes many customers say they will think it over.

By the following day the 100% expectation has fallen. By the end of a week it may be as low as 50%. The customer is off the hook and a potential sale is lost. So what has gone wrong?

During the sales meeting

During a typical sales meeting both you and the customer discuss a large number of issues. You discuss many product/service features and feature benefits - all the reasons why the customer should buy.

The customer, in turn, asks questions and airs objections, which you handle. The customer also introduces spurious issues that relate indirectly to the purchase but are important in the customer's mind.

During the sales discussion or presentation you and the customer raise and discuss twenty or thirty different issues. Some are important to the purchase, others are not. How many can you remember afterwards? What's more important is how many does the customer remember and which ones?

After the sales meeting

Immediately after a presentation the average customer may recall perhaps 80% of the important issues - generally the issues that were important to them. This does not, however, mean that they understand the issues correctly. Nor does it mean that they recall that issue in a positive light. A lot depends on the why each issue was raised and the way it was discussed. Several days later the customer may recall less than 50% of what was discussed.

One answer is to close the sale on the first visit. For a small value sale to a person who holds the chequebook, this is by far the best strategy. This is the reason why people who sell insurance, double-glazing and cars press hard to get you to sign. They know that if they fail in the first meeting, their chance of winning the order at a later date is greatly reduced.

To achieve a one-meeting close, sales people use a variety of traditional selling skills. Open and closed questioning, objection handling and closing techniques are designed to win customer commitment.

Most sales, however, cannot be closed in one meeting. There are many reasons for this. The order value is too large and requires authorisation from above. The purchase may be complex and require many meetings. Several people participate in the purchase decision and you can't meet them all at the same time.

There may be rules about competitive tendering. Or the purchaser is just very cautious and refuses to sign during the first meeting, often on a matter of principle.

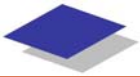
Faced with these situations, you will not be able to close the sale quickly. The use of traditional selling techniques do not help, in fact, they be risky. The more you press for commitment, the more the customer resists. If you press too hard you build resentment. You may even be asked to leave. It is not uncommon for 'pressure' sales people to be forcefully ejected. And you are rarely invited to return. If you can't close in one visit what else can you do?

Customer-related benefits

The reason customers go off the boil is that, over time, they forget the benefits that relate to the features of the product/service you sell. It's hardly surprising. It took you weeks or months of involvement to learn your own features and benefits. In turn, you explain these to a customer, all in a matter of minutes. How much can you expect the customer to recall and understand? Precious little.

During the sales meeting the customer's mind is also filled with their own problems and aspirations. Where did these come from? Many days and years of personal involvement. And how many problems and aspirations does the customer recall and in great detail. All of them!

During a meeting, the customer asks questions and raises objections. The customer listens to your response - you may even confirm the customer's understanding. But within minutes the customer's memory of your answers fade while the reasons for the questions or objections remain strong in their



mind. Is this, perhaps, why sales people are taught to repeat and summarise benefits several times before closing?

You can confirm everything you discuss in writing after a meeting, so that the customer can refresh their memory. Unfortunately, if you confirm traditional features and feature benefits they may be forgotten very quickly again. And there is no guarantee that your report will be read while the final decision is being made.

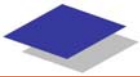
If you can't close during a first meeting, the reasons why the customer should buy, and from you, diminish over time.

Clearly, traditional selling techniques don't work in extended selling situations. Feature and benefit discussions, open and closed questioning, handling objections and closing techniques do not build lasting reasons for customers to buy. In an extended sale over weeks or months, they may well increase your chance of losing.

How you make customers remember to buy from you

We have seen that traditional selling techniques are not effective in extended sales situations. What you need is a positive way to make customers continuously remember the reasons why they should buy and from you. The way to achieve this is to link the benefits of your product/service to the issues that a customer always remembers.

Linking everything you discuss to their 'customer needs'. (*Earlier parts of this publication discuss customer needs.*) In effect you create the picture that you solve the customers problems and deliver the things they need to achieve. Your services are kept in the background - they are not important. After the visit, your customer quickly forgets the detail of who you are and the services you offer. But don't worry, they'll still remember that you can solve their problem and improve their situation. Customers want to resolve problems and achieve objectives. Promise to do these things and they will buy from you.



Section 8: Selling a wider range of services

All too often you are trapped at a lower level in the customer's organisation, with a middle manager for example. This is particularly the case with long established customers. The original order may have been negotiated with the boss but your day-to-day contact is further down the organisation. A middle manager rarely has the authority or motivation to purchase additional service and you're cut off from the real decision maker and the potential for selling other services.

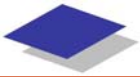
The best strategy for selling additional services is to re-establish contact with the boss. An effective way to do this is through regular reviews, with the boss, of the services you currently deliver.

Getting a review meeting may involve some devious tactics. Changes to your present services, upgrade alternatives and changes in legislation are a few tactics you might try. You may, alternatively, favour inviting them to a leisure or social event but be careful with this approach as you may not have your customer in a business frame of mind nor may you get the time or one-to-one privacy for your discussions.

When you win your meeting with the boss, have a plan of what you want to discuss. Your long association with the customer's business should give you an insight into alternative opportunities. But don't ask the boss if he/she has other projects for you. If the boss had thought of any, you'd have been the first to know. Be creative.

And don't forget; focus on the customer's needs not on the additional services you want to sell. Phrases such as, *"I couldn't help noticing that your terms and conditions of sale leave you vulnerable..."* introduce new areas to investigate.

If your contract with a customer is for a one-off project then include, in your proposal, a final review presentation with the boss. They rarely object. If your project went well, the review presentation is the best time to introduce new proposals. You'll also have had time to get to know their business and uncover new project ideas.



Section 9: How to get others to sell for you

You know a lot of people, socially and through your business activities.

Many of them like you. Many would be happy to do you a good turn.

Unfortunately, most don't know how to do so.

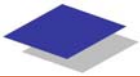
If your contacts don't know that you want referrals, they will not give them. It doesn't cross their minds. So, the first and most important rule of gaining referrals is to ask for them. But that can create its own problems. There is nothing worse than fielding inappropriate referrals and asking your contact to stop because they are wasting your time.

You need to be sure that your contacts know enough about your business to make good referrals. The problem is that few know enough about your business to sort the wheat from the chaff, and educating them in your services or products is usually not an option.

