



Remember that old saying, "When the going gets tough..."? Yes, you know the rest. Except that old saying doesn't address the essential question of exactly what to do when you get going. Tough times require new sales strategies, new behaviors, and new solutions. This article offers great ways to think about getting going with a solid plan of action and a brand new direction.

# When the Going Gets Tough

## How to ride those rough economic seas

In 2008, many key commodities (think oil) skyrocketed in price before plummeting. The housing bubble collapsed, and the lending spree that supported it created a tsunami of bad debt. Unemployment went through the ceiling, and experts finally agreed that the United States had entered a true recession. For salespeople, the times really became rocky, with rough weather on every horizon.

With no guarantees that things will get better any time soon, sales executives who lose their balance are likely to see their results take a nosedive. But those who successfully ride the waves can maintain current results and find themselves in a better position when the seas return to calm. According to experts and successful sales leaders, the difference between the two outcomes often comes down to reactions to changing conditions. While economic conditions worldwide can turn on a dime these days, here are some basic principles that can help you stay afloat.

By Theodore Kinni • Photo by Don Farrall

"The vast majority of the sales forces that I have been dealing with haven't changed their selling style," says Bill Todd, founder of Bethesda, Maryland-based Hospitality Impact Marketing and former VP of sales at Marriott's corporate lodging division and Choice Hotels International. "They understand there is a recession, but they are doing what they did two years ago. And they are frustrated that they are not getting the same results." Instead, salespeople and their leaders need to consider how they can better sustain and protect relationships with their current customers, as well as identify, approach, and sell to potential new customers.

### Sustain the Core

In chaotic economies, a company's existing customers become more important than ever. First, they are a proven and low-cost source of business. Second, they must be protected against the poaching of competitors who are struggling to maintain their own top-line growth.

"You look at your customer base, which is the very first place you always go when-

have-to-haves, you must demonstrate very clear ROIs and immediate business impact. If you can't, your sales cycles lengthen, and buying decisions are delayed or postponed indefinitely."

This ability to sell value is essential as economic constriction drives purchase decisions further up the chain of command in customer organizations. "You can't use sales-speak with senior level executives," says Chriest. "These people are used to making decisions and adopting solutions that affect their business and enterprise issues. They don't 'buy products.' So if you are a product-oriented seller, you are not even in the game, because you don't speak the language. And here is the other problem: when you are selling to executives at higher levels, you have less time to make your points and articulate your value, because these people are always busy, and they are doing more than ever."

Creativity is another essential key to nurturing and protecting customer relationships in tough times. Sales professionals should be striving to find innovative ways to lock in their existing business.

### TIPS for staying afloat:

Stay as close to your customers as you can possibly get.

- Move into their offices.
- Call them up.
- Take them to lunch.
- Listen to their problems.
- Offer solutions.
- Bring in consultants to help them.
- Become a consultant for them.

John Jullens, a principal in Booz & Company's Cleveland office who advises automotive and industrial companies on top-line growth, recommends avoiding cost cutting as much as possible.

"You want to try not to compete on price, and try not to simply reduce price," he says of selling to hard-hit sectors, such as the Detroit carmakers. "There will be a lot of pressure, of course, because volumes will be collapsing. But the markets have a memory, and your customers have a memory, so

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ever your goal is to increase revenue," declares Todd. "They will have the highest return on investment as far as yielding new and incremental sales dollars. That becomes paramount during a recession."

Salespeople obviously need to sharpen tactics and skills, such as up-selling and cross-selling, in order to earn new business from existing customers. But in down economies, as customers' budgets tighten, salespeople must also consider their sales strategies and mindsets. A customer-centered, value-based sales proposition is especially important, which means salespeople must understand how the customer makes money and how their offerings specifically impact key areas in the customer's business.

"Recessionary times impact the way B2B sales are conducted in every way," says Steve Chriest, CEO of Livermore, California-based sales consultancy Selling Up. "In times like this when your customers' budgets are obviously constrained, nice-to-haves give way to have-to-haves. And if you want to be one of those suppliers of

#### Five US Industries with the Most Sales-Friendly Market Environment:

1. Aerospace and Defense
2. Energy
3. Education
4. Agricultural Products
5. Metals Mining

#### Five US Industries with the Most Difficult Sales Market Environment:

1. Construction
2. Engineering Industries
3. Real Estate
4. Automobiles
5. Textiles

Source: Global Insight Inc.

you will never recover from that."

