

## CHAPTER 8

# Basic Selling Skills Need to be Mastered by Every DSS

Now it's time to put theory into practice.

**After reading and studying the material in this chapter you will be able to:**

1. Practice the techniques to make a sparkling first impression.
2. Prepare for the call and qualify the prospects.
3. Demonstrate the three keys to an effective sales presentation.
4. Practice effective closing techniques.
5. Overcome price objections six different ways.



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*Top sales professionals do more listening than talking.*

So far, you've learned quite a bit about the strategies and tactics used by distributors to maintain profitability through optimal pricing. You'll need to put the theories into practice by actually convincing customers to buy from you. This requires selling skills.

Some people hold to the stereotype of a salesperson as a fast-talking snake oil peddler who will never take no for an answer and will say anything in order to get the customer to buy. Nothing could be further from the truth in the wholesale distribution industry. Keep in mind one of the most important truths about selling:

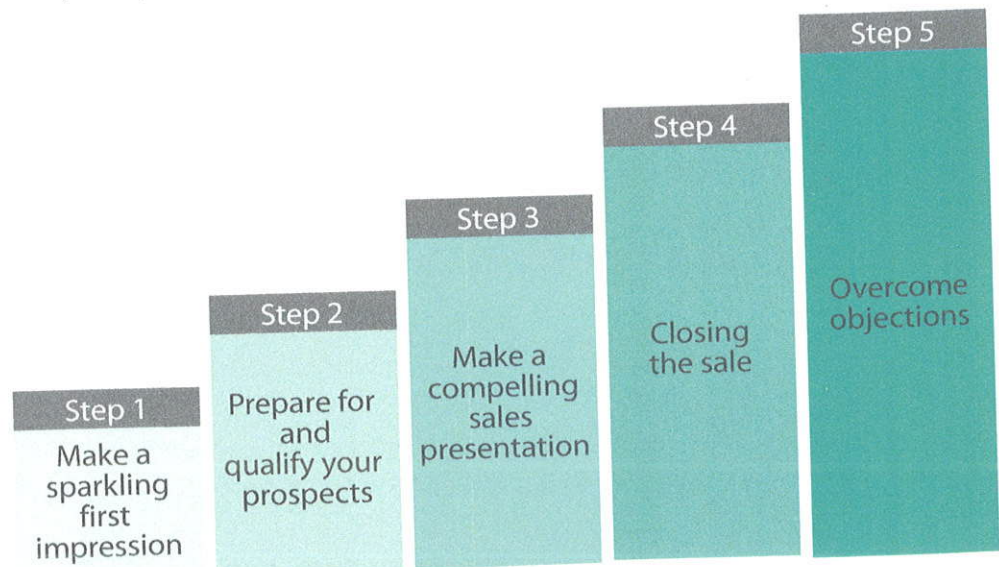
*Top sales professionals do more listening than talking.*

Their powers of persuasion don't come from bludgeoning a customer into submission. Instead, they have a knack for convincing customers to do what's in their customers' best interests. In this chapter we'll examine ways to do this.

## Selling can be broken down into steps

Many sales trainers break down the selling process into a series of steps. These steps tend to be geared to face-to-face calls in the field, but they also have application to the kind of inside sales handled by a DSS. Let's review some of these basic steps in a sales call.

For our purposes, we'll break a sales call down into five steps. The techniques will vary slightly for inbound versus outbound calls, although the basic principles remain the same.



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### Step 1: Make a Sparkling First Impression

Do you ever get responses like the following when placing a phone call to someone with whom you do business?

*"Yeah, this is Joe."*

*"Jack here."*

*"Sales. Can I help you?"*

All of us have heard things like that—too many times. It takes only one or two words in a dispirited tone of voice to let the caller know that you are bored or don't want to be bothered.

A DSS cannot afford to let this happen. In your job, it is essential to develop a cheerful demeanor when speaking to customers and prospects, even if you have to put on an act.

Face it, you may not feel chipper every hour of every day. Nonetheless, professionalism demands that a DSS convey a favorable first impression that comes across as likable, helpful and honest.

*If you don't convey a positive, upbeat attitude, you may lose the sale before you ever get a chance to present what you have to offer.*

#### Control the tone of your voice

Your first impression is determined not only by what you say, but how you say it. It's important to maintain a friendly tone of voice. This can be hard to do when you've been talking on the phone all day and feel discouraged by complaints and rejections. However, your next customer doesn't care about your last customer, so maintaining a positive attitude and an open mind is critical.

One trick used by many telephone sales professionals to maintain a cheery disposition is to keep a small mirror on the desk. They make it a point to smile when making or answering each call. The mirror helps them check themselves to make sure they're smiling. Smiling forces a cheerful tone of voice. Check it out yourself using a mirror. Try to sound grouchy with a smile on your face. It's almost impossible to do.



*Keep a small mirror on the desk. The mirror helps to make sure you're smiling.*



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Throat lozenges are another staple found on many desks. A raspy voice is annoying to any listener.

## **Help people delight to the sound of their name**

Some distributors insist upon a scripted response to telephone calls, especially for novices. A script might be along the lines of: "Good morning. This is Jill Smith, how can I help you?"

Whether required by your employer or not, it would be good to develop a habitually buoyant greeting that you don't even have to think about saying. As you gain experience, you can vary the language of your introduction to suit your personality, as long as it makes customers feel comfortable.

Your response might vary depending on whether or not you know who is calling. If a call is transferred and you're told the name of the person calling, it is a good idea to greet the person by name: "Hi Mary, what can I do to help you?" This establishes a psychological bond of familiarity and friendship.

## **Answer your phone promptly**

Make it your goal to answer every call within three rings. Research shows that callers get progressively more annoyed with each additional ring beyond three—and are progressively more likely to hang up.

When the phone rings, put aside any paperwork you may be working on until the call is completed. Also, you absolutely have to cease talking with co-workers. Any background noise, such as ruffling papers or typing on a keyboard, also will be disruptive. As a DSS, nothing you do is more important than the opportunity to speak with customers and prospects over the phone.

## **Return calls right away**

Inevitably, some calls will be missed. What's important is to return phone messages as soon as possible. Long delays tell callers that they rank low in priority with you. That's not the message a DSS wants to convey to potential buyers.

Sometimes it may take a while to retrieve certain information requested by a caller. If this looks like it will be the case, call the customers involved to let them know approximately how long they can expect to wait.



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### Outbound calls must not waste time

A big advantage with an inbound call is that you know the customer wants to talk to you. With an outbound call, you must convince the customer you're worthwhile talking to. Nonetheless, some of the same basic principles apply. You must first identify yourself and establish a positive tone of voice.

In today's business world, nothing irritates customers more than someone wasting their precious time. Some old-fashioned sales training manuals recommend making small talk to "break the ice" with a customer. This advice is poisonous in the modern business world. Most customers will get annoyed if you discuss the weather or sports. They also probably won't react well to a conversation beginning with, "How's it going?"

*You have only a few seconds to convince someone that your call is important*

### Set the stage for your call

Make the most of those seconds by asking yourself two questions:

1. What is your objective in making the call?
2. Why is this call important to the customer?

### Your objective may be simple or complicated

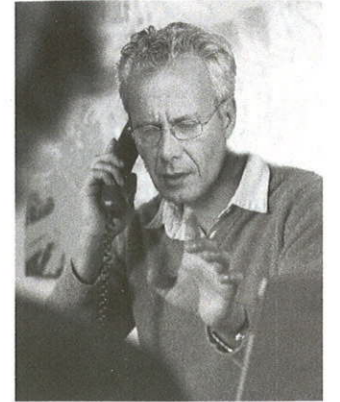
Maybe you're just returning a phone call or calling back with some requested information. These objectives ought to be noted in the first few seconds of conversation.

*"Hello, this is Jill Smith from ABC Supply returning your call."*

*"Good morning, this is Bill Smith from XYZ Supply. I'm calling with the equipment ratings you requested."*

In these cases, you know the call is important to the customer. That's more than half the battle.

It gets trickier when your objective is to sell something the customer has not requested. This is where question number two comes into play—why is it important to the customer?



*Making small talk annoys many customers.*



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### Consider the WIIFM principle

Another way of stating this from the customer's perspective is, "What's in it for me?" Think of the initials WIIFM.

The answer could be that the customer uses a lot of these items and would find a special deal attractive. Or maybe it's a limited time offer and time is running out.

*"This is Tina Jones from Very Best Supply Co.*

*I'm calling because we have some specials on sale for a limited period and I want to give you an opportunity to take advantage before time runs out."*

The success you have with these kinds of calls will depend a great deal on how well you handle Step 2 in the selling process.

## Step 2: Prepare for and Qualify Your Prospects

*Preparation means learning everything possible about customers and their needs.*

*Qualification means determining who has purchasing authority or influence.*

You could make the best sales pitch the world has ever known, yet it would be nothing but a waste of time if delivered to the phone receptionist. Time is a precious commodity to both you as a DSS and your customers. You can most efficiently use your time by targeting your conversations to people with buying authority or influence.

When making an outbound call, a DSS ideally should target a specific person. Preparation includes learning the roles that various individuals play in customer organizations—especially those who are involved in the buying process.

### Be sure to pronounce names correctly

Obtain the correct pronunciation of the person's name you're calling. It's best to do this before making the call by asking co-workers who might be familiar with the individual.



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This is especially good to do if it's a difficult name. This way you'll have a chance to practice saying it aloud before making the call.

If nobody in your company knows the way the name should sound, then perhaps the phone receptionist could prove helpful after you make the call. You might say:

*"Good morning. I'm trying to reach Carol Smythe. Can you tell me if she pronounces her name like 'Smith,' or 'Smythe' as in 'Scythe'?"*

As a last resort, ask the person you're calling for the correct way to pronounce his or her name.

*"Good morning. I'm sorry, but do you pronounce your name as 'Smith' or 'Smythe'?"*

Or, if it's an especially difficult name:

*"I'm sorry, but I don't want to mispronounce your name. Will you please tell me how to say it?"*

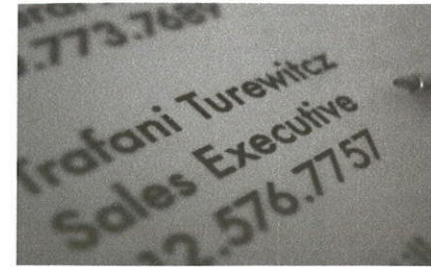
### Learn your customer's business

Some people in a customer's company will have direct purchasing authority. Others may leave the buying to someone else but will have considerable influence over what is purchased.

For instance, engineers and technical support personnel generally don't issue purchase orders, but they usually have a great deal of say over which products get bought. The same holds true with many maintenance staffers. A DSS needs to cultivate good relationships with both direct buyers and those who influence purchasing.

So, how do you find out who is influential? Let's return to something that was addressed back in Chapter 2: *Learn your customer's business ... That's the recipe for becoming a top-rated DSS.*

Find out how and why the customer decides to purchase the products you sell. Are they typically purchased for inventory replenishment or on an "as needed" basis? What kind of time frame and order quantities are usually involved? What type of purchase terms does the customer expect?



*As a last resort, ask the person you're calling for the right way to say his/her name.*



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Salesperson: \_\_\_\_\_

Date: \_\_\_\_\_

## CUSTOMER PROFILE SHEET

Company Name: \_\_\_\_\_

Company Address: \_\_\_\_\_

Type of Business: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Email: \_\_\_\_\_ Fax: \_\_\_\_\_

### Purchasing Information:

1. Purchasing Contact: \_\_\_\_\_

Department: \_\_\_\_\_ Phone: \_\_\_\_\_

2. Secondary Contact: \_\_\_\_\_

Department: \_\_\_\_\_ Phone: \_\_\_\_\_

3. Who Specifies Vendor? \_\_\_\_\_ Purchasing

\_\_\_\_\_ Other

4. Other Purchasing Locations? No \_\_\_\_\_

Yes \_\_\_\_\_ **\*\*If Yes, Contact Name & Number:** \_\_\_\_\_

5. Total Annual Purchases: \$25,000 \_\_\_\_\_

\$50,000 \_\_\_\_\_ \$100,000 \_\_\_\_\_

6. Available Storeroom: No: \_\_\_\_\_

Yes: \_\_\_\_\_ **\*\*If "Yes," contact name and phone:** \_\_\_\_\_

7. Typical Products Purchased: \_\_\_\_\_

8. Sketch buying process here: \_\_\_\_\_

### Vendor Information:

1. Primary Vendor: \_\_\_\_\_ Number of Years: \_\_\_\_\_ Reason: \_\_\_\_\_

2. Secondary Vendor(s): \_\_\_\_\_

3. What is the most important factor in choosing a vendor? \_\_\_\_\_

4. What could your current vendor(s) do better? \_\_\_\_\_

5. With the primary vendor(s), do you have a: Blanket PO \_\_\_\_\_ System Contact \_\_\_\_\_

### Purchasing Priorities:

1. How are major projects handled? In-house \_\_\_\_\_ Outside Contractor \_\_\_\_\_

2. How important are regular calls by an outside salesperson? \_\_\_\_\_

3. How important are experienced inside salespeople to your company? \_\_\_\_\_

4. Do you pay from a statement (once a month) or invoice (more than once a month)? \_\_\_\_\_

5. Do you currently use: \_\_\_\_\_ barcoding for receiving \_\_\_\_\_ EDI \_\_\_\_\_ VMI or other automatic replenishment

**If we can show that we can save you time and/or money, could you and would you consider changing primary vendors?**

Salesperson: \_\_\_\_\_

Date: \_\_\_\_\_

No \_\_\_\_\_ Yes \_\_\_\_\_





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The more you know about customer buying habits, the better positioned you'll be to sell products they need. Customer knowledge also gives insight into which high-profit items they use most. Does the customer prefer a particular brand name of equipment, which only you can provide locally? Who are your customer's customers? Knowing who your customers work for will often give you a good idea of the types of products and services that they find important.

### Customer profile records are a big help

Some distributors may require a DSS to keep detailed customer "profiles" that are filled with information about customer buying habits. A sample Customer Profile Sheet is shown on the left page.

Even if your employer does not require this kind of record keeping, it could be helpful for you to develop it on your own. The more information you gather, the better able you'll be to anticipate and fulfill your customers' wants and needs. This leads to more sales and more commission income.

### Qualify prospects by asking questions

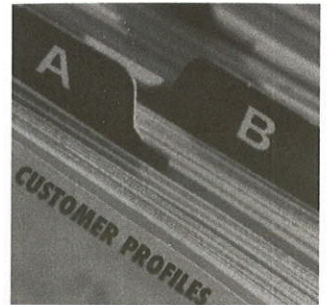
Sometimes you won't be able to research customers and their businesses in advance. People may call you with information requests, and you'll be in the dark about their roles. Here's where "qualifying" comes into play.

Qualifying means determining whether they have purchasing authority or influence. You can obtain this information simply by asking: "Are you the person in charge of purchasing?"

If the answer is no, then it makes sense to follow up with: "Who in your company handles the purchasing of these products?"

Sometimes the answer might be noncommittal. The person might indicate that he/she sometimes buys the products, or maybe is "involved" in purchasing decisions. Then the question becomes: "Who besides yourself is involved in the decision-making process?"

Asking questions is the best way to obtain valuable information. You will read more about this in the next chapter on communications techniques.



*Some distributors may require a DSS to keep detailed customer "profiles" that are filled with information about customer buying habits.*



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## Step 3: Make a Compelling Sales Presentation

The third step in the sales process is what some might call the sales “pitch.” It’s a matter of presenting the offer and giving the customer reasons to buy.

The most important thing to remember in this regard is the need to be helpful to the customer. Don’t think of it as a seller-buyer relationship. Instead,

*Think of yourself as a business consultant sitting on the same side of the desk with the customer.*

What advice can you give them about the products you sell that would best fit their needs? A DSS is not like a used car salesman who probably will never see the same customer twice. A DSS must cultivate long-lasting customer relationships that result in repeat sales over and over. This means selling items that prove beneficial to customers, as well as profitable to your company. Here again, a big advantage comes from learning everything you can about the customers’ businesses.

At the same time, three basic selling principles come into play that are just as relevant to a DSS as to any other salesperson:



Let’s examine each of these in some detail.

### **Basic selling principle #1: Sell up by selling down**

One of these principles is known as selling up by selling down. This means that you need to make the customer aware early in the presentation of the best you have to offer in any given product category.

Let’s say your company carries three grades of a certain kind of product. Product A is top of the line and most expensive. Product B is middle grade, and Product C is the low end of the line and costs the least.



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Think of what's likely to happen if you begin your presentation by saying: "Product C will do the job just fine, and it only costs \$50. Oh, and we also carry Product B for \$75, and Product A, which costs \$100."