A better approach is to teach your contacts the 'customer needs' that you satisfy. This is easier than you think. For example - if you sell an 'Accounts processing service' you tell your contacts that you 'help busy business people who complain that they spend too much time on their accounts and administration.' If you sell an 'Intellectual property service' you tell them that you 'Help people to protect their ideas and inventions from being copied or stolen'.

Not only is this easy for your contacts to remember but it also increases the number of good referrals and reduces those you don't want. Now every time your contacts hear someone complain about their administration workload, it triggers a referral.

Don't forget to thank people for a referral. People like to know they have helped. A small token of your thanks also helps to keep the referrals coming.



Section 10: How to double your success rate

It's commonly-accepted that around 80% of a sales person's time is spent on planning, administration, travel and other necessary but non-productive activities. Around 20% of their time is actually spent on the real business of influencing customers to buy.

Different sales people, working in different industries will have varying ratios, but generally the principle holds true. And company bosses have tried, for generations, to improve this ratio. Imagine achieving 60/40! It immediately doubles your sales for no extra selling cost or effort.

The Pareto rule, however, is not flexible. You can't improve selling efficiency simply by switching your time from one activity to another. You can't, for example, avoid travelling to see customers. You can't refuse to send out quotations or proposals. You can't short-cut preparatory work. If you steal time from the 80% you risk your success in the 20% activities.

Of course, there is always room to improve the efficiency of your 80% activities. However, you must be careful not to affect their quality. Shortcut journey planning and you'll increase your travel time and make fewer calls. Shortcut your proposal and tender writing and you'll convert fewer sales. It's all a case of getting the balance right.

One strategy that does work is to increase the daily hours you work and do many of the 80% activities out of normal working time. This is a good strategy for limited periods of time. But continuous long hours at work cause their own problems. Tiredness and lack of concentration affect your performance in front of customers which reduces your win potential. And, don't forget, that most people want to sell more and earn more in order to improve the quality of their life.

And finally, don't overlook the way the Pareto rule bites back. For every extra hour you work only 20% of that time, 12 minutes, will be spent in front of a customer. Or look at it this way; for 12 extra minutes in front of a customer you must find another 48 minutes for planning, administration and travel time.

Top achievers take a very different approach. They spend their selling time with customers who are more likely to buy - and to buy from them.

How top sales achievers increase their sales

Imagine that from tomorrow onwards your sales conversion rate doubled.

You now sell twice as much, with no extra administration, no extra travel time and no additional work. Interested?

There are two strategies that top achievers use to lift their sales:



The first is to sell higher up the customer's organisation and influence the person with the ultimate need and the authority to purchase. This was discussed in Section 1.



The second strategy directs your time and effort to those customers who intend to buy and when they buy, to buy from you.

Will the customer buy?

When a customer makes an enquiry you want to treat them like a prospect. They ask questions about your services and we answer. If your answers satisfy you push for a meeting, but did you ask the obvious question; "Do you intend to place an order or are you wasting our time?"

If you did ask that question you would reduce the time spent selling or, better still, you could spend more time selling to customers who intend to order.

All too often a customer has a problem or need which they are unsure how to resolve. If they can find the right solution they will buy. You are called in to help find the solution. You use up valuable time and resources and then you realise that the customer is unlikely to place an order.

This is where cynical, hard-nosed sales professionals win. They apply a checklist of qualifying conditions to every enquirer or new prospect.



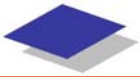
Does the customer know what they want?



Does the person I am talking to have the authority to purchase?



Can the company afford what I am selling?





 If I were the customer would I buy?


If the answers don't stack-up they walk away.


If there is a chance that the customer will progress to an order they do just sufficient work to keep them in the running. They leave other suppliers to qualify the customer's needs.

This simple, but essential sifting process can release up to 50% of your selling time. The downside? You may, just may, lose an order. If the prospect passes the first test - will they or will they not order - then the professional asks a further series of questions.

 Is this a customer I want to win? (See Section 11)

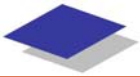
 Does a competitor already have their name on the order?

 Do I have a better than 50% chance of winning against competitors?

 Will I be able to satisfy the customer's needs effectively?

This series of questions further releases your time and resources. By now, however, you may feel that you may never win an order. But again, follow what the professionals do. All the extra selling time they have created now goes into winning the customers who they are most likely to win.

While your competitors are tied up with hopeless cases, you devote twice as much time to the customers that matter. Your conversion rate increases and the overall number of customers you win increases. A selective strategy, applied sensibly, will double your overall win rate and without working harder.



Section 11: Planning your sales

The planning process identifies distinct groups of customers, which are referred to as 'customer groups'.

The early stages of the identification process should be kept fairly broad. Which customer groups are worth further evaluation – which are not?

Don't waste time trying to create perfect customer group descriptions at this stage - keep descriptions broad. Let the descriptions run to several paragraphs if this helps everyone to understand who the people are and what need they want to satisfy. What you must try to capture is the most important reasons why different groups of customers buy.

There will be time later for you to refine your customer group descriptions.

If you are an established business...

If yours is an established business you may not need to do market or customer research at this stage. You'll be surprised how much you already know once you start.

If, however, you feel uncomfortable about making important decisions because you lack vital information, then, by all means, do some research. But bear in mind that during this stage of planning you are exploring opportunities, not making decisions. Much of the research work you would do now is discarded later so try to restrict any research to broad information only. Things that confirm what you think is right.

Important considerations

An important consideration, when creating customer groups, is your ability to contact and physically sell to the people described by the group.

You gain little by defining a customer group, which you have no way of reaching. For example, if you define a customer group of nervous taxpayers you may have difficulty finding them. They don't all live in the one place, nor is there a national register. They may not make a viable customer group.

However, if you have a list of nervous taxpayers who have bought a book on 'How to take the worry out of tax', or you advertise generally and a sufficient number of worried taxpayers respond, then you may have a viable customer group.

Also, you must be careful not to make your customer group descriptions intangible. *Managers who are unhappy with their present accountant...* may seem perfectly plausible but can you identify them easily? And would most acknowledge that they are unhappy? Be certain that you can communicate with the people in your customer groups and reasonably profit from selling to them. You gain nothing by defining customer groups who you have little chance of reaching or selling to.

Neither should you expect every individual in a customer group to buy what you or your competitors sell. It would be unrealistic to assume this. If one in ten or only one in a thousand can be contacted, or is likely to buy, it may be the closest you get to winning customers in a group. You should, however, consider whether the potential return makes a customer group viable.

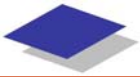
During this initial stage of planning you may identify ten or more different customer groups, some you judge as good and others you judge as poor or bad. You can short-list these to no more than six or seven customer groups. These will be groups which you can access, who will benefit from what your service can do for them and who give you a good profit opportunity.