Instead, suggests Jullens, think about how to ease customers' financial woes by offering better terms, deferring payments, or restructuring payments so that they pay less now and more later when the economic cycle may have eased. "There are creative things that you can do around price that are clearly temporary and that you can even turn into a real positive," he adds. Offering customers more economical options or the ability to mix and match products can also stimulate sales.

"There will be a silver lining here, as well: if there is something special that you can do for your key customers, they won't forget," says Jullens. "Even though times are tough, you can really strengthen your relationships with your best customers, and when business picks up you will be in a much better position."

Jullens' silver lining is supported by academic research. In 2001, Andrea Morales, now assistant professor of marketing at the W. P. Carey School of Business at Ari-

# SALES RECRUITMENT TRENDS FOR 2009

## 1. RECRUITMENT TOOLS

To go after the quality candidates they need to support their businesses, sales employers plan to leverage a variety of recruitment tools in 2009:

- Online recruitment sites: 20%
- Newspaper classifieds: 12%
- Social networking sites: 11%
- Staffing firms and recruiters: 10%
- Career fairs: 9%

## 2. MORE FLEXIBILITY

Flexible work options continue to be an important benefit to provide to workers. Nearly 37 percent of sales employers will provide flexible work arrangements for employees in 2009:

- Alternative schedules: 66%
- Telecommuting: 44%
- Compressed work weeks: 37%
- Summer hours: 21%
- Job sharing: 17%

## 3. RETAINING AND REHIRING RETIREES

More than a quarter (26 percent) of sales employers are concerned about the loss of intellectual capital from their companies as a large number of baby boomers approach retirement age.

• Sixteen percent of sales employers say that due to a shortage of qualified workers, they are either likely or very likely to rehire retirees from other companies in 2009.

• More than one in 10 (13 percent) are likely or very likely to provide workers at or approaching retirement age with incentives to stay on with the company.

## 4. MORE FREELANCE WORKERS

As companies wait for the economy to bounce back, employers are turning to freelance or contract sales workers to help support their businesses:

• Twenty-seven percent of sales employers plan to hire contract or freelance workers in 2009.

• Twelve percent of sales employers plan to hire more contract or freelance workers in 2009 than they did in 2008.

## SURVEY METHODOLOGY:

This survey was conducted online within the United States by Harris Interactive on behalf of CareerBuilder.com among 338 sales reps, hiring managers, and human resource professionals (employed full-time, not self-employed, nongovernment, with at least significant involvement in hiring decisions), ages 18 and over, between November 12 and December 1, 2008, respectively. (Percentages for some questions are based on a subset of US employers or employees, based on their responses to certain questions). With a pure probability sample of 338, one could say with a 95 percent probability that the overall results have a sampling error of +/- 5.33 percentage points, respectively. Sampling error for data from subsamples is higher and varies.

CareerBuilder.com is the nation's largest online job site. Visit [www.careerbuilder.com](http://www.careerbuilder.com).

zona State University, conducted a series of laboratory experiments which revealed that when customers perceived that a company was making an extra effort, they were more willing to pay more for the same goods and services, even if they did not directly benefit from those efforts. This suggests that customers will reward salespeople who try to help, even when the effort is unsuccessful.

Of course, there is a risk in offering extended payment terms and similar incentives to customers who may be struggling to stay afloat. "You would have to have a very good understanding of the customer's business position and develop a risk profile," says Jullens. In rough economic seas, it may be wiser to jettison high-risk, cash-poor customers than to continue to supply them with goods and services that they ultimately may not be able to pay for.

## New Opportunities in Crisis

Sales opportunities do not disappear in an economic crisis, as is widely believed. There are still opportunities to sell; salespeople must be a little more imaginative in ferreting them out.

"Think about it," says Bill Todd. "In a recession, companies start to buy down. They continue to do what they have always done, but the pressure is on to reduce expenditures. So if you can help them do that, you can win over new customers who might have rejected you because they wanted a better or bigger brand during good economic times. Your strongest competitors' customers can be perfect prospects for you if they need to buy down."

Todd tells the hospitality sales teams he works with to start this process by identifying competitors' customers who might respond to their value proposition given the economic situation. "The tactics vary by the specific business," he says. "The best place to start is with your current employees, because a good portion of them probably worked for the competition at one time or another. They are a wonderful source of instant intelligence."