As soon as they hear you say Product C will do the job and costs less money, most people will tune out everything that follows. Everyone is interested in saving money. That's what will be going through their minds when you start to describe the better features for Products B and A.

A better way to make this presentation would be along the following lines:

*"The best item for this purpose is Product A. It's easiest to install, requires less service, and lasts the longest. We have it on sale for \$100."*

### **Selling "down" makes it more likely the customer will buy "up"**

Afterwards you can describe the attributes of Product B and Product C, explaining that they cost less because they don't have as many beneficial features. Some customers may decide that Product B or Product C meets their needs just fine and won't want to pay a premium price for Product A. But at least you'll have had a chance to present Product A to a receptive audience.

However, if you begin your presentation describing the virtues of Product C, many customers will never move beyond that point psychologically. As long as the product functions okay and costs less, they'll tune out your subsequent presentations of better-grade products.

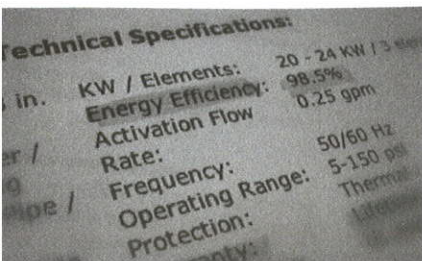
Begin selling at the top of the line. A better-grade product may contain an attribute for which the customer may be willing to pay more.

But you may never find that out if you start by describing the virtues of the bottom-grade products.



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*Too often, salespeople leave it to customers to figure out benefits for themselves.*

## Basic selling principle #2: Sell benefits over features

A “feature” is something a product has. A “benefit” is a good thing that happens because of a feature. Better gas mileage is a selling feature of some automobiles. The benefit is substantial savings in fuel costs.

*Customers buy benefits more than features.*

Too often salespeople leave it to customers to figure out benefits for themselves. Benefits aren’t always self-evident, however. A DSS who handles the same products day in and day out often takes for granted that customers know all about a product and its features and benefits.

Often, inside salespeople just listen and type as they take a list of materials from a customer. Instead try working a product benefit into the conversation with something like: “Hey Joe, you know that the water heater you just ordered, the one you always buy? It now has a self diagnostic control on it. It’ll be easier for you to troubleshoot those occasional nuisance callbacks. And don’t worry, they didn’t raise the price!”

Or, a distributor might carry a product touted as having a more powerful motor than competing models. That doesn’t mean much to the average person. More meaningful would be the benefits of that powerful motor. For example, it enables operation at higher speed with less strain. This contributes to a longer life and less servicing, which means fewer shut-downs. In the long run, a powerful motor saves time and money.

### **Speak the language of benefits**

Saving time and money are the benefits of a powerful motor, but it takes several steps of reasoning to teach them. Your sales presentations will be more successful if you speak in terms of benefits (“saves time and money”) more than features (“has a more powerful motor”).

This doesn’t mean you should never draw attention to features. Distributors sell many products whose features can be measured in terms of BTUs, horsepower, or RPMs, or described in general terms such as bigger, stronger, quicker. These features provide a shortcut to describe product value.



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### **Features equate with value**

Products with more advanced features tend to be more profitable for the distributor. You want to sell as many high-value products as you possibly can to your customers.

Just make sure your customers understand the benefits derived from certain features. Products made of stainless steel tend to cost more than comparable items made from carbon steel. Some people understand this helps the product resist corrosion, but don't assume everyone does. Make the benefit clear to them.

Benefits include anything that saves time, money, or energy. Less installation time is a benefit. Fewer service calls are a benefit. Longer lasting is a benefit. You'll be more successful selling benefits over features.

### **Promote yourself and your company as benefits**

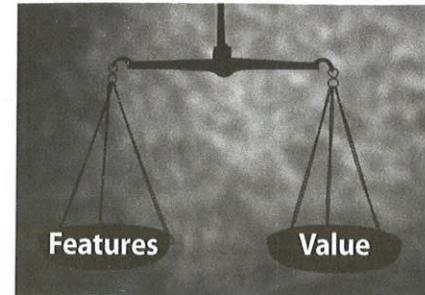
Don't forget the value you and your company add to the products. Most of the products you sell can be purchased from other sources. The main reason to buy them from you might have nothing to do with a product's features.

The main benefits come from your ability to provide exceptional services to the customer. Be sure to define what you do better than other sellers and include that in your sales presentation, i.e., delivery, technical knowledge, installation knowledge, showroom products and showroom staff, inventory availability, quick and hassle-free processing of credits, no handling charges on products returned that go back into regular stock, etc.

### **Basic selling principle #3: Positive selling works better than negative**

Numerous studies have shown that positive messages work much better than negative selling techniques. Bashing your competitors or their products reflects poorly on your professionalism. Frequently, it can come back to haunt you because the day may come when your company starts selling the product you have been bad mouthing to a good customer.

Emphasize the positive reasons customers have to buy from you and your company. Sometimes it may be the best price for a given item. It also may include better service capabilities, longer warranties, better payment terms, a trip promotion, or myriad other advantages. Weave these messages into your sales presentations. Throw the negative stuff overboard.



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## Step 4: Closing the Sale

This is the most important part of any sales call.

*You can do everything else right, but if the customer doesn't buy, you can't make any money.*

### Ask for the order

Probably the most common reason for failing to close a sale is so simple it's almost laughable. A sales rep will neglect to ask for the order.

The rep may convey a friendly impression and do all the preparation and qualification work described previously. The rep may engage the customer in a detailed sales presentation doing all the things right that we described in Step 3. But then the conversation meanders all over the place without ever resulting in an agreement to buy. The customer says thank you for the information and hangs up the phone without placing an order.

An experienced, first-rate DSS will not let this happen. One of the most basic selling skills is learning how to move someone from just an interested sales prospect to a customer.

Asking for the order is as simple as it sounds: "Should I go ahead and place your order?"

That's a straightforward way to prompt an order, but probably not the best way in most cases. Anytime you ask questions beginning with "Should I... May I... Is it okay if I...?" you invite the customer to respond with "no."

Use assumptive closing—it works better.

A better sales closing technique is to assume the customer is ready to buy from you. So-called "assumptive" closing puts the onus on the customer to reject the sale. An assumptive close usually is triggered by a question:

*"Do you want this order delivered, or will you pick it up?"*

*"Is UPS ground okay, or do you want it second-day air?"*

*"Which color would you like?"*

*"Is there anything else you need?"*



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### **Timing is everything—Detect when the customer is ready**

Closing a sale depends less on what you say than when you say it. Top sales professionals develop an almost intuitive sense for timing their close. They detect signals that tell when a customer is ready to buy.

These signals may consist of questions asked by the customer: “How long will delivery take?” or “When will payment be required?”

Sometimes the signals are subtler. Customers may change the pace of the conversation, either slowing down or speeding up. Either case might provide a clue that they have made a decision and are thinking of something else, perhaps other items to buy.

### **Closing too early invites objections**

The most important thing to realize about timing the sales close is to make sure you have provided all the information needed for the customer to decide. Trying to close too soon opens the door to objections.

### **Handling objections is a key to successful selling**

Handling objections is a skill that must be learned by every sales professional. Seldom will a customer come right out and tell you why he or she does not want to place an order. Most objections are unspoken. They get signaled by statements such as:

*“Thanks for your help. I’ll get back to you.”*

*“I need time to think it over.”*

*“I don’t need this right now. I’m just calling to gather information.”*



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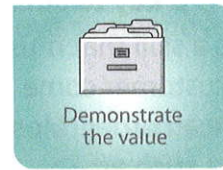
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## Ask, Listen, Demonstrate, Ask

The correct way to respond to these rejections involves a four-step process:

1. Ask questions to determine what the objection is. "Is there something else you need to conclude this purchase now?"
2. Listen carefully to the customer's response. "Well, I can get them cheaper at XYZ Supply Co."
3. Demonstrate the value of your offer by once again reviewing all benefits and value-added provided by your company.
4. Ask for the order again.

This is the stage that some people might describe as "never take no for an answer." That's not literally true. You will not be able to close every sale. It's better to lose a sale than to badger customers mercilessly so that they never call you again. At the same time, it will be hard for a DSS to earn a good living if he or she takes every customer objection as the final word.



## Step 5: Overcome Price Objections

There are many reasons customers may resist buying, but most have to do with price. Customers feel they can get a product cheaper somewhere else. Here are some proven techniques for dealing with price objections.

### 1. Demonstrate value first

A price objection is another way of saying you haven't adequately demonstrated value. Focus on why buying products from your company is advantageous, and then discuss prices. Talk about price last—especially with customers who always ask about the price of every item that they need. If necessary, refuse to quote a price until the entire list of goods required has been presented to you. Quantify the value if possible.





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That is, break down into dollars and cents how much services such as quick delivery, extended terms, engineering assistance, etc., are worth to the customer.

**2. Put them in your shoes**

"Tell me, is yours the cheapest company in your field? Well, neither are we. We need to charge a fair price in order to provide the great services that you need."

**3. Break down the difference into chunks**

If a customer pays \$25 more for a pump than a competitor sells it for, talk about the life span of that pump. If it's 10 years, the extra cost amounts to \$2.50 per year. Point out how trivial that is compared with the value-added services provided by your company.

**4. Give them alternatives**

As stated earlier, always begin by selling the highest-priced items in a category. But, remember, you also have to know your customer. Don't try to sell high-end products to contractors who are always after the least-expensive alternative. If price becomes an obstacle, try to sell the customer lower-price alternatives that will still do the job.

**5. Negotiate something else of value**

Trade something of value in return for holding firm on the price. These could include price, such as extended terms, lower order quantity, special deals on other products, etc. Or, maybe there is some leeway to cut the price on other products to bring the total package in line with what the customer is willing to pay.

**6. Give up**

Refusing to be undersold can be a route to bankruptcy. In most cases, unprofitable sales are worse than no sales.

This chapter has reviewed the basic selling techniques you need to master in order to become a skilled DSS. In the next chapter we'll take a look at the advanced communications techniques that come into play in all of these steps.



## Quiz

## Basic Selling Skills Need to be Mastered by Every DSS

1. **Which of the following is a very important characteristic of a top sales professional?**
  - A. Never takes no for an answer
  - B. Does more listening than talking
  - C. Sells everything possible to every customer
  - D. Closes the sales as quickly as possible
  
2. **When speaking to prospects on the phone, you can make a favorable first impression by**
  - A. offering to sell your product at the lowest price.
  - B. revealing details about your previous customers.
  - C. maintaining a friendly tone of voice at all times.
  - D. sharing some personal details about your life.
  
3. **It is important for a Distributor Sales Specialist to promptly answer the phone because nothing is more important than**
  - A. checking the caller ID and referring to the person by name.
  - B. talking about every product in stock.
  - C. speaking to prospects and customers.
  - D. using your time effectively.
  
4. **Which of the following statements BEST demonstrates the “WIIFM” principle?**
  - A. Determine what’s important to the customer
  - B. Present high-price products first
  - C. Qualify customers for buying authority
  - D. Determine the best way to make a sale
  
5. **When employing the basic selling principle of “selling up by selling down,” the Distributor Sales Specialist ensures that customers**
  - A. understand the difference between features and benefits.
  - B. hear about the lowest priced product first.
  - C. who want the lowest possible price have their needs met.
  - D. hear about the best products in any category first.



## Quiz

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- 6. Which statement about benefits and features of a product is TRUE?**
- A. A benefit is a good thing that happens because of a feature.
  - B. Customers usually figure out benefits for themselves.
  - C. Customers like to hear about features more than benefits.
  - D. Features include anything that saves time, money, or energy.
- 7. Which of the following is the MOST important part of qualifying customers?**
- A. Getting information from your co-workers
  - B. Estimating how much your company will make from your sales
  - C. Establishing a friendly and cordial relationship immediately
  - D. Determining purchasing authorities and influences
- 8. One of the signals that tells the Distributor Sales Specialist that the customer is ready to buy is that the customer**
- A. asks questions about things like delivery time or payment terms.
  - B. offers to think about it and call back later.
  - C. says "no" but really means "yes."
  - D. asks for a discount.
- 9. All of the following are examples of an assumptive close EXCEPT**
- A. "Which color would you like?"
  - B. "Is UPS okay or would you like second-day air?"
  - C. "Should I go ahead and place your order?"
  - D. "Will you pick this up or would you like it delivered?"
- 10. All of the following are ways to overcome a customer's price objections EXCEPT**
- A. Demonstrating the value of the product first before mentioning price
  - B. Offering lower-priced alternatives that meet the need
  - C. Trading something of value but retaining the price
  - D. Refusing to be undersold by any company

*(Answers below)*

Answers: 1-B; 2-C; 3-C; 4-A; 5-D; 6-A; 7-D; 8-A; 9-C; 10-D



## CHAPTER 9

# Communication is the Key to Effective Selling

*You learn nothing by talking. You can learn everything by listening.*

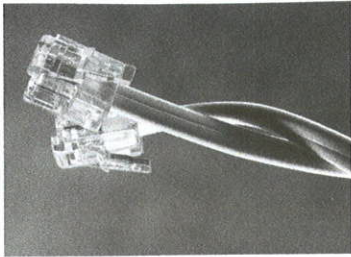
**After reading and studying the material in this chapter you will be able to:**

- 1. Follow the five key steps in the communication process.**
- 2. Apply the principles of effective listening.**
- 3. Ask the five types of questions at the most appropriate times.**
- 4. Avoid the seven major causes of communication breakdowns.**
- 5. Choose the right communications media and use them properly.**
- 6. Use effective communications practices with internal customers.**



# Communication

is the Key to Effective Selling



*Most dictionaries define communication as the act of conveying information.*

We all know what the word “communication” means.

Or do we?

Most dictionaries define communication as the act of conveying information. That’s correct as far as a straight definition goes. But to be effective as a DSS, you have to take it further.

## Follow the Five Key Steps in the Communication Process

To do the job right, a DSS must practice five key steps:

1. **Obtain the right information**
2. **Convey the right information**
3. **Make sure the recipient receives the right information**
4. **Verify that the recipient understands the information**
5. **Follow up quickly with new communication when information changes.**

Communication breakdowns occur at every step of the way—and with disturbing regularity—in the business world. In this chapter, we’ll take a look at some principles of effective communication, the causes of breakdowns, and the techniques that can help you avoid them.

Of the five communication steps cited above, the first one is the most important.

*A DSS must first obtain accurate information before it can be conveyed to anyone else.*

This means paying attention to detail. That, in turn, requires concentration.

### **Determine what can be skimmed and what needs to be read carefully**

A DSS typically works with an endless stream of printed documents. The work you do has to be coordinated with quotations, catalog pages, proposals, invoices, purchase orders, letters, memos, etc. You won’t have time to belabor every document that crosses your desk.



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is the Key to Effective Selling

You'll have to develop some speed-reading habits to process all of them.

Many routine documents can be merely skimmed, but some need to be read more carefully. This is certainly true of technical information. If a customer needs something with a pressure rating of 1500 psi and you provide a 150 psi product in its place, it can lead to big trouble. It's easy to make mistakes like that if you're in a hurry and just take a quick glance at the charts and tables from a specification sheet or catalog. If there are any technical terms, acronyms, or abbreviations you don't understand, find out their meaning before you attempt to pass along the information.

Also, be sure to read carefully any letters or memos pertaining to customer transactions. This is doubly important if the document is about a mistake or complaint. You don't want to compound a mistake with a further misunderstanding.

### Master the Principles of Effective Listening

With printed documents you can take as much time as needed to read and re-read until you fully understand something. Verbal communication is a different matter. Frequently, you get only one chance to hear key information. This is why it's important for a DSS to master the art of listening.

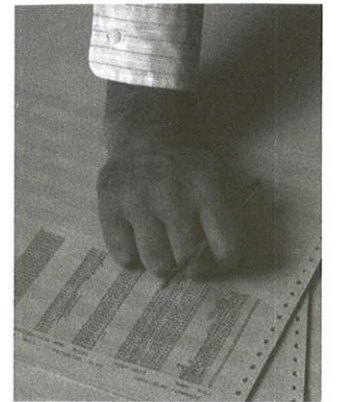
#### Listening is hard work

Listening is more than just keeping quiet. To truly listen requires training your brain to focus on the speaker instead of yourself or your surroundings.

This may sound easy, but listening is hard work. You may be working in an area bombarded with sounds from colleagues on the phone, radios, intercoms, warehouse noise, office equipment, and extraneous conversations. We've learned to tune out most of it as background noise. But our aural processing systems don't always work to perfection. Unfortunately, distractions sometimes cause us to tune out stuff that matters.

#### Faster hearing than speaking distorts messages

We also succumb to impatience. The average person speaks at about 135 to 175 words a minute, but a listener can process 400 to 500 words a minute. People have a tendency to fill the extra time daydreaming, anticipating what the speaker will say next or forming an answer.