It is important at all times to take a realistic approach. Don't waste time on lost causes, even though it is sometimes painful to throw opportunity away.

Different customer needs

You define a 'customer group' as a group of people who share a common need for *what your service does for them*. Don't forget that people have many different levels of need. The most important for you to consider are personal needs, such as security, social and emotional - ego, greed and vanity. These are often the most powerful and the least obvious.

"Needs" also relate to any risks associated with purchasing, peer acceptance, self-esteem and job security or satisfaction. The least



important needs, ironically, are often those directly associated with the function of the service.

Each of a customer's different needs, from the primary need through to the least important, influences their purchase decision. Which is why, for example, so many corporate customers choose the security of large, well known practices, even though many are considered to be expensive and no better in performance than smaller practices. You have heard the expression: *'No one gets fired for buying IBM'*.

This sort of buying decision is made at the highest personal level - the need for people to safeguard themselves from the consequences of failure. The decision is not made at the functional level of choosing the best computer for the job.

Every customer who purchases your service will need to satisfy a variety of needs. For instance, if your purchaser has a strong desire to avoid risk, they will choose the safe, well-known supplier. If a competitor has a reputation for safety and security, and is better known than you, they win. Your service, and the way it is delivered may in fact, be superior. Nonetheless, the customer's primary need for safety overrides considering the best supplier or service for the job.

From this example it is possible to define a market of customers who share a common need for low risk, safe suppliers or services. The common factor in these buyers may be a lack of knowledge of what they are buying, or a strong desire to avoid risk. The common need of these people could be described as 'a guaranteed, trustworthy, service purchase with little or no risk'. This is a powerful need which the top accountancy and legal practices exploit so successfully.

Generally, people who buy products or services that fall outside their individual areas of expertise like to purchase without risk. Insurance, accountancy, financial investments, legal services are areas that many purchasers know little about. Most purchasers will buy a safe service from safe suppliers.

If, on the other hand, you sell to expert purchasers; then the buying decision may be based more on the performance and suitability of the service. Expert purchasers

are more likely to evaluate functionality and performance. They are less influenced to avoid risk. But not always!

So if you are introducing a new service, which may appear risky to the customer, then look to the expert purchaser. They are generally the first to buy.

In practice, however, it is not easy to identify buyers' different needs accurately during a planning exercise. So, to start with, you need to make rough judgments based on your experience and knowledge.

Clearly, the broader the experience and knowledge you can apply to planning the better the plan will be. That's why it is important to include all your key staff, and any others with customer knowledge, in the planning process.

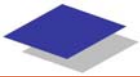
As we have seen, a key objective of market planning is to evaluate every potential customer group you can serve. From this list you choose those who are the best match to your business.

A good way to expand your thinking is to consider your service at a generic level. Basically this means describing your products or services by *what they do* rather than what you or your competitors call them.

If you describe your services by their function, *what they do for customers*, it is far easier to find alternative applications and markets. It broadens your horizon and helps you to find new and different people to sell to. When you think generically it also forces you to think in terms of customer benefits.

So how will this change your business?

Most firms sell their services at the feature level, for example a small business accounts processing service which sends out invoices and collects money. When you consider what it does for the customers it changes into many different products, for example; a way to release more time for visiting customers and growing your business; a way to gain more time for your family and leisure; a way to reduce bank borrowing by getting invoices out on time and money in faster. Now think of other ways customers may benefit?



Identifying existing customer groups

Your first planning task is to identify all your present customer groups - but remember that you are now marketing and selling to groups of people and not to companies and organisations. If your existing customers are categorised under traditional market segments such as; industrial, commercial, medical, retail, A1/B2, small or large, conveyancing, business etc. then your first task is to convert these into different customer groups or groups of people who share a common need for what your service does for them.

An easy way to do this is to list your traditional markets or market segments on a flip chart or white board. For each market or segment, brainstorm the different categories of people who are responsible for buying, for example: 'owners of small businesses who do not have dedicated accounts staff' or 'senior partners in medium sized consultancy organisations who are investing in growth'. As you progress through different markets you will find that people categories repeat themselves.

When you have a complete list of categories or occupations of people, bring together those who share a similar main need. Look for the highest needs which they satisfy with their purchase decision.

And remember, you are not looking for definitive customer groups, where every person is a potential buyer. You are looking for the most promising groups of people to target as your future customers, so don't get lost in minor detail.

Example Customer groups

The following customer groups are for an accountancy firm which offers a range of accounts services to a variety of small and medium sized businesses:

Customer group 1

'Time pressured people who waste valuable time maintaining business accounts who need a way to release time for business building activities.'

Customer group 2

'Busy people who run a growing business, who have difficulty controlling their cash flow and other business finances, who need a way to

predict cash requirement and expenditure in order to minimise borrowing and invest more effectively in growth without risk.'

Do you know of other groups of people, with different problems, difficulties or aspirations, who might make new customer groups?

Don't be surprised if people from different traditional markets fall into the same customer groups. Consultants, garage owners and service companies all have similar time constraints when it comes to doing their accounts. Some employ accounts clerks, others do it themselves. All, however, have a common need to reduce their administration load and gain more time and resources for other important business activities. Others need to invest for growth without risk of cash shortage or upsetting the bank.

Each customer group describes a collection of people, from different industries and backgrounds, who share similar characteristics and needs in respect of accountancy services.

You may have noticed that the first two customer groups cover the same types of people. Each, however, requires a different accountancy service:

Customer group 1

The product they buy is 'a way to reduce administration time and gain more time for developing the business.'

Customer group 2

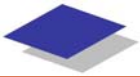
The product they will buy is 'a way to accurately predict the cash available for investment and growth.' (They may also need help in making better business growth decisions.)

Expanding existing customer groups

It is not unusual to have five, six or more different customer groups at this stage of planning.

Your next task is to examine each customer group in turn, and list all the categories of people who you think share the same characteristics and needs as your present customers.

For customer group 1, we might add doctors, dentists, people who run wholesalers, distribution outlets and employment agencies, and more.



During the exercises mentioned here, you may discover groups of people whose characteristics and needs don't fit comfortably into any of your existing customer groups. If there are sufficient of these people, and they represent an opportunity that you believe is worth pursuing, then describe new customer groups, for example:

Customer group 2

'People who run a business which from time-to-time employs a large number of casual workers and who need a fast, simple and accurate way to do their payroll and produce required records for the tax department.'

