

# THE CONSULTING CORNER

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## THE SELLING CYCLE

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**By Michelle Currie, Managing Partner**

In the previous two editions of The Consulting Corner I wrote of the motivations involved in selling and the sales personality needed to be effective in sales. In this edition we will look at the selling cycle itself and integrate the motivations and personality traits with the selling cycle.

The five steps in the selling cycle are:

1. Approach
2. Qualify
3. Presentation
4. Handling Questions and Concerns
5. Close



### THE APPROACH

*Establishing a comfortable relationship where the prospect is at ease and free to talk.*

How many times have you seen the following? A prospect walks into a lawn and garden dealership. The dealership salesperson approaches and asks, "Can I help you?" The prospect replies, "No, I'm just looking." The salesperson then usually says, "OK, let me know if I can help you" and walks away. This salesperson has just gone through the "No, I'm just looking" brush off.

Sound familiar? This happens to salespeople every day. The problem is that in a good sales call you need to have an approach that prevents you from getting brushed off. The goal of the approach is to gain prospect attention and interest. There are a number of things you can say in addition to, "I'd like to talk to you about equipment", that will accomplish this goal.

Take some time to list a number of approaches you can use. As you're reading through this material, think of a couple approaches that will prevent the "Not Interested" brush off. Remember that the primary objective of a successful approach is to get an interested prospect talking — about anything! Just try to break the ice. Once you have the prospect talking (once you have engaged the prospect) you have a better chance of leading to the second step of the cycle, qualifying.

### QUALIFYING - NEEDS ANALYSIS

*Getting the prospect to articulate all significant practical and personal needs relating to a complete purchase decision.*

Qualifying is an attempt to understand the prospect's practical and personal needs as they relate to your product or service. Specifically, you must uncover and segregate the logical reasons why the prospect should use your product or service from the emotional ones. You must be fully aware of both the practical and personal needs of each prospect if you want to sell them successfully.

To be successful in qualifying, you need to practice the art of directed conversation and intensive listening. Directed conversation means asking open-ended questions that will bring the prospect

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## Customer Service

By George Keen

My florist, my dry cleaner, my car dealer and my furnace company all share some strong customer service characteristics. They know the center of their businesses must focus on the customer. Companies that are very successful in servicing the customer don't take notice of what they do well. These companies usually have the lion's share of the market. When my family went looking for colleges for my two oldest children, we found some of these same characteristics in a particular university. Universities are focused on getting their share of the student market and retaining these students for at least four years.



Let's consider the universities and colleges we visited during our search. Our first stop was a large college that was considered "Ivy League" for a state school. We took the standard tour of the campus and were advised of the various buildings, amazing courses offered, and all the fantastic extracurricular activities. While the guide bragged about the 39 dormitories and the large student body, our two potential students were scared off by the size and impersonal feel of the tour (as well as the father who was going to pay the tuition.)

The next big school we considered was right in the center of a very large city and the tour was "canned." The dorm room they showed on the tour was so clean I would have considered living there. This school wasn't realistic enough for our children. Other schools we looked at had similar issues, except for one university.

When investigating this university, we found the campus to be smaller and more residential. Upon entering the admissions office we discovered both of our children's names on an announcement board scheduling them for a tour. Two counselors were available to talk individually to each of them right away. Being the parent of these potential customers, we were not invited to attend the interviews. The focus was on the children and this is what tipped the scale in the university's favor.

The tour of the classrooms and campus was unique and personalized. First, the tour was not fifty parents along with their children, none of which you had ever met. The tour guide was called just for our family. She obtained a key to one of her friend's dorm rooms and showed us the most typical living area I've ever seen. It was messy, but it looked like my room when I went to school. Suffice it to say the children were impressed.

The university did not stop there. They continued their customer service orientation with a hand written thank you card after the interview, personal phone calls to introduce the new students to their roommates, announcements about upcoming events at the school and even in our area, and of course requests for contributions and newsletters.

The customer service this university provided was so fantastic we even sent our third child there. All three children graduated and after paying all that money for all those years, the entire family was pleased to have invested in this university.