An unimpeachable source for new prospects is competitors themselves. Companies often use customer names in their marketing materials and on their Websites. And in the hotel business, there's the welcome board.

"I work with a hotel at the Orlando airport," explains Todd, "and there are 75 hotels within a stone's throw. If you walk into any of those competing hotels, there is a reader board that lists the company

## Three Tips for Sales Managers in Tight Economies

Sales leaders also need to change their strategies in tough times. Here are three helpful tips:

**1. Sales leaders should encourage their people to sell smarter** and provide them with effective strategies and tactics that properly reflect the economic trend, according to Steve Chriest. "My experience is that sales executives tend to push their sales forces to work harder in recessions," he says. "So what happens is the salespeople are browbeaten by executives who think that somehow the sales reps can go and do better. But all that does is set in motion a flurry of activity that is less productive than normal. And the only things you see are fewer sales and a rising cost of sales."

**2. Use recessive economies as an opportunity to prune back dead wood** and strengthen your team. "This is a very good time to restructure the sales force and retain only the best people," says John Jullens. "That can be tough to do during really good times, but now you may have the proverbial burning platform you need to achieve change."

**3. Finally, keep the pedal to the metal.** "When I walk into most businesses, their sales office looks like an adult day-care center," says Bill Todd. "There are always people in it. Look under the desks, look behind the plants, look in the closets. Do you see any customers in there? No? Then get your people out of the office - toe-to-toe with the customer, nose-to-nose - regardless of the industry or location."

conferences and meetings taking place that day. Write those names down, call the meeting planners at those companies, and tell them how you can save them money on their next meeting."

If recessionary times are particularly tough, there may be very limited opportunities for new prospects. In this case, sales professionals may have to tap into new sources for viable prospects.

"If you can," says Mark Killion, managing director of world industry services at economic, financial, and political forecasting firm Global Insight, "go after prospects in industries that are doing well or industries that might need certain kinds of products and services in this economy that they would not need at other times, such as products that help them deal with their fear or mitigate risk."

Today's economy is unusual in that it has been "let down" by service sectors, according to Killion. "Typically it's a manufacturing-based business cycle that drives the overall economy. But the industries that are doing very badly now are real estate, construction, and financial services, as well as industries that sell into them, such as construction materials." If possible, sales professionals should refocus their efforts on more healthy sectors instead, such as export-oriented industries, aircraft, and heavy industrial machinery.

If you are stuck in a depressed sector, it also pays to think globally. "Construction is very weak in the United States, for instance, but in many parts of the world it is booming," says Killion. "There is an ongoing rollout of infrastructure in the

Middle East, parts of Asia, and other emerging market economies. So companies that are able to sell power equipment and other products and services associated with those trends abroad have done a bit better."

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Salespeople don't necessarily have to book international flights to find geographies with prosperous prospects. The US Department of Commerce's Bureau of Economic Analysis (BEA) reported that real GDP growth slowed in 36 states in 2007, with Arizona, California, Florida, and Nevada most impacted. Nevertheless, there are still geographically well-to-do customers. According to the BEA, they include companies in New York; Texas, which is benefiting from historic highs in oil prices; and Utah, a state whose GDP grew 5.3 percent in 2007, more than twice the national rate.

In June 2008, *Newsweek* reported that "in the past year, Houston-based companies, which include 26 Fortune 500 firms, added 71,000 jobs to their payrolls. At Houston's port, the second busiest in America, cranes are loading ships with industrial equipment. Exports rose 25 percent in 2007, to \$72 billion. Houston has 70,000 engineers and architects (a concentration 60 percent higher than is typical for the United States)." A healthy local economy probably means prosperous sales candidates.

The bottom line: Smart sales professionals can find ways to succeed in even the worst economies. "It's always asymmetric, and it doesn't affect everyone the same way," concludes Booz & Company's John Jullens. "The first thing that you need to do in any situation if you want to sell more, if you want to grow the top line is, of course, understand your customer. That is clichéd but very true. You are selling in the kind of environment in which you are going to have to understand how the customer is affected and what you can do about it." •

### Take it to the bank...

Truly industrious salespeople know boosting sales in this tough economic climate requires thinking outside the box. Listen to the *Selling Power* audio file, "Creativity Sells," with Jeff Keller, available at [www.sellingpower.com/march09](http://www.sellingpower.com/march09), and get those juices flowing.