*It's easy to make mistakes if you're in a hurry and just take a quick glance at the charts and tables from a specification sheet or catalog.*



# Communication

is the Key to Effective Selling



*Your motivation comes from wanting to be the best you can be at your job as a DSS.*

Doing this often short-circuits the communication and distorts the message. We end up interpreting what we think the speaker will say.

## Listening requires motivation

Most people are born with the ability to hear, but hearing is not the same thing as listening. Hearing is to listening what holding a scalpel is to performing surgery.

*Hearing is a passive activity that comes naturally, while listening requires training and motivation.*

You have to really want to understand what the other person is saying.

## You can become a better listener

Your motivation comes from wanting to be the best you can be at your job as a DSS. Once motivated, here are some tips to help you master the art of listening.

- **Ask questions**

Asking questions forces you to concentrate on listening. Get in the habit of asking speakers to clarify or elaborate things you don't fully understand. This not only helps you to listen, it will also help you learn things. Later in this chapter we'll examine the art of asking questions effectively.

- **Take notes**

Even if you never refer to these notes, the act of writing things down on paper forces you to concentrate on what the other party is saying. It also helps lock the information in your mind. The notes don't have to be detailed. Just jot down key words, phrases, and numbers. People speak much faster than anyone can write. If you try to write down every word that's said you will lose track of the conversation and miss some of the speaker's main points.

- **Get rid of distractions**

Avoid the temptation to multi-task by doing paperwork, checking e-mail, etc., while someone is talking to you. Don't try to answer another incoming call on a different line. This is aggravating to the other party. Leave it to the phone receptionist or voice mail to take a callback message.



## Communication

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- **Briefly interject**  
During a long conversation make brief comments such as: "I understand...I see what you're saying." This helps you to stay alert, and also shows the speaker that you are paying attention.
- **Don't interject your own thoughts**  
Make sure the other party is done talking before you venture an opinion or explanation. Some people have trouble getting to the point. Give them time to tell you what they want to say, although it's okay to move the conversation along by asking questions.
- **Don't rehearse a response**  
Listen to the full message. Respond only after the other person has finished talking. There may be some key information that the speaker does not reveal until near the end.
- **Pause**  
After the other party finishes talking, pause for a few seconds before responding. The other person might be pausing, just catching a breath, or formulating other remarks. Pausing allows you a chance to soak up and retain what's been said, as well as to collect your thoughts.
- **Sit at the end of your chair**  
Being too comfortable promotes daydreaming. When speaking on the phone, try to assume the same business-like posture you would if you were meeting the person face-to-face. This will help make you more attentive.
- **Tune in to unspoken messages**  
Studies show that only 7% of communication is conveyed by spoken words. Facial expressions and body language account for 55%, with the remaining 38% coming through in one's tone of voice. Over the phone you will not have access to the visual information, so it's crucial that you pay attention to the other party's tone of voice. It's not enough to listen only to what people say—it's important to pick up on how they say it. They may be trying to tell you something but don't know how, or they may be uncomfortable saying it. For example, they may not want to get someone in trouble by criticizing that person's performance. However, their tone of voice often will reveal this information as the root of a problem.



*Listen to the full message.  
Respond only after the other  
person has finished talking.*





# Communication

is the Key to Effective Selling

## Learn by listening

It's been stated several times throughout this course that one of the most important duties of a DSS is to learn as much as possible about a customer's business.

*You learn nothing by talking.  
You can learn everything by listening.*

In contrast to the stereotype of fast-talking sales reps, effective sales presentations generally find the sales rep talking only about 10% of the time, while listening the other 90%.

*"Tis better to be silent and thought a fool,  
than to speak and remove all doubt." – Abraham Lincoln*

## Ask the Right Questions at the Right Time

The distribution business involves a series of complex sales. As the name suggests, a "complex sale" involves a lot more than trying to sell one customer one product one time. It is the opposite of the stereotypical used-car sales pitch.

The complex sale involves:



The complex sale leads to long-term relationships with repeat buying patterns. This requires understanding what constitutes value in the client's mind, and how your company can best fulfill those values.

Good questioning skills are essential in dealing with the complex sale.

*You can't tout your company's value to a client  
until you find out what the client values.*



## Communication

is the Key to Effective Selling

For a DSS, five types of questions are especially useful. They are:



The art of questioning includes knowing when and how to use each one.

### Open-ended questions lead to long responses

Open-ended questions cannot be answered with a simple yes or no, a number, or some other short response. Examples of open-ended questions are:

*"How does your company evaluate its suppliers?"*

*"What problems have you encountered with your production lines owing to product failures?"*

*"What do you feel your supplier(s) could do better?"*

The objective of an open-ended question is to get the other party speaking freely. The more customers talk, the more information you will learn about them and their businesses.

### Open-ended questions are ideal for qualifying sales prospects

Open-ended questions elicit the most information of any of the four types. A DSS should use open-ended questions extensively when qualifying prospects. Many open-ended questions begin with the words: "What," "Why" or "How."

*"What are some of the things you look for in a supplier?"*

*"Why are those things important to you?"*

*"How do most suppliers fall short?"*

*"What alternative solutions have you considered?"*

*"It looks like our product lines and services are a good fit for your company. What do you think?"*



# Communication

is the Key to Effective Selling

Not only do open-ended questions require a longer answer than yes or no, they also do not automatically lead to a particular answer.



## Closed-ended questions can be answered briefly

Closed-ended questions are not intended to make the client talk a lot. They are intended to help you obtain specific information or confirm facts.

Closed-ended questions usually can be answered with a yes or no, or with a number or brief statement. For instance:

*"How often do you order that?" "About once a month."*

*"How much do you usually order at one time?" "About 100 items."*

*"When was your last order?" "Yesterday."*

*"Would you be interested in purchasing this product in carton quantities and saving money?" "Yes."*



## Probing questions are used to follow up

Probing questions are a type of open-ended question. They are good to use when an open-ended response does not provide enough information that you need. Examples include:

*"Please tell me more about the vendor evaluation program you just mentioned."*

(This imperative sentence serves the same purpose as a question. A statement does not have to be followed by a question mark to qualify as a question.)

*"You say the failure of that product caused a number of problems. What kind of problems?"*

*"What happened after that?"*

*"Tell me about the features of the high-efficiency equipment you currently install."*

*"How do you market this equipment to your customers?"*



## Communication

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Probing questions are a way to get to the heart of a matter. You can't really prepare probing questions ahead of time. They require you to listen carefully and think about what the client is saying.

### Clarifiers make sure of understanding

The clarifier may not be a question at all. It may simply be a statement to make sure you have properly understood the client. Sometimes it's a matter of paraphrasing something the other person said, such as:

*"Did I hear right that a production line shutdown costs you \$10,000?"*

*"You expect next day delivery?"*

*"As I understand it, you prefer to keep a large stock of these items on hand."*



Clarifiers

### Leading questions help close sales

Recall that in the last chapter we discussed the "assumptive" technique of closing a sale. It involves asking a question that assumes the customer is ready to buy. Examples used were:

*"Do you want this order delivered, or will you pick it up?"*

*"Is UPS ground okay, or do you want it second-day air?"*

*"Which color would you like?"*

*"Is there anything else you need?"*



Closing/leading questions

These also are examples of "leading" questions. They often are used to close a sale.

Leading questions often use phrases that nudge a customer toward the desired answers. These are phrases such as:

*"Don't you...?" "Shouldn't you...?" "Won't you...?"  
"Isn't that right?"*

*"So is it safe for me to assume that our pricing on this job was competitive?"*



# Communication

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## Leading questions can go haywire

Leading questions require a deft touch. If the answer is too obvious, clients will see it as an insult to their intelligence.

For instance, some sales trainers recommend asking questions that “secure agreement,” such as:

*“Is reliability important to you?”  
“Do you want to save money?”*

Simple-minded questions like that are likely to backfire with sophisticated clients in a complex sales process. You’re not trying to push them into buying something they don’t need or want. Your goal is to understand their business and how your company’s value proposition fits into it.

## Timing is everything

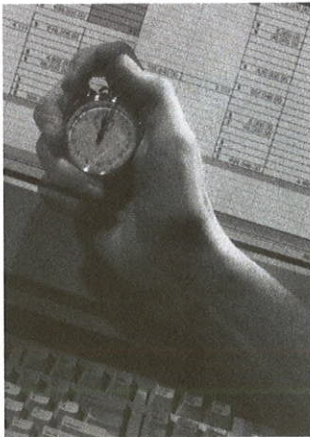
Each of these five types of questions must be used properly. To achieve success, a DSS has to develop a sixth sense for when to ask each type of question.

- As noted, the open-ended question is the type used most frequently by salespeople, especially when prospecting and qualifying. It gives you the most information in the most unbiased way.
- The closed-ended question is useful for obtaining factual information such as time, quantity, and yes or no responses.
- Probing questions are a way to uncover layers of important information beyond the first open-ended answer.
- Clarifiers are used to make certain you understand important points.
- Leading questions help nudge a prospect toward buying from you.

## Listen and learn

Asking the right question at the right time serves its purpose only if you listen carefully to the answers.

Inexperienced salespeople sometimes start thinking about the next question before the speaker finishes answering the previous one. Or they get too anxious and start trying to sell additional products before the client is fully convinced of placing the original order.



*Asking the right question at the right time serves its purpose only if you listen carefully to the answers.*



## Communication

is the Key to Effective Selling

*You learn nothing by talking.  
You can learn everything by listening.*

### **Communication breakdowns have many causes**

Mastering the art of listening and questioning will help ensure that you obtain the right information. That's just the first of the five steps we identified at the beginning of this chapter. The rest have to do with conveying accurate information to recipients, and making sure they receive that information accurately.

You do not have total control over these steps. Nothing you do can guarantee with absolute certainty that the people you deal with will be careful listeners or attentive to detail.

## Eliminate the Seven Common Causes of Communication Failure

You can increase the odds in favor of effective communication by removing obstacles that might prevent the other party from receiving your information accurately.

Probably 90% of all business errors can be traced to some kind of communication breakdown. Some of the most common mistakes occur when customers order products they don't normally use or when customers say something such as, "Send me the widget I usually order," or even when they say, "Send me the box quantity" without knowing the box quantity.

Failures to communicate happen in many ways. Let's examine some of these.

### **Breakdown #1: Evading responsibility**

*"It's not my department."*

*"That's not my job."*

*"It's not my responsibility."*

How many times have you heard those lines when you've called a business to resolve a problem? Think of how annoyed it made you.



# Communication

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*It's beyond anyone's  
job description  
to know everything.  
Yet anyone can say,  
"I don't know, but I'll do  
my best to find out or  
transfer you to someone  
who can help."*

You probably came away with an impression of the company as an inept bureaucracy where the right hand doesn't know what the left one is doing.

That's exactly how clients will perceive you and your company if you keep "passing the buck" in response to inquiries.

It's beyond anyone's job description to know everything. Yet anyone can say, "I don't know, but I'll do my best to find out or transfer you to someone who can help."

If finding an answer might take awhile, ask for the caller's number, do your research, and call back as soon as possible with the requested information.

As a DSS, you will be on the front lines of customer contact. You will not have all the answers they seek, but you always should be willing to help customers find the correct information or direct them to someone who can.

## Breakdown #2: "I assumed"

*A new employee at a large company doing sensitive military work walked up to a paper shredder and stood before it with a puzzled look. A senior secretary noticed the confusion and offered, "Need some help?"*

*"Yes," said the novice. "How does this thing work?"*

*"It's simple," said the office veteran, who took the thick report from the new employee's hand and fed it into the shredder.*

*The document came out the other end in thousands of little pieces. "See how it works?" the experienced person said.*

*"I see," replied the newcomer.*

*"But I wanted to make some copies."*

This tale shows how assumptions can lead to serious mistakes and trouble. The secretary assumed that because the newcomer was standing in front of the shredder, the purpose was to shred the document in hand.

Think of how lost you felt the first day on a new job. You had to be taught simple things like how to use the office copier or fax machine. People spoke with jargon and acronyms that you didn't have a clue about. Maybe you even had to ask the location of the restroom.



## Communication

is the Key to Effective Selling

Later, all these things became second nature to you. You also came to learn hundreds of details about the business and industry that are likely imbedded in the brains of your fellow employees and industry colleagues. It became natural to assume that everyone you speak with knows them.

Be on guard against this.

*Avoid insider jargon and acronyms unless you're absolutely sure the other party knows them as well as you.*

*Listen for clues that the person you're speaking with may not fully understand.*

Don't assume the people you speak with will ask for clarification of things they don't understand. It's human nature to pretend to understand out of fear of being thought of as less knowledgeable. Some clues that may give you an indication the other party doesn't fully understand are a confused tone of voice or saying things that don't make sense.

### Breakdown #3: "I think so"

*"I think the order was shipped."  
"I'm pretty sure we back ordered that product."*

Which is it? Do you think you know or do you know? Are you pretty sure, or are you certain? Customers have a right to be angry if you tell them you think you have something in stock, but then it's not there after they make a trip to pick it up.

What's behind this communication breakdown is nothing more complicated than laziness. Someone won't make an effort to take whatever steps are necessary to verify something.

Take a cue from commercial aviation and the space program. Despite the vast experience of pilots and astronauts, before every flight they read a lengthy checklist aloud of things to do before taking off. They may have repeated the sequence thousands of times, but the stakes are too high to take a chance on missing something.

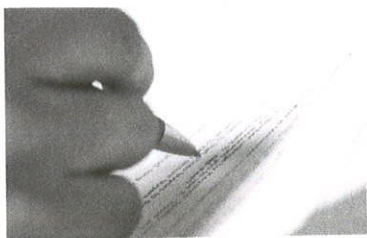
Leave nothing to chance. If there's the slightest possibility something may have been overlooked, check, and double-check.





# Communication

is the Key to Effective Selling



*Important information  
needs to be put in writing.  
Nobody likes paperwork,  
but there's a reason for it.*

## **Breakdown #4: If it's not in writing, it's not real**

When you tell somebody something over and over, it seems reasonable to assume—oops, there's that dangerous word again—that everyone gets it.

Not necessarily. Spoken information tends to go in one ear and out the other. People have selective memories that lead them to hear what they want to hear. Plus, they are bombarded with so much information on a daily basis that they're apt to forget much of it.

Important information needs to be put in writing. Most people don't like paperwork, but there is a reason to write things down.

Even that isn't enough. Once written, the documentation has to be accessible. Keep your files in order. Post important messages to a bulletin board or circulate it via e-mail to all colleagues who need to know the information.

## **Breakdown #5: Lack of follow through**

Job quotes, back orders, and materials requisitions sometimes get sidetracked for months because nobody thinks to follow up on them. It's just assumed—uh oh—that purchasing agents, estimators, vendors, receiving personnel, and everyone else in the system will do their jobs right.

Clients don't react well to excuses. It may not be your fault that an order fell through the cracks or that someone delivered the wrong products, but you'll be held responsible anyway.

Get into the habit of following up on important orders and paperwork. Call the client to make sure they received that rush order in time.

## **Breakdown #6: Imprecision**

*A distributor called a vendor to order two truckloads of pipe. Business suddenly took a downturn, and just before delivery the distributor called to tell the vendor, "Cut the order in half."*

*Sure enough, when the two trucks arrived, each piece of pipe was cut in half!*

The English language is filled with ambiguities, i.e., words, phrases, or expressions that can mean more than one thing. "Cut the order in half" could be taken two ways. This distributor needed to be more precise in telling the vendor to cut his order to one truckload.



## Communication

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Vagueness leads to many communication failures. Imagine making an appointment to meet someone "after dinner." How useful would that be without telling the person at what time you finish eating dinner?

Imprecise communication not only leads to mistakes, it also wastes time. Instead of communicating something once, it causes both the sender and recipient of the message to go back and forth trying to clarify what's going on.

Even worse, some people don't bother to clarify. They'll simply act upon what they think the request is about. That's how two truckloads of pipe get cut in half.

### Breakdown #7: Ignoring context

*Just short of touching down at an airport, the pilot determined that the runway was too short for a landing approach. So he decided to circle around and try it again.*

*"Takeoff power!" he yelled to his co-pilot. The pilot, of course, wanted extra power to lift back up to circle around. But the co-pilot interpreted the command as take OFF power. In response, he turned off the engines. The plane crashed.*

This fatal mistake stemmed from failure to understand the context of a situation. The difference between "takeoff" and "take OFF" might involve a subtle voice inflection. Nonetheless, the co-pilot should have known from the context of the situation that shutting power off was not the right thing to do. The pilot, too, must share the blame. He should have been more precise in saying, "Full engine power."

Do you notice when a customer places an order that's uncommonly large or small? Or when a customer who usually orders unit number 12345 suddenly orders 12346?