That was a real example to illustrate the qualities of good customer service. Service is not merely done by technicians. It is in everything that we do when relating with our customers. If we look at all the characteristics of a great dealership we will continuously observe opportunities to address the needs of our customers. Let's review some of the good performance areas we have found in great dealerships.

Within the service department great dealers have a focus on customer service to drive marketshare. As difficult as this may be for some companies, the great ones have taken on the challenge and made it a part of their uniqueness. They have identified all known equipment in their market area and documented who services or provides parts for these units. They have assigned salespeople to these prospects to become more familiar with their businesses and general principals. In fact we frequently find that there are close to twice as many salespeople handling this function in the great dealerships. They understand the concept of account penetration and are committing the resources to accomplish it. You can't get to all of the accounts if you hire half the staff needed.

Visiting a dealer recently, I found a chart on the branch manager's office wall. It had each aftermarket salesperson's name, their number of accounts based on priorities, the expected number of calls each month and the actual number of calls completed. Also, to the far side for each salesperson was the expected parts and labor sales dollars and their accomplishments of these targets by percentage.

As a visitor I was able to see very quickly which salespeople were doing well and which ones needed help. The branch manager explained which salespeople were experienced and which were new. The manager would also explain what training or assistance was being provided for each person. More importantly the manager was getting call reports on a daily basis on what was happening out in

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## The Selling Cycle

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toward revealing a particular set of facts. Notice we've said open-ended questions. Those are questions that allow the prospect to articulate, as opposed to closed-ended questions which require them to answer yes or no.

The other skill is active listening. It is a skill that can be developed. The first step is not to interrupt the prospect — let them talk. Also, don't be afraid of a moment of silence — many times the prospect will break the silence and offer even more information. Next, make short interjections that acknowledge the prospect's points as he or she talks. Also, use paraphrasing to make sure you heard the prospect correctly. Finally, don't be afraid to use a notebook to jot down those more important pieces of information. You may find that by referring back to your notes you prevent the prospect from continually changing needs and keeping you off balance.

### THE PRESENTATION

*Articulating product features targeted to specific buyer needs, explaining their benefits and putting those benefits in the buyer's frame of reference.*



A successful presentation takes the information acquired through qualifying and relates features and benefits to the individual prospect's needs. Far from being a canned pitch, the presentation should be tailored very specifically to the individual buyer's frame of reference.

When you're putting a presentation together during your pre-call planning, remember that there are three distinct parts of the presentation worth mentioning. They are:

- Feature –it has
- Benefit – which will
- Buyer's Frame of Reference – thus you get.

By putting your presentation in the sequence of "it has," "which will," "thus, you get," you make each specific feature its own little "sales story." As you relate each of these little "sales stories," be sure to ask for agreement from the prospect as you're going along through your

presentation. These minor agreements (trial closes) will indicate to you when you've "sold" the prospect on the product and when it's time to move into the closing phases.

### HANDLING QUESTIONS AND CONCERNS

*Clarifying and focusing a prospect's questions and concerns in such a way that the answers increase assurance of satisfied needs.*

Almost all presentations end up with a few unanswered questions or concerns on the part of the prospect. The way you deal with these will make a big difference in whether or not you reach an agreement with the prospect. Remember, until they are satisfied (assured) they won't be ready for the close.

The following is a methodology you can use to handle just about any question or concern.

1. **Show Empathy.**
2. **Restate the concern as a question.**
3. **Answer the question.**
4. **Close.**

What are some of the concerns and issues you may run into in selling your particular product? The more concerns and issues you uncover and discuss in this program, the more answers you'll have. When you think about it, it's not a very professional attitude to take when you hear salespeople say, "We've heard that concern for years and have been unable to answer it."

### CLOSE

*A major agreement on the satisfaction of the prospect's needs.*

If your efforts at qualifying the prospect, presenting the product and handling questions and concerns have been successful, the close is inevitable. The close simply represents an agreement between you and the prospect. As the sale progressed to this point, you and the prospect have already agreed on a number of important points.