The product to sell to these people is *'a fast, simple and accurate way to do their payroll and automatically produce required records for the tax department.'*

As you can see, the primary need of each group (typed in italics) is different.

You may also notice that the 'service' sold to each group is simply the satisfaction of their need. The service is not accountancy – it's a subtle, but important distinction.

Step by step - identifying customer groups

1. Brainstorm all the customer groups that you serve today and list them. Also, list the categories of people who form each group – a separate list for each customer group.
2. Brainstorm all your competitors' customer groups and add any new groups to your list. List the categories of people who form these new groups.
3. Brainstorm new customer groups and list the categories of people who form each group.
4. Bring together customer groups who have a similar primary need.
5. Examine all the customer groups, paying particular attention to the values of each group (to you) and any changes that may occur to the group in the future.
6. Choose the seven or eight most important groups for your firm and write down your customer group descriptions.
7. For each of your chosen customer groups review the categories of people you originally listed and short-list the eight most important ones.
8. Estimate the value of each customer group, and the share of business you win today and want to win by the end of the plan period.

Check the following:

1. Does each customer group describe a group of people who need to satisfy a common need? People buy to satisfy their strongest need which can be personal, work-related or job-related.
2. Does each customer group have a genuinely different primary need even though they may buy the same service?
3. Are your customer groups viable? Can you target the potential customers in it; to metaphorically 'touch them'?
4. Is each customer group sufficiently large to be worth considering?
5. Are your customer group descriptions understandable to everyone in your business and to all the potential customers in the customer groups?

Competitor's customer groups

Your next task is to focus on your competitors, particularly the customers they sell to. Don't be surprised to find that your competitors advertise and sell their service for what they are - conveyancing, litigation etc. They may also appear to tailor their service for traditional market sectors.

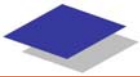
You will need to re-think these into customer-group descriptions based on people, just as you did with your own customers.

They may serve the same customer groups as you in which case you have no new customer groups to add. On the other hand they may serve different groups which you may wish to evaluate.

If yours is a small firm then some of your competitors will be larger than you. They may also sell to larger customers who you have difficulty approaching. You may instinctively feel that large customers won't buy from a small firm like yours. This is not strictly true so go ahead and evaluate their needs.

Targeting large companies

Given the right opportunity your firm may be able to deliver a much higher level of customer satisfaction than a larger competitor. Unfortunately large customers often prefer to purchase from large suppliers, out of habit, or because it makes them feel comfortable and safe. To make matters worse, the buyers in large companies are busy people who won't always spare the time to see small suppliers.



The problem you commonly face, therefore, is not one of supplying the service they need, but of getting them to consider you at all. Offering your services in the way we will go on to consider, helps to overcome this problem.

New customer groups

During your earlier considerations you may have uncovered new groups of people who you can sell to. You now need to make sure that there are no other significant groups that you could also make your customers.

If you have been in business for some time you know instinctively which customers buy which of your services or products. You know this from your own selling activities and by observing others who sell in your marketplace. You must now use this instinctive knowledge to identify and judge additional groups of people who may benefit, in any way, from your service.

Allow your ideas to range as widely as possible. Think about what your firm is able to offer, in its widest sense – not just what you offer now. Focus your thinking on how potential customers benefit or how they might gain from what your service does for them.

The scope of new customer groups are almost infinite. You will be tempted to explore many you have never considered before. You may even stumble on an important new market opportunity. For that reason this exercise can be exciting - but stay calm.

If you discover potential customer groups which are new to you, it means you don't know much about them, nor do you have any experience from which to serve them. Breaking into completely new customer groups is often difficult and expensive. You must therefore take a pragmatic approach and restrict new customer groups to those you feel reasonably familiar with, that you can serve effectively and who you know will help you achieve your goal.

Examples of new customer groups

Let's say that you produce high quality pre-pack single portion foods for microwave cooking. Your present customers are supermarket chains and restaurants.

During brainstorming you consider how your products could help pubs, clubs, bars and coffee shops to attract new customers and make additional income. You ask who else can benefit in this way? Why not coach operators, airlines and service companies? You form three new customer groups:



'People who provide a service or entertainment which keeps customers with them for a period of time, who would profit from selling these customers immediately available refreshments and food.'



'People who provide a service or entertainment which keeps customers with them for a period of time, who would attract more customers by offering high quality, immediately available refreshments and food.'



'People who are responsible for employees who leave their work place every day to buy and consume food and refreshments, who need a way to gain higher value and commitment from their staff by encouraging them to spend their break times, in work, talking to other members of staff.'

Shortlisting your target groups

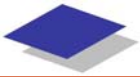
After your initial brainstorming exercises you will have lists of customer groups with a schedule of the different categories or occupations of people who make up each group.

It is now time to weed out the customer groups which offer you little or no potential in the future. In doing so, there are several things to keep in mind – see below.

Customer group accessibility

Can you reach the people who buy? And will they buy from you? Be realistic about what you can achieve.

If, for example, you are a small legal practice in a small town, a major national retailer is unlikely to look at you twice. And what sort of hold do existing suppliers have on their customers? How easy will it be to win these customers over to you? Ask yourself; does each customer group make good business sense? And is this really a group you want to serve? Do you have the experience to win them?



Customer group value

During your deliberations you may come across large numbers of customers with a definite need for your services or products but who don't have the means to pay for them. For example, nearly everyone who lives in rented accommodation needs a house of their own. For lawyers, they are the largest potential customer group for the purchase of new houses. Few however, qualify to purchase.

A key criterion in choosing customer groups is their ability to pay for a purchase. But go a step further and consider the priority of the purchase. Many small business people would like someone to do their day-to-day accounts for them. Most, however, prefer to spend their money on computer systems or even nice holidays. These compete for the same customer spend.

External accounts support is, perhaps a lower priority. (On the other hand, gaining more time to visit customers and build the business may be more attractive!) The value of a customer group, therefore, depends on both their ability and priority or willingness to spend.

We also see our service through rose-tinted spectacles. We tend to overestimate the purchase inclination of customer groups. It is very important to stand back and make a cold, calculated judgement of the real value of each customer group to your business. And don't forget to estimate the value of each customer group over time and not just by what they may offer you today.

In the early 1950s most people needed a car but few could afford the high cost. The market was ripe for a simple 'Car of the people'. The Volkswagen Beetle in Germany, the Citroen 2CV and the Ford Popular filled this need. Forty years on, most people own a car. Customer needs have matured and there is no longer a large demand for a simple 'Car of the people'. People want individual cars to match their different lifestyles.