# Communication

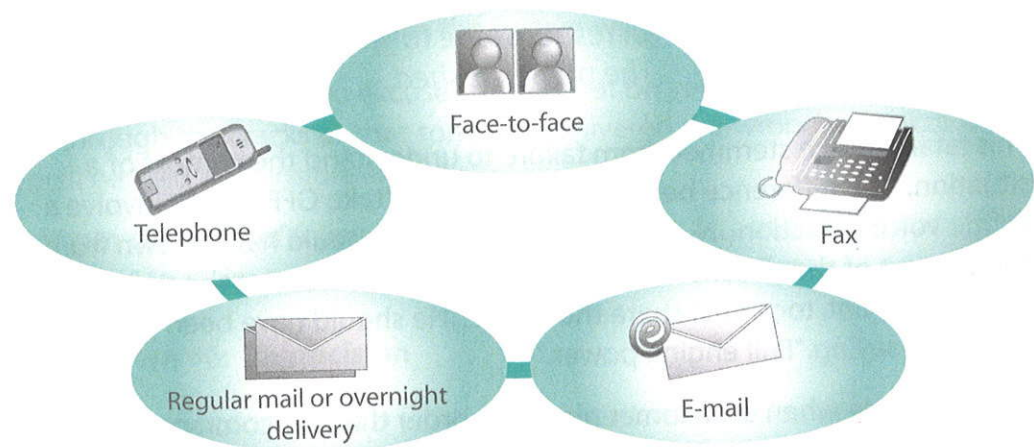
is the Key to Effective Selling

**A sharp DSS will notice when certain things just don't "feel" right. For example:**

- A customer orders products he doesn't normally use.
- Many customers place orders that are vague, i.e. "Send me the faucet I usually buy." Insist upon clarification from the customer.
- Some customers may order by "box quantity," but not know the exact quantity in each box they are requesting. Clarify this with the customer.

## Choose the Right Communications Media and Use it Properly

In most distribution companies, there are five ways a DSS has to communicate information:



### Telephone is the most common form of DSS communication

The telephone is, by far, the most common and important communications instrument used by most DSS personnel. There are times, however, when it's more appropriate to use one of the other media—sometimes in conjunction with the telephone. For instance, you may sell a large order over the telephone, but find it prudent to confirm the information via e-mail or letter.



## Communication

is the Key to Effective Selling

Each medium has its advantages and disadvantages. Let's examine some of them.

### **Face-to-face is best for many internal communications**

A DSS seldom has the opportunity to meet with customers or vendors face-to-face, but this option is available with your internal customers—the colleagues you work with. For routine communications, face-to-face encounters are usually a time waster. It's faster and easier to pick up the phone or send an e-mail message.

Sometimes it is better to arrange an in-person encounter, however. This is true especially when you have something sensitive to discuss or a complaint to voice. DSS phone conversations usually can be overheard. Some things are better discussed behind closed doors.

Also, remember something noted earlier in this chapter. Facial expressions and body language convey about 55% of meaning. If you want to emphasize something or make sure it's understood, communicate in person.

### **Faxes are still used extensively in distribution**

Most distribution businesses are not using fax communications as much as they did in previous decades. To a large degree, the fax has been superseded by e-mail.

Faxes have many drawbacks compared with e-mail and other forms of communication. Users have to contend with transmission failures, paper jams, low toner, blurred type, misrouted documents, etc.

Nonetheless, many companies still use faxes extensively to send proposals, bid submittals, purchase orders, quotations, and myriad other business documents. Some of your customers may prefer to communicate by fax rather than telephone or e-mail. If that's what customers want, follow their wishes—they're the bosses.

Some people prefer faxes because of security concerns with e-mail communications. Or, it may be just because old habits are hard to break.



# Communication

is the Key to Effective Selling



*For very important documents, make it a point to follow up with a phone call confirming that the other party received everything clearly.*

## **Make the best use of faxes**

Most distributors continue to communicate via fax to some degree. Here are some tips to ensure the best possible fax communications.

- **Always verify that a transmission goes through**  
Most fax machines have a feature to verify whether a transmission has been successful. Often it may print out a confirmation sheet advising “OK” for a successful transmission or “NG” (no good) if it didn’t go through. The latter means you need to re-transmit the document or send it by other means. Whenever you send a fax, check later to make sure it went through. It’s a good idea to keep the successful transmission sheets on file as proof that the message was sent. For very important documents, make it a point to follow up with a phone call confirming that the other party received everything clearly.
- **Whenever possible, send original documents rather than photocopies**  
If this isn’t possible at least make sure copies are crisp and legible. Some documents get copied so much they are barely readable when transmitted via fax. Blurry type can spell big trouble.
- **Try to avoid sending lengthy documents via fax**  
The more pages sent, the greater the chances that some will get lost, crumpled, misdirected, or turn out illegible on the other end. If time is not critical, it’s better to send lengthy documents via regular mail. Overnight delivery is an option if time is short, though that is more expensive.
- **Change toner when low toner warnings are indicated**  
It’s tempting to leave this task to the next person using the fax machine. The problem is that the toner situation worsens with every use and incoming documents eventually become illegible. Be part of the solution rather than the problem.
- **Be a team player**  
Some fax machines are shared by many employees. Don’t just throw pages around while sorting your pages from other transmissions. Be conscientious about routing incoming messages to the correct parties—and they may do the same for you. If necessary, set up a file holder with labels for different personnel or departments.



## Communication

is the Key to Effective Selling

### **E-mail is the wave of the present**

Today's distributors find more and more communications coming their way via e-mail. E-mail is a quick, efficient, inexpensive, thorough, and convenient way to communicate with people outside or inside your office. It can be accessed 24/7, and provides a ready-made record of the message that can be saved electronically or printed out.

What's not to like about e-mail?

### **Beware of e-mail drawbacks**

Well, there are indeed drawbacks. For one thing, not all customers are tuned into e-mail communication. Some businesses still don't use it much and you need to abide by customer preferences.

E-mail offers the promise of speedy communication, but that doesn't do any good with people who don't check their e-mail frequently.

Another shortcoming is that many companies have systems to filter out spam messages. These filters often are tied to the number of recipients. They detect and will block any message sent to many people.

This undermines one of the biggest potential advantages of e-mail to a distributor—the ability to send quick and inexpensive mass mailings.

### **E-mail is not a good way to convey emotions**

Perhaps the biggest drawback to e-mail is its potential for misinterpretation. An employee once got in trouble for penning "Have a nice day" at the end of an e-mail exchange with a customer. While done with the best intentions, the e-mail concerned a major problem, and the customer accused the employee of sarcasm with that closing statement.

Because it's so quick, e-mail lends itself to spontaneous, careless writing. Most people do several drafts when composing a letter, but are apt to write e-mails off the tops of their heads.

Avoid firing off angry e-mails. Take some time to cool off and think in a level-headed way about the problem before responding. Criticism is better conveyed in person or over the phone.

E-mail lacks clues like facial expression and tone of voice that help recipients decipher meaning. Sarcasm and humor are easily misunderstood.

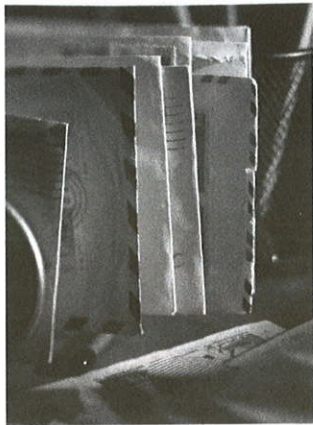


*E-mail is a quick, efficient, inexpensive, thorough and convenient way to communicate with people outside or inside your office.*



# Communication

is the Key to Effective Selling



*For certain types of communication, old-fashioned mail delivery is sufficient—even preferable.*

*Never forget that e-mail messages provide a permanent record of what is said, and that they are easily shared with anyone, anywhere.*

This can be a convenience, but it also opens the door wide to possible regret. Never say anything in an e-mail that you wouldn't want revealed to the entire world, because that potential exists.

### **Old-fashioned mail sometimes is the best way to communicate**

For certain types of communication, old-fashioned mail delivery is sufficient—even preferable. Promotional literature and company news are usually best handled this way to ensure the widest distribution and receipt of the information.

So-called “snail mail” also is a good way to send thank-you notes to customers and other people when appropriate. When timing is critical and expense is not a major consideration, overnight delivery services serve their purpose.

## Use Effective Communications Practices with Internal Customers

Don't forget something we addressed back in Chapter 2: Distributors have both external and internal “customers.”

*You sell to external customers, but you rely on various internal customers to do their jobs right so you can be successful selling.*

And they rely on you to perform well so they can do their jobs effectively.

Communicating accurately with internal customers is just as important as your external communications. If you don't provide accurate information to the warehouse, the order will not be pulled or shipped correctly. If you don't provide accurate information to accounts receivable, billing will be wrong. If you don't adjust inventory, future purchasing will be off.

Mistakes result in unhappy customers who are less likely to buy from you.



## Communication

is the Key to Effective Selling

### Haste makes waste

Many internal communications are verbal. You refer to a product by name and number, you call for additions or adjustments, and you quote the selling price.

That's a lot of information when you really think about it. Even routine transactions are filled with opportunities to transmit or receive misinformation.

This is particularly true when reciting product descriptions and part numbers. Some products may be identified by code numbers that run a dozen digits or more, and there may be dozens of products attached to an order.

### Everyone is busy and in a hurry

That's why it's important to concentrate on speaking clearly. Check and double-check code numbers. Ask the recipient of the information to read back what he or she took down.

Communicate internally by computer whenever possible. Internal e-mailing or messaging ensures you are clear in your request or response and that you've included all the appropriate parties in your discussion.

### Take a cue from the military

Military communications often involve matters of life and death. It's easy to confuse certain sounds, which is why the military has established word counter-parts for each letter of the alphabet, i.e., Alpha (A), Beta (B), Charlie (C), etc.

As a DSS, you often will find yourself reciting alphabet letters as part of product codes and descriptions. It's a good idea to get in the habit of using military-like word counterparts when reciting these over the phone. For instance:

*"I need to know how many items we have in stock of product number FTS1234. That's Foxtrot, Tango, Sam, one, two, three, four."*

*Check and double-check code numbers. Ask the recipient of the information to read back what he or she took down.*





# Communication

is the Key to Effective Selling

## **Mistakes waste time**

Doing all of this takes a little longer, but nothing slows you down more than correcting mistakes. It pays to take time to speak slowly and enunciate clearly when reciting order information, and to ask the recipient to repeat the information back to you.

More than anything else, effective communication is driven by a powerful desire to get everything right. The enemy of effective communication is complacency. The highly professional DSS maintains a sense of urgency and passion for accuracy in ensuring the customer gets the right product in the right place at the right time. At the same time, a DSS's communications skills help foster a spirit of cooperation with internal and external customers alike. Those skills go a long way toward labeling your company as the supplier of choice.

In the next chapter, we'll examine one of the most potentially lucrative duties of a DSS—that of cold calling and bringing in new customers. Good organizational skills are critical. Salespeople who are highly organized and detail oriented tend to be better communicators.



## Quiz

Communication is the Key to Effective Selling

1. **Of the five key steps in the communication process, which is the MOST important step?**
  - A. Conveying the right information
  - B. Obtaining the right information
  - C. Verifying the recipient receives the right information
  - D. Making sure the recipient understands the information
  
2. **When handling a complex sale, a Distributor Sales Specialist who asks the customer the right questions at the right time is especially skillful at**
  - A. obtaining the correct answers to questions.
  - B. telling customers what they want to hear.
  - C. finding out what the customer values.
  - D. learning how to talk to multiple decision makers.
  
3. **For most people, listening is hard work because**
  - A. you have to train your brain to focus on a speaker.
  - B. people prefer speaking over listening.
  - C. speakers talk faster than a listener can process the words.
  - D. listening is a passive activity that comes naturally.
  
4. **Which of the following is a good listening practice to help you become a better listener?**
  - A. Preparing questions while the speaker is talking
  - B. Taking notes as another person is speaking
  - C. Periodically interjecting your own thoughts
  - D. Speaking from a prepared script
  
5. **Which of the following statements about listening is FALSE?**
  - A. We can speak faster than we can listen.
  - B. Hearing comes naturally.
  - C. Effective sales reps talk only 10% of the time.
  - D. Spoken words comprise less than 10% of communication.



## Quiz

## Communication is the Key to Effective Selling

6. **A Distributor Sales Specialist typically might ask an open-ended question in order to**
- A. get a brief answer.
  - B. clarify a statement.
  - C. qualify a prospect.
  - D. close a sale.
7. **Which of the following question types is best to obtain brief, specific answers?**
- A. Closed-ended
  - B. Qualifier
  - C. Open-ended
  - D. Probe
8. **Communication is affected when a Distributor Sales Specialist uses imprecise language because vague words**
- A. resist the need for further clarification.
  - B. remove communication obstacles.
  - C. waste time and lead to mistakes.
  - D. result in a lack of follow through.
9. **Which of the following is the MOST important communications tool for a Distribution Sales Specialist?**
- A. E-mail
  - B. Fax
  - C. Telephone
  - D. Letters
10. **Which of the following is likely to lead to a communication breakdown?**
- A. Too many telephone calls
  - B. Written instructions
  - C. Taking notes
  - D. Assuming information



## Quiz

Communication is the Key to Effective Selling

11. All of the following tips about effective use of faxes are true EXCEPT

- A. Always verify the transmission went through
- B. Only fax photocopies to protect original documents
- C. Avoid sending lengthy faxes
- D. Cooperate with others when sharing a fax machine

12. Which of the following statements about communications media is TRUE?

- A. Overnight delivery is the quickest way to communicate.
- B. E-mail has some drawbacks because of spam filters.
- C. Face-to-face meetings are the best way for a DSS to reach customers.
- D. Faxes are no longer used extensively in the distribution business.

(Answers below)

Answers: 1-B; 2-C; 3-A; 4-B; 5-A; 6-C; 7-A; 8-C; 9-C; 10-D; 11-B; 12-B



## CHAPTER 10

# Prospecting for New Customers

*Drumming up new business can be lucrative for a DSS.*

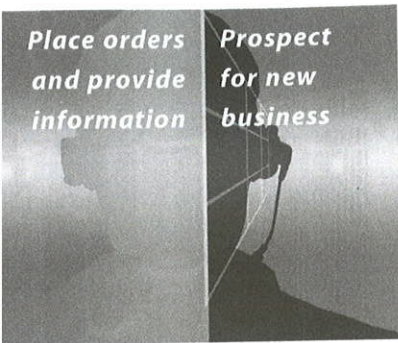
**After reading and studying the material in this chapter you will be able to:**

1. Develop and qualify sales prospects.
2. Get past the prospect's gatekeeper.
3. Get past the electronic gates.
4. Generate hot responses from cold calls.
5. Take rejection in stride.
6. Practice persistence, variety, and enthusiasm.



# Prospecting

for New Customers



*Your employer may ask you to spend a portion of your time prospecting for new business.*

The vast majority of the time, a DSS serves customers who repeatedly do business with the company. Often these customers initiate phone calls to place orders or request information. You develop a certain comfort level dealing with people you know and who want to speak with you. Some sales will come your way with little effort on your part.

Many DSS job descriptions include another duty that is not so comfortable to most people. Your employer may ask you to spend a portion of your time prospecting for new business. This involves identifying and calling potential customers who may know nothing about your company.

Even worse, they may know of your company but don't have a good impression of it. Maybe they heard something bad about your company or hold a grudge because of something that went wrong in the past. Or, perhaps they have nothing against your company, but are satisfied with current suppliers and see no reason to change. More often than not, this is the case. People are creatures of habit and enjoy a certain comfort level that they prefer to maintain.

### *Prospects are often resistant to change.*

From the prospects' point of view, taking on a new supplier involves some risk and extra effort in building new relationships and learning new procedures. Maybe the new supplier won't perform to the same level. Why should they change? They are really busy and their current supplier does a decent job. It will be your job to try to change their minds.

### **New business is needed to make up for normal attrition**

Prospects are much harder to sell than existing customers. At the same time, a distributor must continually prospect for new business. Distributors need a constant flow of new customers to sustain business growth.

"Grow or die" is a famous slogan coined by the late Peter Drucker, who was widely regarded as one of the most brilliant business management authors who ever lived. He contended that businesses must keep growing just to stay fresh and replenish customers lost to normal attrition.

On average, businesses lose around 9% of their customers each year through no fault of their own. These are customers who die, go out of business, move away, or develop new business relationships.

*Distributors need a constant flow of new customers to sustain business growth.*



## Prospecting

### for New Customers

Your company may have done nothing wrong to cause the loss of their business, but it's loss nonetheless. Most customers in these attrition categories can never be recaptured. So they must be replaced.

### Develop and Qualify Sales Prospects

Prospecting is often referred to as "cold calling." Success in prospecting does not necessarily mean generating immediate sales. Realistically, the chances are slim that a DSS will convince a prospect to place an order the first time he or she speaks to that person on the phone.