The simplest way is to ask for an order or agreement. Statements such as "Let's put this together and we will deliver the product next Tuesday." Or, "All we need is a signed order, deposit and credit information and we can begin the credit approval process" are designed to elicit a positive answer. If you get an "OK" to any of these, you've made a sale.

**The Selling Cycle**

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In addition to simply asking for the order there are a number of other closing techniques you can use.

The closing techniques are:

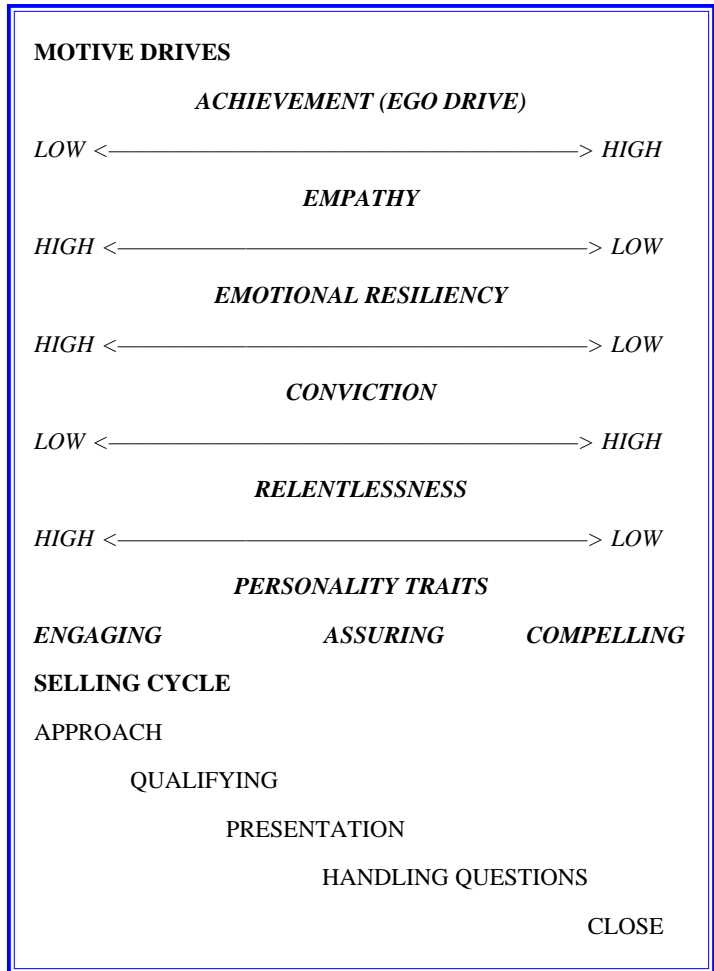
- **Momentum of agreement.** This technique involves asking a series of questions, the answers to which are “yes.” Once you’ve received three or four “yes” answers then, go back to asking for the order.
- **One feature close.** Here you save the most significant feature of your product your prospect responded to in the presentation and, restate that feature asking the prospect, “When everything is added up, isn’t this the most significant reason why you buy our product?”
- **Don’t be afraid to push.** Prospects expect you to “sell” them.

You may find one or two of these closing techniques quite compatible with your selling style. However, don’t disregard the others. Every prospect is different, so be prepared to try closing them with a new technique if your usual ones don’t do the job.

**SUMMARY**

The selling cycle and the buyer’s frame of reference concepts as described here represent a framework around which you can organize your selling efforts. You’ll need to adapt this process to fit your own style; however, the essentials of the process must remain intact if you are to become a truly “professional” salesperson. The following

diagram shows how the selling cycle fits with the motive drives and sales personalities to form the “Complete Sales Professional.”



**New CMC Employee**

Currie Management Consultants is pleased to announce the addition of Matthew J. Hicks.

Matt joins us from Toyota Motor Credit, Corp. where he was in Customer Service and Dealer Auditing for several years.

Matt graduated from St. Michael’s College in Winooski, VT in 1997 with a BS in Business Administration.

