Towards a more strategic influencing model

The product knowledge trap

One of the paradoxes of selling, or any other form of influencing for that matter, is that while most people will concede that good product knowledge is essential, fewer will accede to the idea that such knowledge may be a difficulty the sales person has to overcome.

It all starts with an understanding of the way people make their buying decisions. (For the purpose of these notes, the focus will be on the buyer/seller relationship, although an exactly similar set of conclusions can be drawn for anyone facing the need to influence others to say 'YES' to something, whether or not it involves parting with actual cash).

The problem lies in the assumption that many salespeople make that buying decision are both analytical and rational. Sadly, the evidence suggests that neither statement is true. But then, this assumption is only one of many that tend to be made by salespeople about the nature of the buyer/seller relationship that are equally untrue.

For example, observers of the selling scene do get somewhat tired of being told that the only thing that counts is price. Even in the most depressed markets, when admittedly most of the cards are stacked in favour of the buyer, the statement is still untrue. In survey after survey of buying criteria and priorities, price typically comes somewhere between 4th and 11th in the pecking order. So why do so many sales people so strongly believe that the contrary is true?

Similarly, in study after study, groups of sales people will state that, in the negotiating situation, the buyer typically has the power. This assumption tends to work against one of the basic rules in negotiating, and goes some way to explaining why so many sales people tend to negotiate price down instead of up. The snag comes when it is noted that in study after study, groups of buyers will state the opposite, i.e. that typically it is the seller that has the power.

Now both can't possibly be right, or can they? In fact, both are wrong. All the studies show that people who believe they have the power actually have it - in other words, it is all in the mind. Which raises the second interesting question - why have so many sales people been able to persuade themselves that power lies with the buyer?

Now it's not too big a step to see that power in negotiating and attitudes to the primacy of price are not too far distant from each other, but what has all this to do with the

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issue of product knowledge? Well, the connection may be obscure and indirect, but it is there, nevertheless, and very strong.

The bases of buying decisions

Let's return to the question of how buying decisions are made. Studies show that there are a number of prime determinants or bases of the decision to say 'yes' to some proposition. The headlines are shown in the table below:

Real Needs	**Felt Wants**
Felt Needs	**Fear**
Security	**Ignorance**
Habit	**Misinformation**
Status	**Prejudice**

The first two - real needs and felt wants are easy to explain.

The real needs are practical or economic issues that have to be dealt with in the process of the buying decision. An example would be the buyer of a new car, where there are financial constraints affecting the price or the size of the repayments, if finance is needed. Other practical issues might be the need for a large hatchback or estate car if there is a large family or number of dogs to be carried.

The felt wants are those issues which have no practical value whatsoever to the buyer, and this is recognised by the buyer, but are issues that still form part of the buying decision. The same car buyer might be concerned with colour or the style of the car - it has to look right, and it would be conceded that this is a matter of taste rather than having any practical value.

The felt needs are more interesting. These are the issues that actually have no real practical or economic value, but are dressed up to look as if they have. That is, they are really felt wants, but buyers pretend, especially to themselves, that they are real needs. For example, here is the same car buyer who states that he must have the model with the larger engines, since it will help him to get around the country quicker.

Now he may not ***know*** that there is clear evidence to show that there is no connection between engine size and journey times - it's all down to the driver, if issues such as traffic conditions, weather and so on are factored out of the equation - but in his heart of hearts, he probably does know that he really just wants the larger engine.

The refrain from sales people that they need the larger model, because it will portray a better image and a higher level of prestige to the customer when they are entertaining them, comes in the same category of rationalisation. We even heard one salesman make this claim when his current car was more like a mobile dustbin - the floor was covered in cigarette ends, which mainly served to cover up the other accumulated rubbish there!

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Moving on, there are the two sides of a coin in fear and security. Many buyers are fearful of changing away from what they know and are comfortable with, and many have had bad experiences that have engendered this attitude. There are many large companies which capitalise on this position, with their emphasis on their own security and service levels. In the computer industry, for example, there are many buyers who won't buy this year's latest offer of Product 'X', even though it is offered at some extraordinarily low price, and in spite of evident technical superiority, Their question is whether or not the seller will be around in a year or two, when they are needed.

Ignorance is another prime mover in the buying decision. Many buyers simply do not know what is on the market, or the facts about other product or service offers. Many do not even know the facts about the product or service they are currently using - these are the very sort of data that many organisations are extremely good at burying.

Habit is a fascinating source of impetus in the buying decision. There have been many tests that have shown that buyers do not readily pop their heads up to consider new options. That which has been purchased for many years is the only option on the list. On occasions where new options are claimed, they turn out to be simply variations on the theme, instead of really new options.