For many distributors, the main goal of cold calling is to introduce their company and gather information about prospective customers.

#### Key information that can be gained from these calls includes:

1. Names and titles of key purchasing decision makers
2. Assessment of the company's potential to buy your products
3. An estimate of potential purchase volume
4. Learning details about the prospect's business

*\* See the Customer Profile Sheet on page 120 for other useful information to gather*

Gathering information sets the stage for follow-up phone calls and e-mails, literature mailings, and perhaps a visit from an outside salesperson. These subsequent contacts are more likely to result in sales than the initial phone call.

That's because if you succeed in making contact and collecting information with the first phone call, the second time you call a prospect, you're no longer a stranger. Your chance of selling that person goes up accordingly. The tricky part is to gain that first conversation with a prospect and establish enough rapport that your second call is accepted.



*For many distributors, the main goal of cold calling is to introduce their company and gather information about prospective customers.*



# Prospecting

for New Customers



*You can spend a lot of time simply finding out the name of the decision maker who might be worth talking to.*

## Some call lists are of marginal quality

Prospecting or cold calling does not literally mean calling people out of the blue. Almost always, you will be provided with a list of companies thought to be potential buyers of the products you sell.

The quality of these lists varies. Some are purchased from companies that specialize in telephone list rentals. Often these lists are developed from Yellow Pages directories and tend not to be precisely targeted. Many of the phones may be disconnected, or the type of business turns out to be not very relevant to your company. Rented lists sometimes do not contain contact names; in addition some of the names provided may be no longer with the company. You can spend a lot of time simply finding out the name of the decision maker who might be worth talking to. Such lists are better than nothing, but generally entail a low conversion rate.

## Hot leads can be generated in-house

The more information you have about a prospect going in, the better your chance of connecting in a meaningful way. Good prospect lists sometimes are compiled in-house from leads your company has gathered in various ways. Some of the best prospects may include:



*Some of the best prospects may include people who someone from your company made contact with at a trade show or social event.*

- Customers who have done business with your company in the past but haven't bought anything in a long time. Former customers are probably the best place for a DSS to start calling and the "easiest" call to make. The customer already knows your company, to some extent. Just showing an interest in their business can be enough to rekindle the relationship.
- Referrals from other customers, vendors, etc.
- Respondents to advertisements placed by your company.
- People who have called or e-mailed someone from your company, or made contact via its Website.
- People who someone from your company made contact with at a trade show or social event.





## Prospecting

for New Customers

In some cases, a DSS may be asked not only to call people on a prospect list, but to do the research needed to compile a call list. The bullet points on the previous page identify some of the hottest prospects. Even if you're not asked to put together a call list, it's a good idea to collect information about people in these categories for your own use. As you gather information on prospects, pass it along to your branch or sales manager for further analysis. The most valuable Distribution Sales Specialists are always prospecting.

The more information you can obtain, the greater your chance of developing new business. Contact names and titles are especially important.

*The more information you can obtain, the greater your chance of developing new business.*

### Get Past the Prospect's Gatekeeper

Most people you call will have either voicemail or a phone receptionist/administrative assistant whose job it is to screen incoming calls. There are techniques you can use to increase your chance of getting past these "gatekeepers." Let's deal with the human element first, then voicemail.

First, realize that you are dealing with human beings. The gatekeepers are people like you and me. So let's walk a mile in their shoes.

As humans, the gatekeepers respond better to friendly voices than to brusque ones. They respond better to people who speak softly as opposed to loudmouths. They are especially anxious to repel pushy salespeople, but they don't want to turn away anyone who has something beneficial to offer their company. They respond better to callers who ask them questions than to those who seem to know all the answers.



*There are techniques you can use to increase your chance of getting past "gatekeepers."*

#### Ask for prospects by name

They are apt to respond well to requests for help or advice. For instance, here's an opening that could get you inside the gatekeeper's door.

*"Good morning, I'm Jane Smith with XYZ Supply. We distribute (products) that are used by your company, and Mr./Ms. Prospect contacted us recently with interest about these items. I need your help to make sure that Mr./Ms. Prospect gets informed of a special program we have that can save your company money."*

Often the gatekeeper will say the prospect isn't available and offer to take a number. Give it, but also ask for the best time to reach the prospect.



# Prospecting

## for New Customers

Most gatekeepers will give you a straight answer, and that becomes your first bit of useful information gathered.

Be sure to note the following two tips:

Find out the name of the prospective buyer

Learn the name of the gatekeeper



*Learning the gatekeeper's name can be a good way to establish rapport.*

First, your chance of getting a positive response from the gatekeeper is much improved if you know the name of the prospective buyer. In small companies, it might be the owner. Within larger companies, it could be anyone from a department manager to a purchasing manager or a purchasing agent who is in charge of specific product categories. Asking to speak with "whoever's in charge of purchasing" won't get you past too many gatekeepers.

Also, learning the gatekeeper's name can be a good way to establish rapport. "Hi, this is John Jones from XYZ Supply. What's your name?"

### **Ask the gatekeeper for help**

Most people delight in being helpful. It makes them feel useful and important. So if you don't know the name of the purchasing authority, a good way to find out is simply to ask the gatekeeper. This would be a good time to use the name of the gatekeeper that you just learned.

*"Linda, can you help me identify who in your company would be the best person to contact with regard to..."*

Or

*"Linda, can you advise me of the best way to get five minutes to speak with Mr./Ms. Prospect?"*

### **Never tell lies**

In this example, we said that "Mr./Ms. Prospect contacted us recently ..." Only say things like this if it's true. If the prospect responded to an ad, made an inquiry via your Website, or spoke with someone from your company at a trade show or social event, it's okay to refer to that contact to establish credibility.



## Prospecting

for New Customers

But don't lie. Even if lying can help get you past the gatekeeper, it's unethical and not a good way to start a business relationship. If the gatekeeper's boss says he or she has never heard of your company, that gatekeeper will work doubly hard to block you in the future. Lies have a way of coming back to haunt you. Nobody wants to buy anything from a liar.

### Be specific about your reason for calling

Our example referred to a "special program." It's a good idea to hinge your cold calls to some kind of special deal or promotion, or anything else that would give the gatekeeper an excuse to open up.

In our example, the reason is stated up front. Some cold callers prefer to remain silent about the purpose of their call, simply saying something like:

*"This is so-and-so from XYZ Supply. Can I please speak with Mr./Ms. Purchasing Authority?"*

Sometimes that will be sufficient to get you inside the gate. More often, you'll be asked: "What is this call in reference to?" Then you'll have to recite the reason for your call.

### Become an ally with the gatekeeper

Be mindful that the gatekeeper's job is to keep people away who are perceived as wasting the boss' time. In particular, they want to refuse passage to pushy salespeople.

At the same time, the last thing a gatekeeper wants to do is deny entry to someone the boss would consider important to speak with. So, you need to determine what to say that would strike the gatekeeper as important.

Has this company had problems with product failures lately? Maybe your opening to the gatekeeper could refer to: "...a way to prevent the kind of shutdowns your company has experienced lately." Is a competitor giving them fits? "I have something that could help level the playing field with Brand X."

Your goal is for the gatekeeper to regard you as an ally rather than an intruder.



*You need to determine what to say that would strike the gatekeeper as important.*



# Prospecting

for New Customers



*Some cold callers get frustrated when they are not able to speak directly with a human being.*

There is no single canned pitch that will work with all gatekeepers. In fact, you should avoid canned pitches altogether. By being well-prepared and researching the prospect before initiating that first call, you'll be able to effectively communicate something that has value to the prospect. That—plus always treating him or her with respect and being friendly—is how you get past the gatekeeper.

## Get Past the Electronic Gates

Some cold callers get frustrated when they are not able to speak directly with a human being. Actually, voicemail screens can be easier to get past than human gatekeepers. This is especially true of systems that allow direct passage into the voicemail of the person you are trying to reach.

The techniques here aren't that much different than those used to get past the human gatekeeper, except there is one less individual to deal with. Assuming you have identified the correct purchasing authority, you are able to speak directly to that person's voicemail.

The only challenge remaining is to entice that person into returning your call—or at least lay the groundwork for your follow-up phone call to be accepted.

### Here are some tips to effectively deal with voicemail

#### 1. Speak clearly

A DSS needs to develop a voice that enunciates clearly and is easily understood. Avoid monotone delivery, and especially get rid of the “ahh...ummm...errr...duh” debris that aggravates listeners and marks the speaker as inarticulate. Your voice must convey a measured amount of enthusiasm—but not so much that you sound like a huckster or street peddler. When you leave your phone number, say it slowly and distinctly so the prospect doesn't have to listen to the message again to get your phone number. You may want to repeat your number slowly a second time.

#### 2. Leave an intriguing message

Most cold calls don't get returned, but you can improve your chances if you leave an intriguing message. For instance, since your goal is to gather information, you might say: “Mr. Smith, this is Fran Jones from XYZ Supply.



## Prospecting

### for New Customers

We have widgets on sale for a limited time at a price that I think you'll find lower than anyone else's. My phone number is..." You might want to add: "In order not to waste your time playing telephone tag, if I'm not in when you call me, please advise me about the best time to reach you."

#### 3. Make it easy for the prospect to contact you

Leave your e-mail address along with your phone number in case the prospect prefers that method of communicating. Also refer to your company's Website as a source for more information.

#### 4. Avoid being too wordy

Don't provide too many details about the purpose of the call, just a brief benefit statement such as: "I know you buy many widgets on a regular basis, and so I wanted to let you know about a special offer we have on them for a limited time."

#### 5. Mention referrals

"I do business with Mr./Ms. Associate, who recommended I give you call."

#### 6. Mention internal referrals

This one is a bit sneaky, but it's within bounds to say something like: "The head of our business development team, Mr./Ms. Distributor, suggested I give you a call about ways to improve the productivity of your work crews using some new devices we have on sale."

#### 7. Detect personalities in voicemail recordings

You can tell a lot about people from the nature of their voicemail recordings. Some leave clipped messages: "This is Fred. I'm not in, so leave a message." Others are more detailed: "This is Fred Johnson. Today is Monday, May 19. I'll be out of the office until Thursday, May 20, and will not be checking voice messages until my return. Leave your name, number, and a detailed message, and I'll call you back as soon as possible."

This message says Fred is a detail-oriented person, so your response should be precise and detailed as well. (As a general rule, avoid leaving overly long voice messages that sound like infomercials.) If the voice recording is abrupt, make sure your message is brief as well.



# Prospecting

for New Customers

## 8. Detect hidden messages in voicemail recordings

If the voicemail tells you someone will be gone a week, it may be better not to leave a voice message. Your message could be easily be ignored. Make a note to call back after the person returns. Call a day or two beyond the date the person is expected back to allow some time for him or her to catch up on work after being away.

## Cold calling can integrate various media

Although the telephone is the main tool used by a DSS, today's world offers a variety of communications options. Some people prefer to communicate via e-mail rather than over the phone. Other prospects may respond better to faxes or letters. Learning their preferences is part of the information you want to gather. These different media are not mutually exclusive. Letters, e-mails, phone calls, and faxes can be combined in various ways to get your message across to prospects.

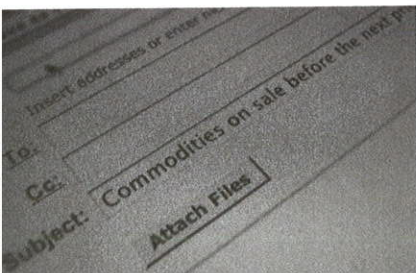
The more often you can get your name in front of a prospect, the greater the chance you will receive a positive response. A prospect may not have time or be in the mood to talk with you when you call. But that person may be interested in what you're offering when he or she sees it detailed in a letter, fax, or e-mail message.

The more often you contact a prospect, the more likely he or she will remember you.

## E-mail prospecting holds promise

E-mail, in particular, can be an effective way to reach prospective customers. It takes only seconds to send an e-mail "blast" to hundreds of people if you have compiled a suitable e-mail address list. It would take days or weeks to reach that many people by phone. The downside is your message likely will get blocked from many recipients' in-boxes by spam filters or deleted unread. Nonetheless, even a tiny success rate can bring in considerable new business.

The key is to get your e-mail opened and read by the recipient. As with speaking on the phone, this requires an intriguing message combined with a benefit statement. A subject line might be something like: "Commodities on sale before the next price increase." The message itself could explain that your company has embarked on an inventory clearance and has a limited-time sale on certain items that the prospect buys. And, be sure to select the "receipt requested" setting on your e-mail to verify that the e-mail was opened.



*It takes only seconds to send an e-mail "blast" to hundreds of people if you have compiled a suitable e-mail address list.*



## Prospecting

for New Customers

### Generate Hot Responses from Cold Calls

Now let's assume you've gotten past the gatekeeper and voicemail. You have the ear of someone who you have identified as a buyer or purchasing influence. How do you make the most of these opportunities?

#### Know what you want to say—Get to the point quickly

Prospects don't know you or what you want to talk about. You have only a few seconds to make an impression that convinces prospects you're someone worth their time.

That's why being prepared is crucially important going into the first voice contact. You have to know exactly what you want to say to the prospect.

Dispense with small talk. Don't bother asking how the prospect is doing today or comment about the weather outside. Get to the point.

You might do well to have a script in mind or even written down on paper. Guard against sounding like you are reciting a canned pitch, but it's better to have a script prepared than to stumble around with "ahh...ummm...errr" while you're trying to figure out the best way to say something. It's a good idea to practice your opening lines aloud before picking up the phone.

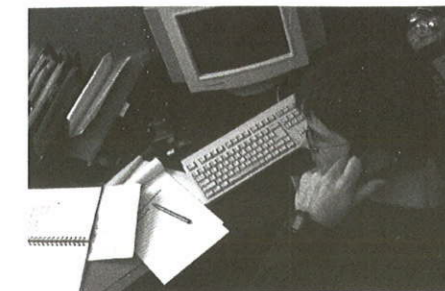
#### Different folks require different strokes

The exact wording of a cold call will vary according to whatever background information you may have accumulated about the prospect. For instance, let's say it's a past customer who hasn't bought from you for a long time. Your opening might go something like this:

*"Good morning. I'm Joe Jones from XYZ Supply. Our records show you used to be a regular customer of ours but haven't bought anything in a long time. I'd like to find out why and see if there's anything I can do to resolve any problems you may have had."*

Or, maybe it's someone referred to you by another customer. This opening statement might be along the lines of:

*"An associate of yours buys a lot of material from us, and recommended I give you a call because you stand to benefit just as he does from the services we offer."*



*Being prepared is crucially important going into the first voice contact. You have to know exactly what you want to say to the prospect.*

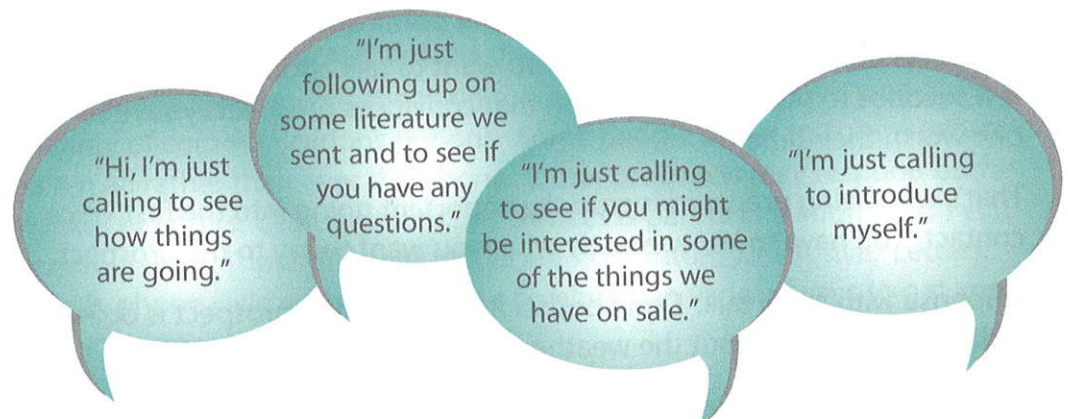


# Prospecting

for New Customers

## Avoid “I’m just...” blunders

Exactly what to say will vary with prospects and situations. Nonetheless, it’s important to avoid some common blunders that are virtually guaranteed to annoy the person you’re calling. These are statements that often begin with, “I’m just ...”:



## Develop Strong Benefit Statements

Make your introductions short, but be sure to include a benefit statement of some kind. Put yourself in the prospect’s shoes. Why should he or she give up several minutes of precious time to speak with you? What can you say in a few seconds that could convince the prospect it would be time well spent?