All customer groups change over time. As they mature, or the groups grow in size, needs change. They break into subgroups or niches. Anticipating and adapting for change is an essential part of your marketing planning considerations.

Look also for change that is driven by the creators of services. Not long ago we shopped in the high street, visiting different shops for different produce and goods. Supermarkets and hypermarkets have now changed the way we shop.

As planning progresses you need to narrow these down to two or three groups who will be the focus of your future selling effort.

If, at this stage, you have fewer than six customer groups it may be because you have taken too narrow a view of your services and, as such, they appeal to only a few people. Alternatively, you may not have identified the full range of different customer groups and their diverse needs. In both cases, you may wish to go back and review your earlier brainstorming exercises.

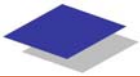
For example, a dentist can list eight or more potential customer groups. These are loosely categorised as groups of people who are; terrified, anxious, health conscious, image conscious, caring parents, too busy to go, time wasters, attention seekers, too poor. There are probably other customer groups as well.

Different dentists profit best from different customer groups. And, of course, some customer groups are best avoided. Most dentists dislike treating terrified patients. A small number of dentists, however, now offer anxious or terrified patients a new, painless way of filling cavities, without the need for pain-killing injections. These patients are willing to pay a substantial premium for this painless service.

If you want to keep more than eight customer groups it will be for one of two reasons. Your business lacks market focus, in other words you are trying to be all things to all customer groups, or you may be listing industries, organisations, or the names of groups of people such as managing directors, gardeners, A, B or C consumer groups and so on. Again you may wish to review your earlier deliberations.

You should now have between six to eight customer groups.

Now take each customer group in turn and write a description of a typical person in that group. Include within the description the most important need that person wants to satisfy. The customer group will be identified by that most important need.



This is not an exercise in concise writing or English grammar. Write two or three sentences if it helps, or a series of notes. But however you describe the customer group your descriptions must be immediately understood by everyone involved in your business. Also ask yourself, would customers in each group recognise themselves in the description?

Now short-list the most important categories or occupations and business types of people who form each customer group. List the categories in priority order - those who are most likely to buy.






These lists will help you judge important factors such as the size and value of each group, primary and secondary needs, accessibility and also your ability to compete for their business. You should find these lists comforting because they use traditional descriptions such as doctors, dentists, factory managers and so on.

This is a simple check to make sure that each group is financially worthwhile to you. Simply estimate the value of each customer group and the share of business you win today and anticipate you can win by the end of the plan period.

The financial value and profit potential of each customer group will help you to decide which to include and which to avoid in the future.

If you don't feel that you can judge a financial value then make value judgments instead. Use a qualitative comment such as *'Fast growth in customer numbers and high profit margins'* or *'Static customer numbers and shrinking profits'*. What is important is that you are able to make a sensible judgment about the value of each customer group.

Other things you should consider when deciding the value of a customer group:

-  The number of potential buyers;
-  The buying price and supply/service costs;
-  The cost of reaching the customers;
-  The growth or decline of the group size;
-  The percentage of customers who will buy - and how often?

Evaluating customer needs

There is a saying in marketing: *'Customers don't buy products or services, they buy to satisfy a need.'* If there is no need, there is no purchase. This is so logical that it hardly needs saying. However, the basic principle, that customers only buy to satisfy needs, is not given enough importance in marketing and sales planning. During the next series of tasks you will change that.

Needs

There may be many different types of needs that you have to satisfy: personal, peer related and functional - the functions of the service. However, in every buying situation there is one dominant or primary need that must be satisfied in order for any sale to take place. This primary need is different for each customer group, as you have seen. Once this primary need is satisfied then secondary, less important needs, influence who wins the sale.

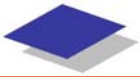
The dominant or primary need, as we have seen, is different for each customer group. This is the way to tell customer groups apart.

Some needs, however, are so fundamental that they are no longer looked upon as needs and no longer differentiate one customer group from the next. These become 'givens' and are accepted as being an automatic condition of purchase.

For example, in early coaching Inns, it was not 'given' that travellers slept in a bed. Most, in fact, slept on the floor. Gentlemen travellers insisted on sleeping in a bed so their primary need was 'sleeping in a bed'. Secondary needs may have included 'not sharing your bed' with another traveller; however, that was not always an option - sometimes they had to share.

Over time, things changed and today, in the developed world, it is 'given' that you get your own bed and 'given' that you have your own room. Neither of these two needs now differentiate one hotel from another so they are not designated as needs in marketing planning. But having your own bathroom is still a differentiator in some lower classes of hotel, so that might be the primary need for some groups of executive travellers.

There is also a range of secondary needs, varying in order of importance from customer to customer, that you must satisfy for a sale to take place.



In essence, if you discover the primary and secondary needs of a customer group, and you put together a service that satisfies those needs exactly, then customers will buy. That's the principle. In practice, however, it is not always quite so easy to achieve.

First, people in a customer group may be aware of their primary needs, such as the benefits of having better business information. But if customers have not experienced the benefits of better business information they will not necessarily make a connection between better information and faster, more profitable business growth. In fact they may never have experienced managing a business with better information.

Many potential customers need to be educated to translate their primary need into a specific service need. You achieve this by appealing to their primary need, for example, by promising them faster, more profitable growth, not by offering them better information. Once you have their attention you can explain how better information satisfies their need.

In marketing planning you identify all the potential customers for your service through the customer's primary need. The easiest way to do this is to put yourself in the customer's shoes and refer to and describe their needs in terms that they readily understand, such as *'more time and money for building the business'* and not *'invoicing services'*. This approach extends to your other marketing, promotion and selling activities.

Needs and Wants

Sometimes *needs* get confused with *wants*. A boy wants a mountain bike, an older man wants a sports car, and a manufacturer wants a new machine tool. Wants are a different and less effective way of describing needs. Wants can also confuse the real need.

The boy may want a mountain bike but the primary need is to accede to peer pressure, to own a bike like all the other boys in the street. Secondary needs can be pride of ownership and the need to receive an expression of love from one's parents. The need for a mountain bike may have little to do with the need to travel from one place to another. Can you think of the primary and secondary needs of an entrepreneur, forging new business opportunities?

Needs include other things that condition a purchase. Availability, convenience, price and delivery often influence a purchase decision. These secondary, less important, needs relate to the way your service is delivered to a customer. They are conditions that influence a purchase decision after the primary need has been satisfied.