The misinformation element is also simple enough. Anyone who believes that sellers, advertisers and marketing men tell the truth, the whole truth and nothing but the truth must be very naive indeed - either about their own or their competitors' products. There is the case, for example, of the major motor manufacturer who, for many years, berated the market about the undesirability of front wheel drive cars, on the basis of the higher purchase price and higher maintenance costs, combined with higher fuel consumption and poor reliability. Until the same manufacturer introduced their own front wheel drive model, that is!

Status is another fairly obvious bet. There are many image-ridden buying decisions, where large sums of money are squandered for no reason other than making clear who is where in the pecking order. We recall a business dinner where the entire group of directors spent over one and a half hours arguing about the car policy in the company and why it needed changing, and the cheapest car in sight retailed at about £75,000! Once again, there are those companies that actually capitalise on the status value of their products, to lure the right kind of buyer to open their cheque book.

And finally there is the question of prejudice. This writer will happily admit to a nasty case of prejudice in respect of his own buying decisions about motor cars. Having experienced the engine of one particular make literally blow up - and that means great lumps starting to appear in the bonnet, from the inside out - it is now out of the question that another model from the same stable will be considered. Intellectually, it is realised and accepted that the particular manufacturer now produces technically sound motor cars, but the memory of the experience is a long one, and still conditions attitudes.

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The nature of buying decisions

What this all adds up to is the simple fact that the determinants of the buying decision are complex, and largely unconscious – and sometimes even irrational. Moreover, they operate at varying levels in the mind of the buyer. (Interestingly enough, a 2006 study by McKinsey has demonstrated that strategy decisions by executives are similarly complex, largely subconscious and often quite irrational).

The felt needs are articulated, and are or should be well understood by buyer and seller alike – although, there is, on some occasions at least, some doubt about that.

The felt wants are often articulated by the buyer in a domestic purchase but less often in a business deal. The felt needs are normally not articulated at all, as such, least of all in a business purchase, and may not be admitted to even when the buyer is challenged. And beyond this level, the determinants operate almost entirely at the subconscious level. How many buyers will ever know let alone admit that their decisions are based in ignorance, habit or prejudice?

This all implies that the approach, touted by so many self-confessed experts in the business of selling, that selling is all about asking good questions to find out the buyers needs, turns out to be a very superficial one. In the first case, the (real) needs are only a tiny part of the bases of the buying decision, and may not even be the main component - normally, they are not. In the second case, the real determinants of the buying decision may not even be known to the buyer, at the conscious level, which makes our 'good-questioning' seller unlikely to strike gold.

Now, in spite of all the difficulties suggested by the studies about buying decisions, there are answers to the conundrum posed, although the main purpose here is not to deliver a treatise on selling approaches. The link, however, can be drawn back to the issue of product knowledge.

Product knowledge and price

A few moments reflection will show that there is a strong connection between the information that the seller has about the products on offer and the real needs of the buyer. This connection is often acknowledged, albeit unconsciously, by the seller, when they ask buyers to talk about their 'requirements'. It would be difficult to dream up a better word to focus the conversation on the mechanics of the purchase than 'requirements', but a very popular word it turns out to be.

Which all adds up to what? Paradoxically, it all means that sellers who go in spouting about their products, and their advantages to the buyer, given the bases of buying decisions not touched by product features, are actually encouraging the buyer to say 'NO' to the buying proposition.

Now there is nothing new about the idea that 'telling is not selling', but the statement above goes a bit further than most would propose to go. The traditional approach suggests that the more sellers talk about their products, the more they are likely to cause objections, and this is certainly true. The offered answer is to ask open ended questions, to identify buyer's needs and then offer one or two big benefit statements, which will match the buyer's stated needs, and, bingo, the deal will be struck.

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So far, so good, but just suppose that the buyer is not consciously aware of the main determinants of the buying decision? Then how can the buyer articulate them? The answer is, it is impossible, and the whole house of cards comes crashing down.

Now consider the question of product knowledge again. And then ask what are the real differences between product 'X' and product 'Y'. So often, there are none – there are only too many 'me-too' products out there. All cars have a wheel at each corner, a steering wheel, a brake pedal, and a variety of holes, and, if you are lucky enough to put the right fluids in the right holes, the car tends to go quite well. In other words, most markets out there are 'me-too' markets.

So here is the fleet buyer of Joe Soap & Co., who has been buying from manufacturer 'Z' for eleven years, and in walks the seller from manufacturer 'M' who proceeds at great length to tell the buyer how fine his companies products are. The buyer, who does not even fully know (consciously) why he continues to buy from 'Z', hears all this and then asks the inevitable question. "How much?".

The poor seller talks about the latest special deal, which may or may not undercut the deal the buyer already has. Even if there is a small difference, the chances are the buyer will give the seller the heave-ho, since, for all the reasons listed above, the product information offered simply does not have any connection with the real bases of the decision. And the more product information the seller gives, the more this impression is reinforced.