Matt joins us as a Research Associate, where he will perform various duties to assist the Consultants in researching companies and information to provide the most accurate and up-to-date information.

Please join us in welcoming Matt, he is looking forward to a long and developing career here at CMC.

**In Future Issues:**

Articles by Christine Vaskas-Stearns will return in the Fourth Quarter of THE CONSULTING CORNER.

Christine and her husband Paul welcomed their first child, Michael Benjamin on Wednesday, June 2, 1999.

Christine returned to work on a part-time basis on Thursday, August 19, 1999.

Updates from Felix Vanholsbeeck in our Bruxelles office.

More information on Marketing from Magda Popescu, our Research Associate.

## Customer Service

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the field. After these reports are reviewed a discussion with the salespeople takes place that goes over what their plans are, their strategy for each account, their next phone call or meeting, what the status of each account is and whether the manager needed to get involved in any special accounts.

The branch manager also received various sales history reports to analyze customers based on the descending sales volume so that it's possible to continue to focus on the high volume customers. This also makes it possible to track customers who have purchased parts from competing equipment dealers as well as customers who have not purchased parts or labor in X number of days.

One of the major focuses I noticed about this dealership was their attention to the process. While paying close attention to their customers, they were following a plan that was laid out. They developed a plan, worked the plan, and everyone knew what was expected of them. There were some very good salespeople at this dealership and

there were also some new ones. By following the process they had created, they were reaching their goals.

This manager had a vision of what his operation should look like. Everything was outlined and explained to the staff in very concrete, objective and measurable terms. His salespeople were assigned to various accounts. Each was responsible for understanding their customer's needs so well that they were able to sell them solutions, which made money for their company. This dealership measured how much volume of business they believed each account had and they monitored sales by account. After being able to achieve the process that was carefully outlined by the manager the last step was designing a compensation plan to reward these aftermarket salespeople.

All of the companies that are mentioned in this article all have the same basic principal for customer service that began with a process and ended in customer satisfaction. Being able to follow through after a sale is what makes good companies great companies. Constant follow up helps today's companies generate new clients as well as maintain loyalty from existing ones.



## E-Commerce

**By Rebecka Letendre**

E-commerce is growing at a rapid rate around the world. Many retail companies have adopted this change to a computer-mediated environment and have been successful. A rising question in the industrial industry is how can industrial distribution use and benefit from e-commerce? This will be the first article in a series addressing this question. In this article I will discuss what e-commerce is and what some of the advantages and disadvantages have been to date in the retail industry.

### What is E-Commerce

Studies are showing that more and more individuals around the world are using the Internet as the dominant tool in gathering information and purchasing products. Just three years ago only 4% of Americans used the Internet on an everyday basis; today 25% do. This has led to a tremendous growth in electronic-commerce, the buying and selling of goods and services on the Internet.

The tremendous growth of the Internet has had a broad impact on society as a whole. The Internet effects how people conduct their day to day activities in most industrial countries around the world. Products and services can be ordered directly on-line from the manufacturer completely

eliminating the use of a middleman. This growth of the Internet and particularly the World Wide Web (WWW), has led to a shift in the paradigm of retail from that of a retail store to that of a global on-line marketplace.

### Advantages of E-Commerce

The rapid adoption of e-commerce as a commercial medium has caused retail companies to experiment with innovative ways of marketing and distributing products and services to consumers in a computer-mediated environment. These new developments are going beyond just using the Internet as a communication and data-gathering tool to viewing the Internet as a new market. E-commerce has improved retail companies in 4 main areas:

- Targeting and marketing to new customer bases
- Economies of scale
- Retain and attract customers
- Increase speed of service delivery to the customer

With the Internet many retail companies such as GAP and J Crew have been able to establish a web site presence to sell their products on-line. With this addition to their companies they are able to target and market their products to consumers all over the world on a twenty-four hour

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**E-Commerce**

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basis. This brings a new revenue stream into their company.