Take convenience as an example. If you are based in London and you sell a service to a customer in Glasgow then the need 'convenience' is hardly satisfied. With all other things being equal, convenience will be a major factor in the choice between you and a local supplier. Again, this is all very obvious and something you are hardly likely to overlook.

There may, however, be less obvious needs that you may overlook when you decide between customer groups, so you must take particular care during planning. You must explore needs such as where you are located, parking, how fast you respond to customers, how quickly you are able to deliver or start a job, the politeness of your staff, attractiveness of your premises and many others.

Distinguishing needs

Primary need

The main reason a customer gains satisfaction from a product or service.

The primary need should be distinctly different in each of your customer groups.

The primary need is often so fundamental it is overlooked by the customer and seller!

Secondary needs

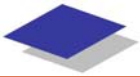
Secondary needs influence the sale only after the primary need is satisfied.

Secondary needs may be associated with or derive from the primary need.

A secondary need of one market may be the primary need of another.

Secondary needs are often so fundamental they are overlooked by the customer and the seller!

Secondary needs influence customers to choose between suppliers with the same products or services, after they have made a decision to purchase. They affect the buying decision after the primary need is satisfied.



Distinguishing needs

It is sometimes difficult to determine the relative importance of customer's needs. Take price for instance. Many customers have a ceiling to their spending. If a supplier is not able to sell at a price the customer can afford then nothing is sold. An acceptable price, in this case, is a customer's important need, which must be satisfied by any supplier before it can do business. Price, however, can never be a primary need. The service must satisfy an important need before price becomes a factor.

Example: when the first commercial computers became available they cost a small fortune. Only the richest organisations could afford one.

Organisations with no need for a computer were not concerned about buying at all, so the price was not an issue. Those who had a primary need that required a computer found price, a secondary need, a barrier to purchasing. As technology evolved the price of computers tumbled - satisfying the secondary need of affordable price in expanding groups of customers.

This example applies equally to cars, television sets as well as legal and accountancy services.

Secondary needs make customers choose between suppliers of the same products or services, after they have made a decision to purchase. They affect the buying decision after the primary need is satisfied.

Logically, a supplier can satisfy a primary need far better than any competitor and still lose every order because they cannot satisfy secondary needs like location, delivery time or respectful service.

In fact, you can have the best service in the world and never win an order. Conversely, you can have a poor service, but because you are less expensive than competitors, available and respond quickly to a customer's every whim, you could win all the business around!

That's how tricky needs can be.

Defining your services

Each of the services you offer customers is made up of a broad collection of deliverables of which the physical elements are often just a minor part. So don't be surprised to find that your physical service is less important to the customer than other factors that influence the purchase.

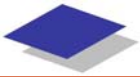
Example: if you sell domestic coal for heating you'll find that customers are concerned about on-time delivery, price and the honesty of the delivery driver. Coal, after all, is coal.

A fundamental re-evaluation of your service may force you to look again at what you supply to different customer groups. What you deliver, the way you advertise, promote and sell may all benefit from change. And change always brings with it a degree of uncertainty - am I doing the right thing? There is a natural desire to hang on to the familiar - what you did before worked well enough, so why change to something new?

If your services already sell well and you believe that they are fully competitive, you may consider leaving them alone. In today's competitive world, however, what satisfies today won't necessarily satisfy tomorrow. Therefore a rigorous review of your services is an essential part of your marketing.

Consider whether there may be changes in customer needs over time. In technology areas, such as manufacturing, electronics, communications and computers, technical evolution and methods of working change rapidly. Traditional services like accountancy and legal services, on the other hand, tend to change more slowly.

Consider also, whether competitors will drive a change in customer's needs, and what those changes might be. Over the next five to ten years, most small businesses will use computers and a variety of interactive television and internet media. How might this affect the way they receive services from professional providers?



Service life cycles

Nothing stands still. The demand for a particular service or product changes over time. Many may have long life cycles. Some are in high demand today and disappear tomorrow. The needs that a service satisfies, however, remains more or less constant and rarely disappear.

The need to travel from one place to another has changed little over the centuries. The way in which we travel and the vehicles we use have changed dramatically - and will continue to change. This raises a distinct planning issue. Should you be in the business of enabling people to travel? Or should you be in the business of manufacturing cars or vehicles. At some day in the future the car may be obsolete - but people will still want to travel!

More tangible examples are electronic valve manufacturers who went out of business when transistors were invented; typewriter companies who lost out to computers, slide rule manufacturers who lost out to calculators and paper diary manufacturers who are now beginning to lose out to electronic diaries and note-pads.

Service life cycles affect not only the physical elements of what you offer customers but other less tangible deliverables. A research study of drinkers reveals that the taste of the beer is less important than the atmosphere of a pub and the sociability of the bar staff. Low price came almost bottom of the list of customer needs! How have the needs of drinkers changed over the past 100 years? More importantly, how will they change over the next five to ten years, within your planning time frame? Will pubs continue to satisfy the social needs of drinkers or will a different type of social environment, offering different intangibles, fulfil the function of today's pubs?

You should evaluate, in increasing detail, the range of primary and secondary needs of each customer group. Whilst usually these needs will remain constant over time, the deliverables which satisfy these needs are likely to change. Some changes may be predictable. Most, however, will be unknown and only time will reveal what they will be.

This is why you must review your marketing plan whenever there is a noticeable change in

any plan element caused by yourself, technology, a change in market situation or a competitor activity.

Perceptions of services

Your perceptions of your services are coloured by your day-to-day association with what you and your competitors offer your customers. You must now take a new view.

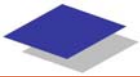
Customers, we have seen, buy to satisfy a particular need or set of needs. By definition, therefore, professional services are ways to satisfy customer needs. This logic is easy to see when a customer buys an accountancy service to complete their income tax return because they are too busy or can't get it right. It is not quite so easy to see when a customer buys an accountancy service to mitigate their fear.

A professional accountancy service completes the tax return correctly for the first customer. The same accountancy service performs a completely different function for the second customer when it safeguards the customer from an escalating confrontation and potential investigation by determined tax investigators. Clearly these are two very different products.

The former is a no-nonsense service that fulfils a simple functional need, the latter is a mix of intangibles, the reputation of the accountant, past and present associations, perceived competence, approachability and professional standing.

In reality most services are a combination of tangible and intangible elements which different customer groups buy to satisfy differing tangible and intangible needs. Intangible needs are by far the strongest buying influencers. This is why it is so important to define services not by what they are or what you call them, but by what they do for the customer. This approach may be a little unfamiliar at first. It may even take you a little time to get used to.