So our poor, benighted seller goes away, telling the world how tough it is out there on the streets, and how awful the price pressure is from the buyer. When the next sales call is made, it is all too tempting to pre-empt the buyer's question, and offer the latest fancy prices, up front. At which point the circle is complete. The buyer now knows that this sales person is vulnerable on price, tells the sales person they are not in the right ball park, and the downward spiral on price is well and truly established.

(If you are wondering about the earlier statement about buyers who believe the seller has the power, the logic still stands up. Reflect on the relationship between the buyer and the seller from manufacturer 'Z', and it's easy enough to see why they both believe the other has the power).

Which brings us back full circle to the product knowledge issue. All of which is not to suggest that it is not essential - of course it is. But also consider the dangers.

All the time sales people base their approach on incorrect assumptions about how the buying decision is made, the very fact of their high level of technical expertise will tempt them to talk about it. On a separate plane altogether, it is easy enough to demonstrate the way virtually all people, including this writer, tend to be driven by and preoccupied with their own ideas and information, conversationally speaking.

The more sales people talk product information, the more they will get rejects and downward pressure on price. The response that so many sellers have to this is to switch to price selling and then, when challenged, deliver more product information at an even higher rate than before. All of which adds up to very real downward pressure on price and loss of real power when negotiating, for that particular sales person. And

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as we all know, perceptions become realities, and are just another form of self-fulfilling prophesy.

So there we have it - the product knowledge trap has closed, yet again, on an unsuspecting sales person, and, as is quite likely, on the sales manager too. So often, the response to poor sales is to crank up the technical training even more. Now there's a case of managers shooting themselves in the foot, not just the first time with that particular gun, but actually digging the spent bullet out of the floor, reloading it into the gun and pulling the trigger one more time!

All of which prompts the question – so what's the solution? As it happens, there are three possible influencing strategies, two of which don't work wonderfully well, and one that, with a bit of care and attention, actually does. First the failed approaches.

Influencing strategies

One subject of never ending interest is related to observing sales people pursuing the various influencing strategies that they follow from time to time. The prime cause of the interest is that these normally fall into one of two categories, neither of which helps the sales person to close the deal they seek so ardently.

Interestingly enough, both stem from observations made about selling, and the ways that salespeople manage to talk themselves out of the order, all of which are valid in themselves. In most senses, the advice they are given based on those experiences, is sound. But somehow, in the application, it all seems to go wrong.

First the observations. A common one is the observed failing of many sales people to ask for the order. There are many reasons for this, a most common one being the fear of hearing the dreaded 'NO' response. Whatever else is true, if you don't ask the question, it is reasonably difficult to get to the 'NO'.

Another common one, well supported by the evidence, is that "People buy from people". This amply suggests that it is a requirement for sales people to get on with their customers, actual and prospective – relationships count. Who could argue that the probability of a sale is decreased by the development of a relationship between buyer and seller more characterised by conflict and tension than harmony and mutual co-operation.

Macho man

The response to the first observation is often to train sales people in superior closing skills, and the whole range from the assumptive close, through the alternative, action and difficulty closes is normally spelled out - if you really want to pursue the matter, we believe you can still obtain an American audio cassette offering 1,742 new ways of closing. Ever met the sales person who can even remember 1,742 ways of closing, let alone select the right one for any appropriate situation?

The problem arises when our hapless sales people, full of their newly acquired closing skills, try them out on unsuspecting prospects. Alas, the rate of 'NO' is just as high as originally feared, but, as they have been told to, they keep right on in there, closing

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away, and, sooner or later, someone says 'YES', which demonstrates the validity of the doctrine. Or does it?

Old warm and cuddlies

Before we look at the reasons for the defect in the logic, let's turn briefly to the other type of influencing strategy. Instinctively recognising that just walking in off the street is not likely to get an instant 'YES', another sales person tries a different approach. (If it's one who has just been on a closing skills course, and has had the kind of initial experiences described above, who could blame such a person for trying another strategy?).

This approach is based on the assumption that if the sales person builds good, strong relationships with the buyer, sooner or later, the buyer's present supplier will let them down, and, in a flash, the business will be transferred to our hopeful seller. And who can argue that it does not work, because it does, and demonstrably so. So, what's the snag?

Simple, really. It all depends on fate and luck, which never did seem a good basis for planning a sales operation, and for forecasting the future business of the corporation. Our sales person's competitors are also trying hard to build good, strong relationships with the buyer, and, unfortunately, just when the present supplier lets down the buyer, the last sales person in was not our friend, but a competitor's, and it is another company that gets the business.