Focus on your customer’s world. For instance:

*“We’re aware that companies like yours face escalating manufacturing costs, and our company has developed a number of services to control those costs and save you money.”*

*“We offer a variety of innovative devices that help save labor costs and improve productivity.”*

*“Mistakes cost you money and aggravation, and we can eliminate almost all mistakes in the ordering cycle.”*





## Prospecting

for New Customers

### Place calls when prospects are available

The best time to make cold calls varies with a distributor's type of business, as well as your own work schedule. However, many experienced sales pros find that early morning phone calls often bear more fruit than those made later in the day.

This is because pressing duties and emergencies tend to pile up as the day wears on. Positive outcomes are more likely to occur if you reach prospects when they're fresh and not burdened with other distractions.

In fact, some successful sales professionals like to call people even before the working day officially begins. If normal business hours start at 8:30 a.m., start prospecting calls at 7:30 a.m. If the person isn't in yet, don't leave a message. Instead, go down the list to the next prospect and so on down the line. When you reach the end of the list, resume calling from the top to reach people who weren't in earlier.

Do this and you're bound to catch some people who are early starters at a time when they likely have few other business intrusions to deal with. You may also impress them as a kindred spirit who likes to start early. Some customers like to be seen or will be available to chat at the end of the day, after most of their work crew has gone home.



*Some successful sales professionals like to call people even before the working day officially begins.*

### Prospecting Requires Taking Rejection in Stride

Cold calling can be discouraging to a DSS because the success rate may be quite low. Face it, most people hate to spend time talking on the phone to strangers who want to sell them something. Often, it takes considerable effort just to identify the purchasing decision makers in an organization and get through to them. Then, some will curtly hang up on you after you've barely gotten a few words out of your mouth. This gets discouraging.

#### Take rejection in stride

It's natural that we humans want to avoid rejection. Fear of rejection causes many novice sales reps to develop a phobia about picking up the phone and talking to strangers. But you can't give in to it.



# Prospecting

for New Customers



*Handling rejection is part of the job of a DSS. Accept the fact that a small percentage of people you speak with will be downright rude to you.*

Handling rejection is part of the job of a DSS. Accept the fact that a small percentage of people you speak with will be downright rude to you. When it happens, the only thing to do is shrug your shoulders and make the next call. Eventually you'll find someone more receptive to your message.

## Cold calling has a bright side

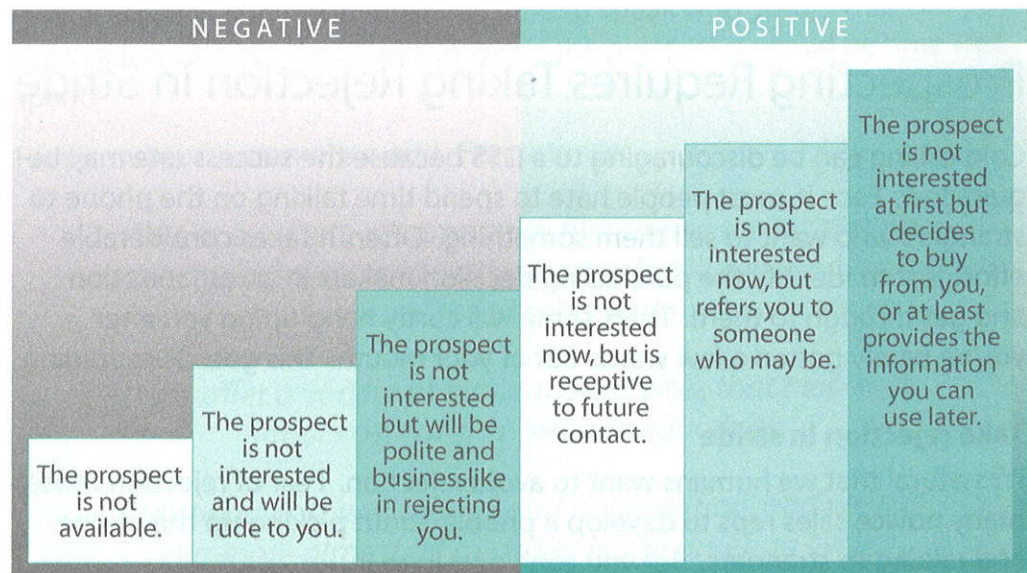
The good news about cold calling prospective customers is that it often can prove quite lucrative to a DSS who becomes good at it.

Many distributors pay premium commission rates on goods sold to new clientele. This policy recognizes that it's much harder to drum up new business than it is to keep selling to repeat customers.

It's also because gaining a new customer is not about selling a single order. It's about establishing a business relationship that can pay dividends for years and years. Many distributors are willing to pay extra commission dollars to gain new customers who likely will keep buying from them well into the future.

## Many cold calls have a positive outcome

Think for a moment about all the possible responses to a prospecting call.



Three of these responses are positive in nature. Even the negative outcomes may turn around at some point. Keep that in mind when you hesitate to pick up the phone.



## Prospecting

for New Customers

### Practice Persistence, Variety, and Enthusiasm

Success with cold calling boils down to a numbers game. The more people you call—and the more often you contact them—the more likely you will be to convert some of them to long-lasting customers.

Studies have shown that it requires an average of at least five sales contacts before a sale is made. There are numerous reasons for this:

- **People may not be around**  
So it's up to you to try, try again to make contact.
- **People are busy**  
The first time they speak with you, they may be interested in your offer but have other things on their mind. If you contact them a second, or third time, they might take action.
- **They forget about you**  
Think of how many times you've spoken with people over the phone and forgotten their names a day later. After several contacts, that doesn't happen as often.
- **They don't have a pressing need right now**  
But they might need something next month or the month after.
- **They procrastinate**  
They're too busy or lazy or preoccupied to place an order with you now, but they count on you being there when they're in a better frame of mind to make a buying decision.
- **They hesitate because of the expense**  
Customers may not have the money now but their cash flow may be better next week or next month. Often, customers will curtail their buying during the last week of the month and push forward their purchases into the next month in order to get more time to pay. If the DSS is having trouble making sales during the last week of the month, it might be wise to make outbound calls during the first through third week of the month.

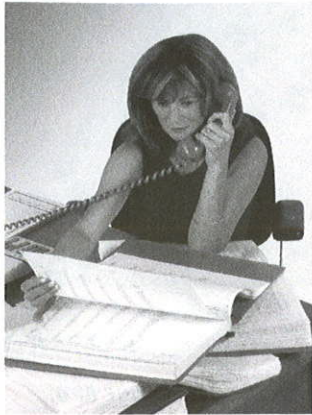


*Studies have shown that it requires an average of at least five sales contacts before a sale is made.*



# Prospecting

for New Customers



*Cold calling is just one of many duties assigned to a DSS. This will limit the time you have available for drumming up new business.*

- **They just patronized someone else**  
They just placed an order with another supplier for the goods you sell, but maybe they'll be dissatisfied with the service they receive. Or maybe the other company will move away or go out of business. They could be receptive the next time you call.
- **They just got new information about your company**  
The first time you called, your company's name did not ring a bell. But now the prospect has heard something positive about it and suddenly will become receptive.

### Set cold call objectives

Cold calling is just one of many duties assigned to a DSS. This will limit the time you have available for drumming up new business.

Moreover, prospecting tends not to be the highest priority of a DSS. First, he or she has to respond to existing customer's orders and emergencies.

These factors make it easy to develop excuses for not making any cold calls. People who don't like to make cold calls have a way of stretching out the time it takes to complete other tasks. Then it's easy to say, "I just couldn't find the time." It may be a subconscious tactic that the person is not even aware of.

Some distributors overcome this phobia by setting cold call objectives of a certain number of calls per day or per week. If your employer doesn't do this, set your own goals of making 10 or 15 cold calls each day, or 50 to 60 in a week. Set aside time to do it during slow periods or outside of normal business hours.

### The time challenge

Finding time to perform all the duties assigned to you is a challenge unto itself for those who strive to be a top-notch DSS. That's why the entire next chapter is devoted to the subject of time management.



## Quiz

## Prospecting for New Customers

1. **What is the MOST important reason for Distributor Sales Specialists to prospect for new customers?**
  - A. Customers are always on the lookout for new distributors.
  - B. New customers buy more products than existing customers.
  - C. The expense of an expanded inventory must be justified.
  - D. Customers lost through attrition must be replaced.
  
2. **All of the following are suitable purposes for a prospecting call EXCEPT**
  - A. Relating negative information about your competition
  - B. Getting the names and titles of key decision makers
  - C. Learning details about the prospect's business
  - D. Developing an estimate of the potential purchase volume
  
3. **All of the following are good sources for developing prospect lists EXCEPT**
  - A. Customers who have done business with you in the past
  - B. Referrals from other customers and vendors
  - C. People turned down by other distributors due to bad credit
  - D. People who have contacted you via the Internet
  
4. **When contacting a prospect, a good way to get past the gatekeeper is to**
  - A. pretend to be someone important.
  - B. ask to speak to someone in purchasing.
  - C. ask for the gatekeeper's help.
  - D. pretend that you are returning a call.
  
5. **Which of the following is NOT a good technique to use when leaving voicemail messages?**
  - A. Include lots of detail in the message.
  - B. Make it easy for the prospect to contact you.
  - C. Speak clearly and enthusiastically.
  - D. Mention referrals and recommendations.



## Quiz

## Prospecting for New Customers

6. After you've gotten through to the prospect, what is the BEST way to make the most of your opportunity?
- A. Say "I'm just calling to introduce myself."
  - B. Get to the point of the call quickly.
  - C. Make small talk before a sales pitch.
  - D. Recite a canned speech about the product.
7. What is the best reason for integrating various media when prospecting?
- A. The different media are mutually exclusive.
  - B. You can avoid getting your name in front of the prospect too many times.
  - C. You should always use the media you are most comfortable with.
  - D. Different prospects prefer to communicate through different media.
8. When a prospect rejects your offer it is important to keep in mind all of the following EXCEPT
- A. Many cold calls have a positive outcome.
  - B. Once someone says no, don't ever call them again.
  - C. Persistence in making many calls will eventually lead to sales.
  - D. Handling rejection is part of the job.
9. Which of the following responses from a prospect is NOT considered a positive outcome from your prospecting call?
- A. Rejects you in a polite and businesslike manner
  - B. Encourages future contact
  - C. Refers you to someone who may be interested
  - D. Provides information you may use later
10. On average, how many sales calls does it take to gain the first sale?
- A. 5
  - B. 8
  - C. 10
  - D. 12

(Answers below)

Answers: 1-D; 2-A; 3-C; 4-C; 5-A; 6-B; 7-D; 8-B; 9-A; 10-A



## CHAPTER 11

# Time Management is Essential to Get Everything Done

*There are barely enough hours in the day for a diligent DSS to accomplish every task, so it's important to learn how to work smart.*

**After reading and studying the material in this chapter you will be able to:**

- 1. Increase the amount of time you spend selling.**
- 2. Identify and eliminate time-wasting work practices.**
- 3. Avoid wasting customers' time.**
- 4. Practice seven crucial time management principles.**



# Time Management

is Essential to Get Everything Done



Take a moment to go back and read the typical job duties listed for a DSS in Chapter 1. It's a long list. Time is a precious commodity in this job. For you to get everything done that needs to get done within normal working hours, you will have to manage your time effectively.

Experience and knowledge are great time management assets. As you gain experience, you'll be able to perform your duties better and in less time. You'll know where to find information quickly. You'll become familiar with many customers and their preferences. You'll figure out shortcuts that save you time. By taking the time now to learn everything you can about your products, your customers, and the business, you will become more efficient for the long haul.

## **Take control or the job will frustrate you**

One aspect of the DSS job does not change—even with experience. A harsh reality is that as a DSS you are never in total control of your workload and the time it takes to perform all tasks. A DSS cannot predict how many customers will call on any given day, what services they may require, how urgent those services may be, or how much time it will take to solve their problems.

On certain days you may spend virtually all of your time troubleshooting emergencies. Sometimes you'll have several customers calling at once with urgent requests. These situations will throw anyone's plan for the workday out of whack. At times you may feel frustrated at not being able to catch up with all you are called upon to do.

Uncertainties aside, many DSS duties are routine and predictable. You must take control of the job by planning and managing the time you devote to these routine duties. This will enable you to handle urgent and unanticipated tasks without sacrificing overall job performance. Let's explore some ways to do this.





## Time Management

is Essential to Get Everything Done

### Allocating Time to Sell is Your Top Priority

Time management is largely a matter of setting priorities. You want to allocate enough time to accomplish the tasks that are most important.

For a DSS, nothing is more important than time spent talking to customers. When customers call, they deserve your full attention. It's time to put aside paperwork, e-mail, and other tasks that can be done later. Even though we all think we can multi-task, it's impossible to give customers your full attention if you are scrolling through an e-mail or filing paperwork.

#### **Every customer call is a sales call**

Every customer conversation can be regarded as a sales call. This may not be the case in a literal sense, because every call doesn't concern ordering products. Yet every customer contact helps to shape that customer's attitude toward you and the company you work for. How you handle these discussions sets the stage for future sales.

If the customer has a problem, it's an opportunity for you to solve it. If a customer requests information, the speed and thoroughness of your response will be a factor in how much confidence the customer places in you. Customer conversations allow you opportunities to help customers and learn more about their business.

*Every customer call is a sales call.*

You need to maximize these sales opportunities. That's why no DSS duties have a higher priority than customer contact.

#### **More selling time means more money**

Research by the Industrial Performance Group (IPG) found that peak sales performers in the distribution industry spend 85% of their time engaged in revenue-generating activities. On the other hand, IPG found that the *average* salesperson spends only 42% of his or her time in sales-related activities.

What does that mean in terms of dollars and cents? Let's assume that the average DSS uses 42% of his/her time in selling activities to sell \$300,000 worth of goods in a year—which is about average in some distribution industries. Let's also assume that the same DSS puts in 2,000 hours of work per year, the equivalent of working 40 hours per week for 50 weeks.



*For a DSS, nothing is more important than time spent talking to customers. When customers call, they deserve your full attention.*



# Time Management

is Essential to Get Everything Done

This *average* DSS thus generates about \$150 of revenue for each hour worked.

$$\begin{array}{r} \div \quad \frac{\$300,000 \text{ Sales}}{2,000 \text{ Hours}} \\ = \quad \$ \quad 150 \text{ Per Hour} \end{array}$$

Remember, this average DSS was engaged in selling activities only 42% of the time. That means out of those 2,000 hours worked, only 840 were devoted to generating revenue.

$$\begin{array}{r} x \quad \frac{2,000 \text{ Hours}}{42\% \text{ Sales Activity}} \\ = \quad 840 \text{ Sales Hours} \end{array}$$

Thus, the rate of dollars generated per hour of selling activity was \$357.14.

$$\begin{array}{r} \div \quad \frac{\$300,000 \text{ Sales}}{840 \text{ Hours of Sales Activity}} \\ = \quad \$ \quad 357.14 \text{ Per Hour of Sales Activity} \end{array}$$

Suppose this average DSS learned to manage his or her time well enough to reach the peak performance stage, where 85% of working hours are spent in selling activities. Working smarter rather than harder, the DSS puts in the same 2,000 hours a year. Except now, 85% of those hours would be spent selling, amounting to 1,700 hours.

$$\begin{array}{r} x \quad \frac{2,000 \text{ Hours}}{85\% \text{ Hours of Sales Activity}} \\ = \quad 1,700 \text{ Hours of Sales Activity} \end{array}$$

There's no reason to believe that the rate of dollars generated per hour of selling activity should decline with an increase in selling hours. Let's assume it would remain around \$375 for this individual. This peak-performing DSS would thus more than double the \$300,000 in revenues brought in by the average DSS, who is devoting only 42% of his/her time to selling activities.



## Time Management

is Essential to Get Everything Done

$$\begin{array}{r}
 \$ \quad 357 \quad \textit{Per Hour of Sales Activity} \\
 \times \quad 1,700 \quad \textit{Hours of Sales Activity} \\
 \hline
 = \quad \$606,900 \quad \textit{Total Revenue}
 \end{array}$$

Similarly, this DSS's sales commission would likely more than double as well. Looking at real world personnel productivity statistics compiled by the American Supply Association in its *Operating Performance Report*,\* the most profitable distribution firms generate at least 10% more sales per employee than the lower-profit firms.

### Identify and Eliminate Time-Wasting Practices

This doesn't mean a DSS can neglect the non-revenue generating parts of the job. Paperwork and other administrative tasks must be done—and done correctly. The key is finding ways to accomplish these tasks quickly, efficiently, and accurately to allow more time for customer contact.

To do this, you must avoid time-wasting activities. Here are some notorious time wasters:

- **Mistakes**

If you take a few extra seconds to do something right, you can save hours of wasted time if you must do it all over again. Correcting mistakes and dealing with the problems they cause are the biggest time wasters in a company. In fact, the same IPG survey cited earlier\*\* found that salespeople spend an average of 22% of their time—almost one-quarter of the hours worked—dealing with problems and mistakes. Another study by a manufacturer that sells to distributors found that it took an average of seven phone calls to correct a mistake. Think of how much time it takes to complete seven phone calls. Follow the master craftsman's rule: "Measure twice, cut once." Make it a habit to double-check complicated or unusual orders.