Example: the primary need of the customer group 'people who are hot and thirsty, who need to slake their thirst' is simply to slake their thirst - or is it? Cold tap water slakes thirst physically - and it's free. However, most people prefer to pay for ice-cold larger or lemonade. Why? Is their thirst, perhaps, more psychological than physical? In which case what product are they really buying? Could it be described as 'an excuse to enjoy a pleasurable indulgence'?



One service per customer group

When you use traditional market descriptions you sell more than one service to each market. For example, a solicitor sells legal services to corporate customers.

The traditional market description 'corporate customer' is extremely broad - it covers a huge variety of different customer needs, satisfied by many different services - an impossible way to plan effectively.

Your customer group descriptions, on the other hand, focus on just one main customer need at a time. One individual customer may therefore be a member of several different customer groups and move from one group to another as his or her circumstances or needs change.

Let's follow a typical individual, for example a woman, who owns a three-year-old car which is due for servicing, as she visits her main dealer from where she originally purchased her car.

She visits the dealer to book her car in for a service. Her primary need is 'to be completely confident that her car will continue to be safe and reliable to drive'. The customer group she belongs to is described as 'people who are not expert in the mechanics of cars, who need to feel completely confident that their car will continue to be safe and reliable to drive'. The service she seeks from the dealer is 'complete confidence that the car will continue to be safe and reliable to drive'.

She also visits the car showroom to look at the latest models. She then moves into a different customer group, 'people on an average income, with growing families, who need a safe, reliable means of transport'. Her primary need now is to 'transport her growing family safely and reliably'. The car she is interested in is 'a way to transport a growing family safely and reliably'. She asks the salesperson about a small estate car, which is equipped with several new safety features. Before leaving the dealer she pulls into the petrol forecourt to purchase fuel for her car. She moves into yet another customer group 'people who know little about different makes of fuel, who need to be confident that the petrol they purchase will be safe for their car's engine'. She purchases a leading brand of petrol.

People from many different customer groups visit the car dealer to satisfy many different needs. Each customer group is satisfied by just one service at a time, each made up from a collection of several or many different elements. The service 'complete confidence that the car will continue to be safe and reliable to drive' is made up from the following elements: past experience of the dealer in keeping cars safe; close association with the manufacturer of the car, physical signs and indications of professionalism and competence (Training certificates etc.), confident and reassuring staff interaction with the customer and physical indicators of a correctly completed service - service book stamped, check lists, car cleaned etc. The actual servicing carried out on the car is not evaluated or measured and forms little part of the service the customer buys.

This approach to defining service and the collections of deliverables that go to make up the service, applies to every type of product or service supplier. Manufacturers of technical products like to think that the physical product is the most important consideration of their customer. This is rarely the case.

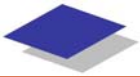
You will recall that the planning process began by short-listing the best customer groups for your firm to target. You may now instinctively feel that some of your own services don't quite match the needs of your customer groups. You are now asked to put aside your traditional service thinking, from the past, and define new services for each of your customer groups.

Review all your services

In this exercise you define the service or product that satisfies the needs of each of the customer groups you previously defined.

Take each customer group in turn. Start with what you offer the customer group today and consider what your service does for the customer. Focus on the most important customer need. Does your service satisfy this need fully? If not, create a new description which explains your service in terms of how it satisfies the customer group's need. Write a short sentence, which describes what it does for the customers.

Generic descriptions explain what the service does for the customer, not what you or your competitors call or name it. For example, a



photocopier is 'a way of replicating documents'; 'a way of making money by providing a copying service to others'; 'a way of protecting valuable library reference books from theft or defacement'.

The service description for each customer group should be distinctly different. However, the physical service, a single element or a collection of different elements, may be the same. Each service description must be understood by everyone in your business and all the people in the customer group.

Don't be surprised if it takes you a little time to produce descriptions, which you are all happy with. And don't be too critical. What is important is that everyone involved in planning has a similar understanding. The next activity puts this to the test.

You next need to build a list of components for each service. Start by brainstorming all the physical and intangible elements that you, or for that matter any supplier, must deliver to win the customer's business. Shortlist the eight most important components and put them into priority order. At the top of the list is the component which satisfies the primary need of the customer group. Quite often this will be an intangible component, which satisfies a personal need relating to ego, security or the relationship to others.

Choosing target customer groups

The 80/20 principle tells you that only 20% of your customer groups will produce 80% of your income and profit, so it makes sense to concentrate all your future effort on the best 20% of prospective customer groups.

This makes even more sense when you consider the effect of this strategy over the longer term. New clients, who fit the top 20% category, continuously displace the less profitable 80%. And the 80/20 principle continues to work for you year on year, so your customer base becomes more and more valuable. This is how successful businesses profit and grow.

Conversely, businesses that don't concentrate their search for new business in the top 20% of their customer groups tend to accumulate the less profitable 80%, which are easy to win. As a result they become less profitable or risk going out of business.

By prioritising customer groups, you are focusing your search for new business in the future. Your advertising and sales priority should be targeted at the top groups.

However, that does not mean that you refuse business from other customer groups, particularly those who give you a good net margin. If you are offered work that is profitable you obviously consider it carefully.

If you are consistently offered profitable work outside your chosen customer groups, it may mean that you have made a wrong judgment about other customer groups during your earlier planning work. You may need to go back and re-assess some of your decisions in the light of what is really happening to your business.

This highlights a point about any form of planning. It is not a once only activity. You must continuously check your assumptions while your plans are implemented and as real customer reactions and information becomes available.

Positioning

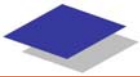
Your final customer groups have been chosen for their value to you and for their match to your business's strengths and abilities.

You have identified the primary or most important needs of the people who make up each customer group. The way you satisfy this need become the positioning for each customer group.

If the customer's primary needs in each of your final customer groups are broadly similar (they should not be the same) then you may be able to position these groups in a similar way.

If, on the other hand, the primary need in each of your key customer groups is different, for example one addresses a need that is unique to larger businesses and another a need of small traders, then you will have to position your business differently for each customer group.

Positioning is about how you are seen by customers. If you have a customer group of small traders who need to find more time to develop their business, and you plan to offer a service that takes away the time and hassle



of their day-to-day accounts, you will need to position that service differently to a service which addresses the needs of the MD of a larger company whose need is to make safer investment decisions.

You may find, however, that the secondary need of each group is, in fact, the primary need from the other. This gives you the opportunity to sell to both with a similar story.