With their effective web site presence they have greater economies of scale. Costs have been lowered because the companies do not have as much overhead expense incurred with the sale. This reduction is due to not having to build a separate commercial site.

The web site is up and running twenty-four hours a day giving customers the products and services they want on a continuous basis. The convenience and speed for the customer to shop on-line makes them come back to the site whenever they need products. The consumer knows that they can get the products they want at a price they want without having to wait or leave their home. This attracts previous customers and new ones as well.

With a computer mediated environment errors are reduced with process-

ing orders. This ensures quicker service and delivery of the product to the customer. This delivery is made quicker with the elimination of the middleman. Many on-line companies such as Amazon.com and CD NOW deliver the products to their customer in only 3 business days because of the shorter distribution channel. This is a great convenience to the customers.

**Disadvantages of E-Commerce**

There are 3 disadvantages with e-commerce:

- Privacy and Security
- Cost
- Technological Challenges

The Internet, as with everything in life, is not 100% safe. This poses a big problem with consumers wanting to purchase products over the net. Many consumers are concerned with hackers having the ability to capture credit card or checking account data as it is transferred. Although many companies have security precautions

in action they are not yet 100% hacker proof.

The cost of switching to e-commerce is high. The cost of purchasing all of the necessary hardware can be huge. To set up a functional web site with on-line ordering requires expertise in specific areas. Many business owners do not have this expertise and the cost of hiring someone to design the web site is very costly.

It is very difficult and costly to keep up with all the new changes in the traditional business environment and in technology, but it is imperative that companies due so. With all of this change, companies need to have the ability to function on a day to day basis effectively while being able to keep up with this changing trend.

E-commerce has caused an explosion of sales and new market opportunities for retail companies. Will this be possible for distribution? In future newsletters we will continue to discuss this topic.



**Ask CMC**

**By Phil Wind**

A few of the dealers we work with have recently posed the question: "Did I read something about CMC forming a Rental Group?"

The simple answer is; yes, you did.

Dealer groups are an area of Currie Management



Consultants practice that continues to grow at an astonishing rate. We are currently working with about 14 dealer groups. We have at least three more that are forming right now and have been contacted by several other organizations looking for experience in the Industrial Dealer Group setting. Possibility the most exciting is the exclusive Equipment Rental Group.

We were recently approached by an owner of an independent "RER 100" rental company interested in becoming active in a "20 Group" for rental houses. This group would be focused on the fast growing rental to rent industry and would be structured very similarly to our other groups with one exception. We are not going to spend any time on New Unit Sales. In fact we expect that a condition of membership in this group will be that the attendee have no responsibility whatsoever to unit marketshare, the sales manager or to a specific manufacturer.

Though all the critical decisions regarding structure, meetings, agendas, and composites will be made by the members of this new CMC group, we expect that a number of concepts

utilized by our other groups will be used in this one as well. Comparing financial information through composites, special subjects, idea exchanges, location tours, state of the company reports, and open forum are all expected to have a place in this new group. As always, considerations will be made to assure all of the participants are not sharing financial information or strategic planning with any competitors.

Anyone that is interested in this new Rental Group, would like to talk about help with an existing Dealer/20 Group or is interested in exploring the possibility of forming a new group in any industrial, dealer, or franchise oriented industry should contact Philip Wind at PWind@curriemgmt.com or call 508.752.9229.



## Exploring Potential Markets

By Deepika Sarai

In this rapidly changing world of technology and innovations, companies are faced with the challenge of providing unique products and services for a larger customer base while going beyond satisfying their customers to delighting them. One major step for companies to sustain their growth is by exploring new markets. This article will examine this issue.

Some questions that need to be answered when entering a new market are:

- Will it work for our company?
- Are there too many differences to make it work?
- What are the major obstacles to overcome?
- Why don't we just focus on our local markets and continue to earn profits there?
- Why are other companies so reluctant to tap these markets?

This article discusses some of the differences and similarities in doing business in these potential markets and how the companies can sustain their success once they enter these markets.