So, in a sense, we have two opposing strategies, both designed to tackle the same root problem, which is all about getting the buyer who is currently buying elsewhere to say 'YES' to the product or service on offer. On the one hand, we have 'macho man' who just keeps on closing for the order, and gets a very high failure rate, as well as running the risk of upsetting the buyer. On the other hand we have 'old warm and cuddlies' trying to get an arm around the buyer's shoulders and build those relationships, and never asking for anything. Again the failure rate is high, as are the selling costs, and still the possibility of upsetting the buyer is there - "Not that ~*#+@% salesman again!" The process is sometimes known as "loving the no-hoper to death!".

Two dead ends

So both of these influencing strategies are failure modes, and yet they are tried again and again. So why do sales people keep on trying them? In both cases, the start of the process is the same fundamental misunderstanding about the way buying decisions are made that was discussed above.

Now let's reflect on what all this means in relation to 'macho man' and 'old warm and cuddlies'. The fact is that all those bases of the buying decision, apart perhaps from the real needs, (and there is unlikely to be any significant advantage there), will be working against the buyer deciding to change supplier. Assume the buyer has been using the same supplier for a few years, and the pattern becomes clear.

Fear will work against a change, which will look somewhat like a leap into the dark, (after all, why stay with the same supplier for years if the product and service had not been, broadly speaking, acceptable?), and security is where the knowledge is.

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Ignorance is likely to be higher about the new product than the existing, and habit speaks for itself. Status may or may not be an issue, but if it is, the satisfaction of it is probably already high, because of the length of the supply arrangement. The same duration will have provided ample opportunities for misinformation to have been at work, which normally will have firmly cemented any pre-existing prejudices.

And it is in to this little scene that our hopeful seller wanders, with super closing skills or arms around the shoulder. The former is highly likely to get the buyer's equivalent of a "Heave off", but somewhat less polite! There is thus no chance of tackling the subconscious determinants of the buying decision, to try to shift them in the salesman's favour. The arm around the shoulder does relatively little harm - most buyers are nice people - but equally does little to address and shift the real bases of the buying decision.

So where to from here? There is, in fact, an answer, and a simple one at that. It falls smartly between the two extremes we have examined thus far. It argues strongly for “Don't keep asking for the order”, because that is a good way of getting thrown out, but, equally, don't ask for nothing, because that is a good way of getting nothing. In other words, always ask for something, but not the order.

Commitments

Selling, or influencing, is all about getting commitments - the buyer has to say 'YES' to something. A useful working definition of influencing might be:

"Influencing is gaining commitment to action by the other party to meet pre-determined objectives."

The commitment and action parts are crucial - for example, we would argue that the outcome of a sales visit where the buyer agrees that the seller should submit a proposal contains no commitment at all - what has the buyer agreed to do for the seller? Answer, nothing - which equals no commitment.

The commitment ladder

So what to ask the buyer to say yes to? It starts with those predetermined objectives. There is a concept known as the 'commitment ladder'. It assumes that for the buyer to say 'YES' to the seller, at the end of the first call, which is what macho man is asking for, is a very big decision, and not likely to happen, for all the reasons outlined above. It is, therefore, more sensible to work out something that the buyer might comfortably say 'YES' to, and which would represent a smaller, easier-to-make decision.

If we can find a series of small decisions, or steps on the ladder, where each 'YES' represents a small step closer to the big one, then, finally, the 'YES' decision to buy is no longer so big, after all. Thus each call should have, as its predetermined objective, a step up the commitment ladder - the action we are going to ask the buyer to take for the seller, which will move them closer to the big one.

This step by step approach has many advantages. Two are key. The first is that we test whether or not the account is worth continuing with. If we get a 'NO' to a small commitment, what chance have we of a getting a 'YES' to the big one? This may not get us the order, but it sure as Hades stops us wasting energy on no-hopers, and frees up time to concentrate on those buyers who are still saying 'YES'.

The second key is that every little thing the buyer agrees to do, and especially if the seller is doing something in return, (the negotiation model of exchanging concessions), is attacking the unconscious bases of the buying decision, and flexing them in the seller's favour. The more they work together, the more the fear/security issue will disappear. By definition, ignorance will diminish and the bases of any prejudice will be eliminated. Misinformation will get itself corrected and a new habit - working with the new seller - will begin to develop.

So there we have it - an alternative strategy to the big bang and good relationships theories of selling. And one that works, with very little risk and distinct pay offs in terms of more focused selling activities and reduced selling costs per new account opened. So why don't more salesmen use it? Because we just train them to close and don't explain that closing can be on issues other than the order itself.

Transfer those new closing skills to lower level commitments, on the way to the big one, and the chances are that, by the time the buyer arrives at that point, it will no longer be a case of the seller selling but the buyer buying. And that can't be a bad place to end up.

Which is my cue to depart. The position is that I am half way up several commitment ladders, and I need to ask some people to say 'YES' to a few things.

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