You must remember that when you determine your positioning for each of your customer groups you are committing to a course of action which, if correct, will help you to win business. If you have made incorrect deductions about your customer groups and their needs, your positioning can adversely affect your ability to win business. It is important, therefore, that you are completely confident that all your planning decisions are accurate and reflect prospective customers' real needs. If you have any doubts then this is the time to do research and test customer's reactions.

Strategies for customer groups

You have a clear understanding of the needs of each customer group and you understand your comparative strengths and weaknesses. Deciding effective strategies for your final customer groups should now be possible.

Few, if any, of your competitors will have evaluated the needs of different customers or selected the most profitable. Few will have your insight into how to win the most profitable customers.

And you don't need to devise brilliant strategies in order to win your chosen customer groups. Brilliant strategies, by definition, are risky. What you need are logical, sensible strategies based on delivering exactly what your customers need.

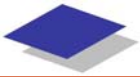
Neither should you concern yourselves with your competitors. The fact that most will be less aware of customer's needs and less able to deliver customer satisfaction is to your advantage - many may actually be getting important things wrong. You must concentrate on delivering the highest level of satisfaction to your final customer groups.

The simplest and most effective strategy, therefore, is to deliver, as nearly as possible, exactly what each customer group needs - and to communicate that to all the customers in the group in the most effective way.

The first part of implementing this strategy is to examine your strengths and weaknesses. (Remember they are based on your ability to satisfy customers' needs.)

Can you neutralise obvious weaknesses or change them into strengths. Do not try to turn weaknesses into strengths unless they are important and will help you to win in that customer group.

Having planned to overcome or neutralise the major weaknesses you can now examine each service separately and build your strengths. Remember to focus on the most important customer needs. Don't waste time on minor needs that have less influence on a customer's purchase decisions.



Section 12: Keeping the customer happy

The Government has launched some innovative tools designed to help a business satisfy its customers and improve the service delivered. The tools - a CD-ROM step-by-step guide for businesses to improve customer service; and a new customer service module for the UK Small Business Service's Benchmark Index database - have been designed in partnership with business and consumer groups - such as the NCC, the Small Business Service and businesses, including John Lewis and ASDA.

With research showing businesses spend six times as much to recruit a new customer than to retain an existing one, good customer service is an essential component of a successful business.

Getting it right first time is obviously the secret of good customer service, but where mistakes happen, research shows that a well-handled complaint makes all the difference to customer loyalty.

What angers customers?

1. Being kept on hold for excessive lengths of time, while being told repeatedly how much the organisation values their custom.
2. Organisations which ignore basic consumer rights, eg, taking back faulty goods and being refused a refund and told to change it for another product.
3. Battling bureaucracy to resolve a problem. Staff should be empowered to tackle complaints immediately.
4. Rude or over-friendly staff - both extremes can make customers feel uncomfortable.
5. Anonymous staff who refuse to give their names.
6. Broken promises - businesses should not make promises to customers which they cannot honour.
7. Inflexible delivery times - businesses which refuse to deliver beyond a narrow, fixed time, or at weekends when most customers are at home.
8. Lack of customer-friendly complaints handling systems - if it is difficult to complain, most people will not bother. They will simply take their business elsewhere.
9. Premium rate advice lines. It would be better customer service to provide freephone or low-call numbers.
10. No human voices on the telephone - mechanised systems which fail to connect

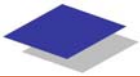
or which take customers through a lengthy process only to deliver them back to the beginning.

Top ten tips for good customer service

1. Talk to your customers - carry out surveys. Ask customers what they want and make it easy for them to give you feedback.
2. Listen to your customers - listen to complaints and compliments. Don't be defensive - accept criticisms as they will highlight areas for improvement. Let customers know if you are acting on their suggestions.
3. Build trust. Keep your promises. Deliver when you say you will. If things go wrong put them right quickly.
4. Take complaints seriously - don't be dismissive or patronising. Have a customer friendly system for dealing with complaints so that if things go wrong, staff are easily accessible to put things right.
5. Get it right first time - it saves you time and money if customers are handled well from the outset.
6. Make the most of your staff - invest in training. Value them. Empower them to deal quickly with complaints. This will build morale and happy staff lead to happy customers.
7. Go the extra mile - a willingness to delight customers is what separates the best from the rest.
8. Do not make assumptions - your last customer service survey (last year's) is probably out of date now - keep talking to your customers. The most successful companies know they cannot afford to rest on their laurels and are always willing to try something new and learn from others.
9. Learn from your mistakes - and put them right.
10. Put yourself in your customer's shoes - would you be delighted by the service you receive? Would you do business with you?






The customer service module

The customer service module has been developed by DTI and the Small Business Service (SBS) as part of the SBS' Benchmark Index. The Index is run by the SBS and delivered using 700 trained advisors from Business Link operators, trade associations, and private business support organisations. It holds the financial data of over 156,000 companies and has a growing database of benchmarked performance data for a further 5,000.











The benchmark process uses the advisors to guide businesses through in-depth questionnaires, aimed at gathering key information about a businesses' performance.

Benchmarking has helped businesses to:

-  Improve productivity
-  Improve competitiveness
-  Overcome competitive threats
-  Address growth issues
-  Gain a complete picture of the business.

The module helps organisations to demonstrate how a balanced approach to customer service reaps rewards, while poor service results in loss of profit.

The CD-Rom is part of the Small Business Service's CONNECT series of best practice programmes, available through local Business Link operators. Made up of real-life documentary case studies, each CD in the series of 32 is designed to stimulate small businesses to adopt best practice and undertake change. The series includes the following topics:

-  Leadership
-  Markets
-  E-commerce
-  Products and processes
-  Finance
-  Exporting
-  Applied benchmarking
-  The Euro

-  Minimum wage
-  Partnership with people
-  The business excellence model
-  Business and schools in partnership
-  Supply chain
-  Programmes specifically for farmers, the construction industry, tourism, hospitality and leisure
-  Customer service.

More information about Benchmarking can be found at www.benchmarkindex.com or call the Benchmark Index hotline on 08700 111 143.

For information about the CONNECT series, call the CONNECT hotline on 08700 111 142 or visit www.connectbestpractice.com or contact local Business Link operators, Tel: 0845 600 9006 or visit www.businesslink.org

Further Information

If you would like to receive further information about this subject or other publications, please call us – see our contact details on the next page.

Reference:

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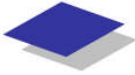
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- Advanced Skills Testing
- Contract and Interim
- Response Management
- Executive Research

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- Recruitment Training
- Coaching & Mentoring
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- Occupational Psychologists

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