When looking into a potential market for your company, you must realize what the benefits will be. The answer is to achieve not only economies of scale but also economies of scope. You will be increasing your marketshare in a new highly competitive market. The objectives are the same whether you do business in the United States, Venezuela or Germany. The similar objectives are:

- Wealth Maximization
- Profitability
- Productivity
- Efficiency
- Competency
- Customer Satisfaction

By opening up their economies, India and China have become two new major markets. These two countries together constitute half the world's population but unfortunately they are still not fully explored. Most of the multi-

national companies in the U.S. who wish to enter these markets are still hesitating. They know that there is a market for their products and services in China and India but they see other companies take up the challenge and fail.

It is true that there are differences that exist from country to country and from region to region. Some of the tangible differences are:

- **Culture** - The biggest challenge for a company is to understand the culture of a country. These potential markets have a very diverse and different society. The success of a product depends largely on the consumers buying habits. For example it would be a challenge for any frozen food company to enter these markets because people in these countries prefer to cook everyday.

But that does not mean that these companies won't succeed. It would be a challenge for these companies to convince their potential customers of the advantages of

their product. Sometimes the customers are so accustomed to current conditions that they don't think to ask for new solutions. Therefore companies have to take initiative to face these cultural challenges.

- **Economy** - The economy of a country is another big challenge for companies. Currently the United States has the most stable economy. The economy of these potential countries is similar to a bird in a cage that may fly away at any time if the door is not locked. These countries still

need to achieve the economic stability to attract more global business. Companies need to analyze the risk and return of doing business in these countries.

- **Political and Legal Differences** - The basic reason why companies are hesitant to enter these markets are the political and legal systems. In the last five years, the government in India has changed five times. This political instability can be a hindrance for entering these countries. But there are companies who do take up this challenge. When Enron came to India in 1992, it faced a lot of opposition from the state government. The biggest challenge this company faced was convincing the government of India it belonged there. The CEO of the company, Rebecka Mark, had to personally meet the officials to explain the advantages for the project in improving Indian infrastructure. As a result, Enron is successfully investing in India today. The companies also need to follow the local legal system when they are doing business in these countries. This could be an



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advantage or disadvantage. For example the low wages can be an attractive option for manufacturing companies.

● **Customer Expectations** - One of the reasons the firms who enter these markets fail to succeed is that they do not fulfill customer expectations. The strategies should differ for different countries because of the different cultures. For example, when McDonald's entered the Indian market, they knew that Indians don't consume beef. Therefore all McDonald's burgers are made with chicken in India. It is just a matter of serving the right product or providing the right service at the right time and at the right place and of course at the right price.

Thus these differences are not difficult to overcome. None of the above differences are hard to track. When the organizations have enough data for the above factors, it becomes easier to find solutions for these differences. Why are IBM, Procter & Gamble, McDonald's, Xerox etc. successful all over the world? The common strategy among these companies is "Think Global, Act Local". The same strategy will work in emerging markets too. These companies knew the barriers to entry and therefore they designed their strategies keeping in mind these differences.

If the objectives for your business are the same and the tangible differences can be eliminated with the learning process then, the next biggest hindrance in entering these markets are the intangible differences. These are:

- Resistance to Change
- Fear of losing customers
- Experience Barriers
- Attitude

People perceive change in different ways. Entering these potential markets with so many differences is a challenge in itself. Organizations often fear that they won't be able to handle this change. They may see the way to make things better by adjusting and manipulating what they do today and not the drastic and wrenching changes in the plan. But organizations need to decide what they want to achieve and how they can overcome various hurdles like change so as to keep up with industry trends.

Companies often fear that they won't be able to focus on their customers' needs if they enter a risky new market. They have this ingrained notion that they will lose their customers if the organization makes any change. They develop this notion because such companies believe that the reason for their present success is their experience in the industry. Experience does play a big role in the success of a company, but for continuous growth, innovative strategies have to be adopted persistently. In order to succeed today you must explore the new market and overcome the attitude of "It's different for us." It's not really different. When you face the challenge and think beyond the horizon, success will follow.



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