- **Needless business tasks**

Some tasks seem important, but they are just a waste of time. These tasks include running to the warehouse to check inventory when the computer tells you there's plenty available to fill an order.

*Killing time kills profits.*

*Avoid the following:*

- *Mistakes*
- *Needless business tasks*
- *Pointless meetings*
- *Procrastination*
- *Indecision*
- *Incessantly checking e-mail*
- *Surfing the Internet*
- *Long lunches & breaks*
- *Idle chitchat*

\* ©2006 ASA Operating Performance Report

\*\* Published by the Industrial Performance Group, Inc



# Time Management

is Essential to Get Everything Done



*Meetings can sometimes be considered time wasters that take time away from selling and other important activities.*

Or second guessing an associate's way of doing something. Or handling the same piece of paper two or three times. Or performing tasks normally assigned to an administrative assistant. The distribution business is a team effort. Don't try to do everything yourself.

- **Pointless meetings**

Some meetings can be time wasters that take time away from selling and other important activities. Employees don't often have control over choosing whether or not to attend certain meetings. However, they do have the ability to understand the agenda, prepare their own objectives before going into the meeting, and contribute positively to the outcome during the meeting. In some cases, it may be possible to tactfully suggest alternative times for meetings so they don't conflict with your selling priority.

- **Procrastination**

Some individuals spend more time thinking of ways to avoid an unpleasant task than it would take to actually perform it. Your mind will be free and uncluttered if you make it a point to get distractions out of the way quickly.

*Do the hardest tasks first to get them off your plate and off your mind.*

- **Indecision**

When you don't know how to handle a situation, do you put it aside to think it over and over and over? If you don't know how to handle something, ask someone who does. Then take care of it and get it out of the way.

- **Incessantly checking e-mail**

It's important to check e-mail regularly throughout the day and respond to important messages promptly. However, this doesn't mean you need to read every e-mail the second it arrives and respond immediately. If customers have something urgent to discuss, they most likely will pick up the phone rather than try to reach you by e-mail. So turn off those program features that announce when an e-mail arrives via sound or a pop-up screen. Instead, schedule several times during the slowest periods of the day to answer your e-mail. Many people check e-mail first thing in the morning and then again in the afternoon.



## Time Management

is Essential to Get Everything Done

- **Surfing the Internet**

There's a world of information available to you with a few clicks of a mouse. That's both good news and bad. The Internet enables you to find out just about anything, but it also offers a world of time-wasting temptations. Web surfing can be hazardous to your income. Don't even think about visiting porn or gambling Websites. Many companies have programs that monitor employees' computer usage. Some have policies that call for automatic termination of those who visit forbidden Websites. And politely tell your friends that you are too busy to read all the jokes that circulate by e-mail.

- **Long lunches and breaks**

Don't feel guilty about taking breaks to eat, relax, and reenergize. Just be aware that time spent in these activities is time taken away from selling opportunities. Try to schedule your breaks for slack periods in the day.

- **Idle chitchat**

There's nothing wrong with indulging in a little small talk with colleagues about sports, weather, movies, or whatever else sparks a common interest. The emphasis is on "little." Many companies have individuals who treat the workplace as a social hub. A DSS doesn't have time to get bogged down in office politics, gossip, and other trivial matters. Get back to work when others start to waste your time.

### **Dancing to the work day rhythms provides more time to sell**

Work days in every industry have an ebb and flow of busy and slow periods. A DSS needs to identify the rhythm of a typical workday and schedule activities accordingly.

Incoming calls always will be the top priority of a DSS, of course. You can't schedule those.

Nonetheless, at most distributors' operations, calls tend to stack up during certain hours of the day. You'll get a sense of this rather quickly. If the phones typically don't start heating up until mid-morning, then devote time when you first come in to prospecting, paperwork, e-mail, etc. If slack time tends to come in the afternoon, then use those hours for your paperwork and cold calling.



*A DSS needs to identify the rhythm of a typical workday and schedule activities accordingly.*



# Time Management

is Essential to Get Everything Done



*Schedule your outgoing calls with your customers' time in mind, as well as your own.*

## Avoid Wasting Customers' Time

Your customers value their time just as much—if not more than—you value yours. They hate talking to salespeople who waste their time.

Here are a few key ideas to follow:

- **Schedule your outgoing calls with your customers' time in mind, as well as your own**
- **Don't call them during their busiest hours**
- **Don't waste time trying to reach them then when you know they are not available**
- **Organize your information and prepare to state your business quickly and succinctly on every sales call**
- **Keep small talk to a minimum; get to the point**
- **Check the duration of your calls**
- **Don't suggest items that are unimportant to their businesses**

### **Know your customers' businesses**

The better you get to know your customers' businesses, the more efficient you'll be in your customer contacts. You won't bother trying to sell your customers products that are not a good fit for their businesses. You'll learn their preferences and buying habits.

Take notes and make it a point to learn something new about a customer's business with every conversation.



## Time Management

is Essential to Get Everything Done

### Practice the Seven Crucial Time Management Principles

#### 1. Organize your information for rapid access

Keeping orderly files and a neat desk is more than a matter of appearance. It will help you save time.

You should have a folder devoted to each customer that contains all the pertinent paperwork for that customer—orders, notes from previous conversations, background information, maybe a printout of the customer's key Web pages, etc. When the folder starts getting too thick, start a new one organized by year or some other parameter.

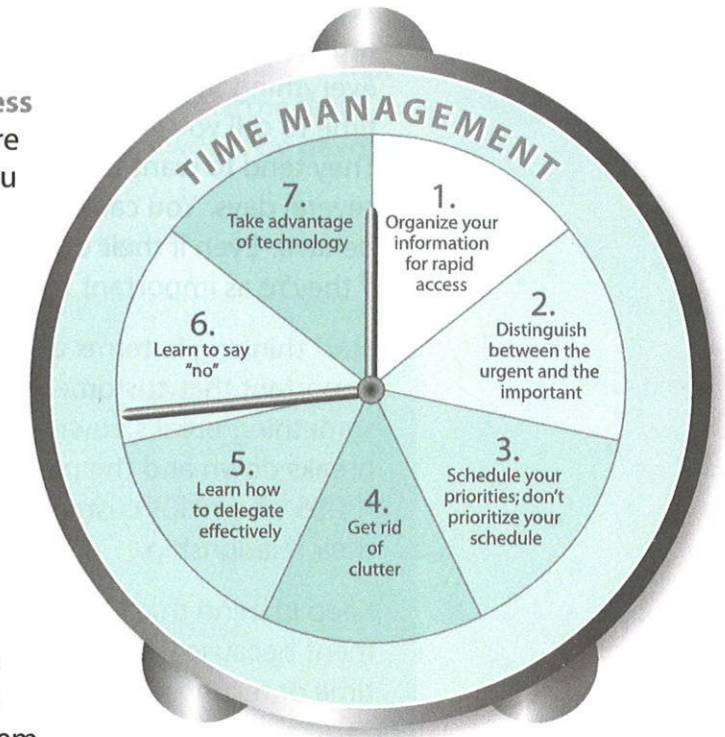
When you prepare to call a customer, take a few moments to review the contents of the customer's folder first. Have your filing system nearby for quick and easy retrieval in case the customer calls you. Keep the information in front of you when speaking to a customer.

#### **Use the computer to save time**

Some distributors may have extensive customer records available via the computer. These are real time savers. If not, build your own electronic database and/or paper files.

*The key is being able to access the information you need quickly.*

This will save many minutes throughout the day. It will also eliminate a lot of those "I'll have to get back to you" phone calls that are big time wasters.



# Time Management

is Essential to Get Everything Done

## 2. Distinguish between the urgent and the important

Years ago, we would have encouraged you to distinguish between the urgent and the “trivial.” In today’s fast-paced business world, almost everything seems important to your customers. They wouldn’t take the time to call you if it wasn’t necessary. People also have grown impatient. They tend to want things right now, even if they could live without it for several days. You can’t change the way your customers may think and behave. Even if their concerns seem trivial to you, you must treat them as if they’re as important to you as they are to your customers.

Start thinking in terms of “urgent” versus “important.” For example, it is important that customers have replacement parts close at hand when something breaks down. The situation becomes urgent when something breaks down and the part that will minimize down time is not on hand. A DSS who helps customers avoid downtime adds significant value to their relationship.

Keep in mind that urgent tasks are the enemy of effective time management because they must be done immediately without regard to the time or response required.

On the other hand, important needs must be addressed quickly and accurately so as to avoid becoming urgent situations. For example, if the important task of ordering needed replacement parts had been done in a timely manner, the urgent task of getting the replacement part during a breakdown would not have occurred.

*The more effectively you address the important, the less time you will have to spend on the urgent.*

## 3. Schedule your priorities; don’t prioritize your schedule

A DSS’s job description is long and varied. Not every task needs to be done every day, however. And, as we have seen, some duties are more important than others.

### **Daily to-do lists can be helpful**

Some people find it helpful to jot down a “to-do” list of things they want to accomplish each day. There is one principle to follow in making and managing your list:

*Not everything on your to-do list carries equal weight.*





## Time Management

is Essential to Get Everything Done

“Schedule your priorities” means you must decide which of the many tasks you need to do are of highest priority. Then do those tasks first.

For instance, if there are 10 items on your daily “to do” list, it may be that only two of them are a top priority. You may want to devote the first hour(s) of the workday to these tasks. The other hours would be devoted to the remaining eight tasks on the list.

The following is an example of a prioritized to-do list:

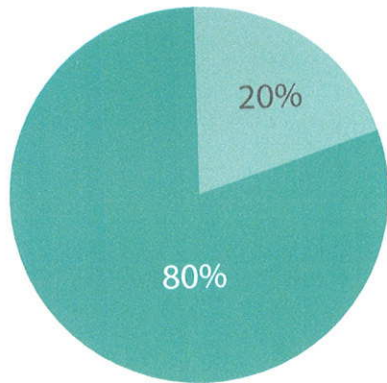
### Today's “To Do” List

1. **Follow up on Anderson back order shipment (use as much time as necessary)**
2. **Answer incoming phone calls (use as much time as necessary)**
3. **Review credit reports on new customers**
4. **Follow up on last week's Smith shipment to ensure satisfaction**
5. **Mail catalogs to new customers**
6. **Speak with purchasing manager about sudden change in usage**
7. **Speak with sales manager about complaint voiced by Smith**
8. **Update/clean up files in lower right-hand desk drawer**
9. **Read product literature on updated Product A**
10. **Make 15 prospecting sales calls**



# Time Management

is Essential to Get Everything Done



Pareto's Law

### The 80/20 rule

You'll find that the responsibilities of a DSS, as do most jobs in the business world, follow Pareto's Law. More commonly known as the "80/20" rule, Pareto's Law refers to a curious natural phenomenon that many human endeavors tend to follow an approximate 80/20 ratio.

For instance, most businesses find that about 80% of their sales revenue comes from around 20% of their customers. As a DSS, you are likely to experience this phenomenon with your customers as well.

Pareto's Law also determines that about 80% of your time will be spent—and *should* be spent—on about 20% of your duties.

### 4. Get rid of clutter

When they run out of room in their desk and/or file cabinet, most people request a bigger desk or cabinet. In most cases, it's time to start tossing stuff out.

#### Questions to distinguish clutter from paperwork worth saving

1. Does this require action?
2. Does it exist elsewhere?
3. Would it be difficult to get again?
4. Does it have legal implications?
5. Is the information up-to-date?

If the answers to all of the above are no, ask one more question:

6. What's the worst thing that could happen if I didn't have this?

If you can live with the results, toss it.



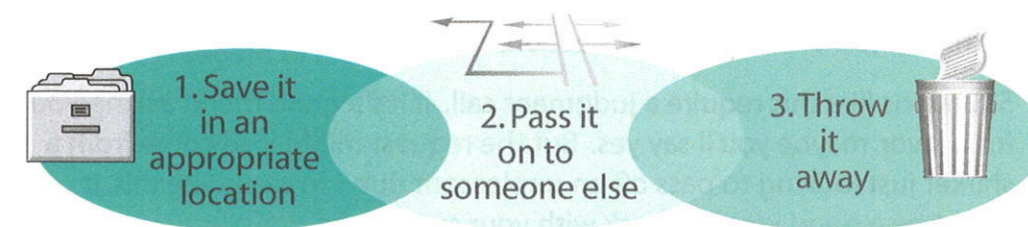
## Time Management

is Essential to Get Everything Done

### **Be decisive with paperwork**

Clutter frequently results from hanging on to too much paperwork. This happens when people can't decide what to do with it. They'll keep a document on their desk or in a file because they are afraid it will turn out to be important—even if it doesn't seem to be when they first read it. They waste time reading it over and over, trying to determine what to do with it.

You'll save time if you make it a point to read every piece of paper that crosses your desk only once. Then, do one of three things with it:



### **Computers get cluttered, too**

Clutter pertains to electronic files as well as paper files. Computer folders and files also tend to proliferate and become disorganized. You need a logical system for organizing computer files by customer, time, territory, or any other parameters that may be relevant.

### **5. Learn how to delegate effectively**

As a DSS, you probably will not have any assistants reporting to you, to whom you can pass off any of your duties. However, you will work with colleagues in other jobs who have their own duties to perform.

Delegating in this case means trusting them do their jobs while you tend to yours. A DSS can get into the bad habit of being so intent on making sure a customer gets served properly that he or she tries to fulfill the entire order.

Most distributors employ administrative assistants and clerical personnel to handle routine chores. Let them handle routine mailings and the like.

You don't have to go into the warehouse to personally check inventory, pull a product, and process an order. Nor should you feel compelled to deliver the product to the customer on the way home.



# Time Management

is Essential to Get Everything Done



*Sometimes certain individuals may ask you to do things that are unreasonable. It might be a time-consuming task that has nothing to do with your job or customer satisfaction.*

Delivering great customer service is a noble instinct that can be carried too far. You will have your hands full doing your own job as a DSS. Trust others in the company to do theirs, too.

## 6. Learn to say no

Be very careful with this one. Being a good team player means going the extra mile to help out your internal customers. You want to be cooperative and assist co-workers when they ask for your help.

Sometimes, though, certain individuals may ask you to do things that are unreasonable. It might be a time-consuming task that has nothing to do with your job or customer satisfaction.

Situations like this require a judgment call. If it's a good friend asking you for a favor, maybe you'll say yes. But the request might also come from a shirker just looking to pass off an unpleasant duty. In cases like this, it might be a good idea to check with your supervisor.

## 7. Take advantage of technology

Almost all distributors have computerized database systems to keep track of customer records. Some are more sophisticated than others.

Learn to effectively use whatever information technology exists in your company. Automated recordkeeping is one of the biggest time savers available to the modern DSS.

*You're almost there!*

This manual has explained the most important considerations that go into becoming an effective DSS. One more chapter will put it all together and define the characteristics you need to become a first-rate DSS professional.



## Quiz

Time Management is Essential to Get Everything Done

1. **Why are experience and knowledge considered to be great time management assets?**
  - A. Familiarity with products and customers help you learn shortcuts.
  - B. As you learn more, people don't bother you with trivial tasks.
  - C. Knowledgeable sales professionals work fewer hours.
  - D. You make more money with less work.
  
2. **Which of the following should be the MOST important priority of a Distributor Sales Specialist?**
  - A. Correcting mistakes
  - B. Getting rid of clutter
  - C. Contacting customers
  - D. Delegating tasks
  
3. **What percentage of time do the peak sales performers spend on sales-related activities?**
  - A. 20%
  - B. 42%
  - C. 80%
  - D. 85%
  
4. **What percentage of time does the AVERAGE sales performer spend on sales-related activities?**
  - A. 20%
  - B. 42%
  - C. 80%
  - D. 85%
  
5. **The BEST way for Distributor Sales Specialists to double the amount of their sales commissions is to double the**
  - A. company's gross profit margins.
  - B. amount of selling time each day.
  - C. number of cold calls made each day.
  - D. number of hours spent at work.



## Quiz

## Time Management is Essential to Get Everything Done

6. **If a Distributor Sales Specialist has a problem with procrastination, which of the following might be a solution?**
- A. Carefully find ways to avoid unpleasant tasks.
  - B. Finish the hardest tasks first before tackling easier ones.
  - C. Finish the easiest tasks first before tackling the harder ones.
  - D. Delegate as many tasks as possible to other people.
7. **All of the following are ways to avoid wasting your customers' time EXCEPT**
- A. Call customers during their slow business periods.
  - B. Monitor the duration of the call.
  - C. Offer items the customer normally does not purchase.
  - D. State the purpose of your call in your opening sentence.
8. **Which of the following is NOT a good rule to follow in managing your schedule and priorities?**
- A. Schedule your priorities.
  - B. Make daily to-do lists.
  - C. Treat customer concerns as important.
  - D. Assign equal weight to every task.
9. **The BEST reason for reducing clutter on your desk and keeping your filing system nearby is to**
- A. make the office look more professional.
  - B. reduce the amount of storage space you will need.
  - C. make you look as if you are organized and tidy.
  - D. make it easier to find important information.
10. **After reading a piece of correspondence, an organized sale professional may do any of the following EXCEPT**
- A. Save it to read one more time.
  - B. Save it in an appropriate folder.
  - C. Throw it away.
  - D. Pass it on to someone else.

(Answers below)

Answers: 1-A; 2-C; 3-D; 4-B; 5-B; 6-B; 7-C; 8-D; 9-D; 10-A



## CHAPTER 12

# How to Become a First-rate Sales Professional

*To reach the top ranks of DSS professionalism, you need to embrace certain business values and master sales skills.*

**After reading and studying the material in this chapter you will be able to:**

- **Identify 12 key business values and skills that distinguish top tier DSS professionals from others.**
- **Discuss the components and importance of the complex sale.**

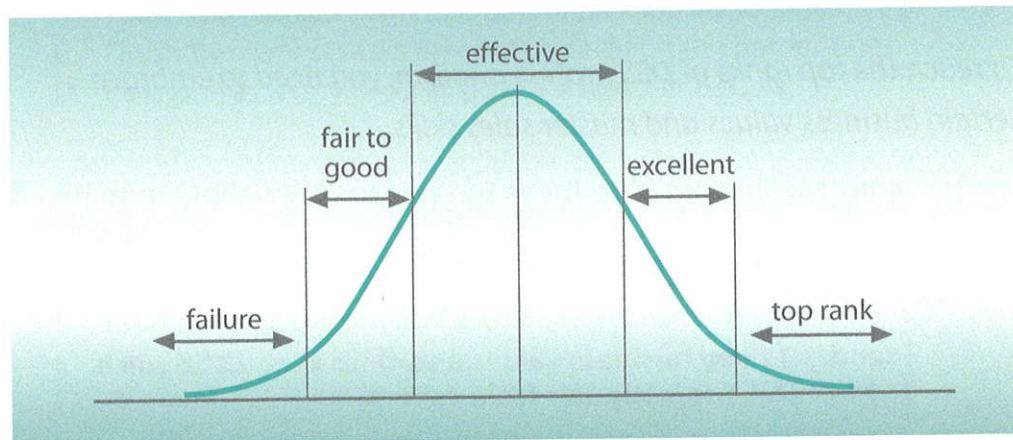


# How to Become

a First-rate Sales Professional



The North American distribution industry employs thousands of people in DSS jobs. As in any other field, their abilities can be depicted along the lines of a bell-shaped curve.



The shallow rising line that corresponds to the left lip of the bell represents the people who simply are not cut out for this type of work and tend to fail at it. They comprise approximately 10% of the DSS universe.

The steeply rising and descending portion of the bell curve represents the vast majority of DSS employees. Their performance ranges from marginally effective to excellent. They represent about 80% of all the DSS employees working in distribution today. This course so far has addressed the basic skills you need to become an effective DSS somewhere along that 80% segment of the bell curve.

The ascending left-hand side represents fair to good performers. Over the top and on the down slope the curve depicts those verging toward excellence. Where you place on the bell curve will be determined in some measure by how well you master the lessons of this book.

### Hang on for a joyride!

In this concluding chapter, we'll rev it up and identify what you need to do to slide down the descending line of the bell curve with enough momentum to reach the tip of the right edge. This represents the top rank of DSS professionalism.

Persons occupying this honored position get rewarded with the choicest jobs and the top incomes. Colleagues, vendors, and customers treat them with respect.





## How to Become

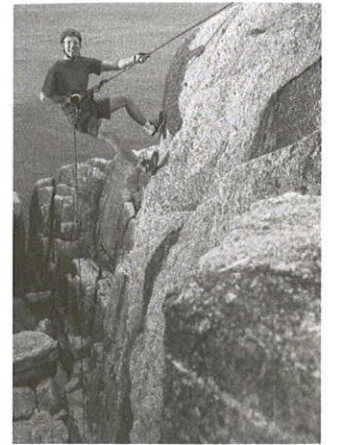
a First-rate Sales Professional

They are first in line for promotions. This is where you want to be.

*It's not easy to get there, but remember that nothing worthwhile comes easy.*

### Skills + Values = Professionalism

Becoming a first-rate DSS professional involves mastering sales skills, but also much more. It requires that you develop an exceptional understanding of business principles and the dynamics of your distribution industry in particular.



*Nothing worthwhile comes easy.*

## 12 Key Business Values and Skills That Distinguish Top Tier DSS Professionals

### 1. First-rate sales professionals seek win-win

Top sales professionals resemble diplomats. A diplomat is a public servant employed by a nation to promote that nation's interests. Diplomats also must develop a keen understanding of the interests of other nations they come in contact with.

These other nations can be thought of as a diplomat's customers. Diplomats do their best to fulfill the reasonable interests of their "customers" without violating the first principle of putting their own employer's interests first.

As a DSS, your employer is a distribution company. Your first and foremost duty is to represent the interests of your employer by making profitable sales. At the same time, a top-rank DSS will strive to do right by the customer.

The professional DSS is one who:



# How to Become

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### ***Win-win is a sound business value***

There is no contradiction between these two duties. Successful diplomacy is largely a matter of seeking “win-win” solutions to international problems. When done right, all countries involved in an issue can walk away feeling like winners in protecting their interests.

The same win-win philosophy is a sound business principle that helps define first-rate sales professionalism. First-rate sales professionals seek to make sales that benefit both their employer and the customer.

### **2. First-rate sales professionals believe in what they sell**

Believing in what you sell means having faith in the products carried by your distributor. It also means believing in your company’s mission and the way it conducts business. First-rate professionalism can exist only in an atmosphere of business integrity. You can’t attain that goal if you try to fool your customers into buying products that are inferior or that don’t meet customer needs. This contradicts the win-win goal that is the first key component of professionalism.

### ***Distributors add value***

Believing in your company also requires believing in the role played by distributors in our economy. Distributors commonly get mislabeled as “middlemen” who don’t deserve the profit margins that enable them to survive and, hopefully, prosper. People who make these accusations do not understand the distribution business.

*First-rate sales professionals understand that distributors add value to the products they sell.*

### ***Distributors deserve their margins***

Distribution is a highly competitive business. The profit margins earned by distributors get shaved to the bone by competition. In response, distributors constantly seek ways to contain costs and enhance productivity. This is the only way they can stay competitive in pricing and still support the distribution infrastructure.

Distributors spend large amounts of money to maintain inventory, warehouses, delivery trucks, material handling equipment, computers,



## How to Become

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and other office machinery, as well as supporting the personnel to operate all of it. They also need gross margin dollars to pay talented people such as yourself to sell products and service customers.

Without distributors, cleverly designed products would sit around a manufacturer's shipping docks, benefiting nobody. End users would have to endure lengthy delays in obtaining valuable products.

*Distributors serve both their suppliers and customers in a timely and cost-effective way.*

All of this costs plenty of money. But how would goods get to market otherwise?

Some products do go to market without distributors. Certain goods are marketed directly from manufacturers to end users via the Internet or through other means. This may work in niche markets for certain types of merchandise. But invariably, one important truth will come into play.

*Distributors can be eliminated, but the role of distributors cannot be eliminated.*

Somebody still has to perform the things distributors do in getting goods to market. Someone still has to handle and store the goods from the time they come off the factory floor until the final customer takes possession. Someone has to deliver them to the end users. Someone has to help those customers solve problems. Someone has to help them obtain price quotations, product literature, technical support, and myriad other services.

Some manufacturers think they can provide those services more cost-effectively than distributors can. Perhaps a few actually can. More power to them. However, most can't. Many who have tried to handle their own distribution give it up eventually.

In industry after industry, companies have come to realize that businesses specializing in distribution can do it more cost-effectively than anyone else.



# How to Become

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To be a first-rate sales professional, you must believe in three things:



### 3. First-rate sales professionals understand business math

Some would say it's the job of company executives and accounting staff to worry about things such as gross margin, markup, and activity-based costing. Why should it concern you? Your job is simply to sell stuff.

It is a mistake to look at the DSS job in that manner. Salespeople can sell a lot of merchandise if they think only about making the sale without regard to the factors that determine profitability. The key to business success is making profitable sales, not just building sales volume.

#### ***Guard against the "Stockholm Syndrome"***

In an earlier chapter, we warned against succumbing to the "Stockholm Syndrome." This refers to the phenomenon whereby people held captive for a length of time tend to identify emotionally with their captors more than the people trying to rescue them.

The Stockholm Syndrome is common in the business world as well as among hostages. It happens because good sales reps spend more time talking to customers than to people from their own company. Hour after hour, day after day, they hear customers telling them that their prices are too high or their services insufficient.

#### ***Profits are essential for business survival***

First-rate sales professionals put these comments in perspective. They understand the value-added contributed by distributors and their need to make a decent profit.

First-rate sales professionals understand that profits are essential for business survival. They also know that some transactions may cost more than the selling price. First-rate sales professionals focus on maximizing profitable sales.



## How to Become

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4. **First-rate sales professionals recognize problems as opportunities**  
An old joke that has made the rounds of numerous sales organizations goes like this:

*A sales rep for a shoe company was sent to prospect for customers in one of the world's most primitive backwaters.*

*Upon arrival, he wired back:*

*"No prospects here. Nobody wears shoes."*

He was brought home and replaced by a different sales rep. This one wired back:

*"Fantastic sales opportunity here. Nobody wears shoes!"*

### **Problems are opportunities**

First-rate sales professionals think like that second shoe sales rep. You likely will not be asked to sell shoes to shoeless customers. But you will confront opportunities disguised as problems.

For instance, at certain times you will confront irate customers. They will be mad at you or someone else in your company for real or imagined mistakes.

Average sales professionals dread such calls. They let angry callers ruin their day and may postpone returning such calls for as long as possible.

### **Irate customers are potentially your most loyal customers**

First-rate sales professionals think quite the opposite. They recognize that irate customers frequently become a company's best customers if they get their problem solved quickly to their satisfaction. That becomes a mission to be tackled with enthusiasm.

It's not always easy to do that. Solving a problem may require considerable detective work in tracing what went wrong. It may require a review of paperwork, several phone calls, and detailed questioning of various people working for your company, for the customer, and perhaps vendor personnel.

You may find out that it was indeed your company's fault. Or, it may have been beyond your company's control.



*Solving a problem may require considerable detective work in tracing what went wrong.*



# How to Become

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### ***The customer doesn't care who's wrong***

In either case, it hardly matters. The customer doesn't care who's wrong. Explanations and excuses are likely to be viewed by the customer as nothing but buck-passing.

Don't worry about who's right and who's wrong. The focus must be on getting it right. It may be that an order was in fact delivered to the customer, who misplaced it at a jobsite. Where is a logical place to look for it on that jobsite? Maybe the delivery driver has some insight. Help the customer find it, without pointing out it was the customer's mistake.

### ***Volunteer to handle angry customers***

First-rate sales professionals don't shy away from angry customers. They seek them out and understand they are potentially customers for life.

### **5. First-rate sales professionals master the complex sale**

Much of the selling done by distributors falls into the category of "complex sales." A complex sale involves a long period of time and multiple decision makers. In a complex sale, you are not looking to sell a single product or a single order.

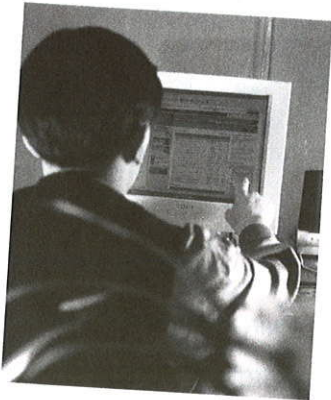
*Your goal is to make your company the supplier of choice for order after order, for as many products as the customer can reasonably use.*

Strong personal relationships with customers are always worthwhile. Yet with complex sales that is usually not enough to close a deal. Your customer may have to consult with others before deciding what to buy and where to buy it from.

### ***Specification sales are complex sales***

For instance, some products carried by a distributor may fall under engineering specifications for certain applications. The specifying engineer may play no direct role in purchasing the products. However, the engineer determines, i.e., "specifies," which products are suitable for a particular purpose.

In this case, a DSS may need to convince the specifier that the company's products meet the design criteria. This might involve providing technical information about the products in question, and answering any questions the specifier might have about their technical features and data.



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This requires considerable technical knowledge, or at least knowing where to obtain it quickly. It also entails knowing quite a bit about the customer's type of work and potential problems that may arise.

### **The complex sale requires persuading multiple parties**

If you convince the engineer to specify your products, that's only one step of the complex sale. Usually, yours will not be the only products that meet the specifications. So you must persuade the buyer that your products are better, or at least equal, to those specified. If your products are not demonstrably better than someone else's, you may have to sell your company as a more reliable supplier.

Sometimes a customer may sell a product to a different end user. This means as part of the complex sale you also have to persuade that end user that your products and your company constitute the best buy.

A key part of the complex sale is figuring out everyone who influences purchasing decisions. Identifying all the hidden technical, financial, and marketing advisers can be a challenge unto itself. You also must establish rapport with the gatekeepers who control access to the decision makers.

Once you've convinced all the parties that your products are the best ones to use, the sale still isn't complete. Now you need to convince the customer to buy them from you rather than a competitor selling the same products. Negotiation skills may be needed here.

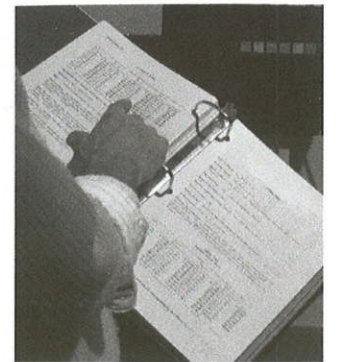
### **Complex sales have high stakes**

Generally, complex sales involve large orders and repeat buying patterns. These high stakes demand exceptional effort.

You may need to speak with many individuals before a complex sale is complete. And you may need to collect, organize, and present considerable technical and marketing data to persuade them that your products are their best value, and your company the best place to buy them from.

### **Your customers may not know what's best**

Another characteristic of the complex sale is that many of the decision makers may not even understand what are the best products to buy for a given application. For instance, various piping systems may require different types of valves.



*Providing technical information requires considerable technical knowledge, or at least knowing where to obtain it quickly.*



# How to Become

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Even some engineers may not understand what's required the first time they work on a particular type of piping project. They will rely on the distributor and the distributor's sales team to educate them.

A first-rate sales professional accepts the challenge of knowing better than some customers what is in their best interest to buy. However they also keep in mind that many customers have considerable education, technical knowledge, and licenses that document their expertise. They are very cautious about assuming they know better than a customer's technical experts.

### ***Personal relationships count ... to a point***

Strong personal relationships are advantageous. However, in a complex sales process they count for less than with one-on-one selling. When multiple decision makers are involved, the value of a relationship with any one of them is diluted. Your good friend is only one voice in the chorus.

### ***It's about value and performance***

Ultimately, the complex sale gets determined more by demonstrated value and past performance than relationships. First-rate sales professionals master the complex sale on its own terms. They do whatever it takes to provide value and perform in a way that exceeds expectations.

#### **The complex sales process requires:**

- 1. Acquiring superior product knowledge**
- 2. Developing an in-depth knowledge of your customer's business**
- 3. Identifying all the buying influences**
- 4. Persuading the buying influences that your products are the best for their purpose**
- 5. Persuading them that your company is the best source to buy them from**
- 6. Establishing the basis for a long-term, repeat buying arrangement**





## How to Become

a First-rate Sales Professional

### 6. First-rate sales professionals are masterful communicators

It's all but impossible to reach the top rank of sales professionalism without being a first-rate communicator. The best DSS pros make themselves understood by speaking and writing in a clear, concise way.

Odd as it may sound, being a great communicator requires keeping your mouth closed for long periods of time. You'll recall that when we addressed the topic of communications in Chapter 9, the emphasis was on developing your listening skills.

#### **Talk is cheap**

A top-rank DSS will spend only about 10% of customer contact time talking. The other 90% will be spent listening to the customer speak, asking penetrating questions, and taking notes.

Accurate information is needed to identify customer needs, understand the customer's business, and avoid costly mistakes. Good listeners are more likely to obtain accurate information than people who interrupt speakers or whose minds wander when others are speaking.

*No one has ever listened themselves out of a sale, but many have talked themselves out of a sale.*

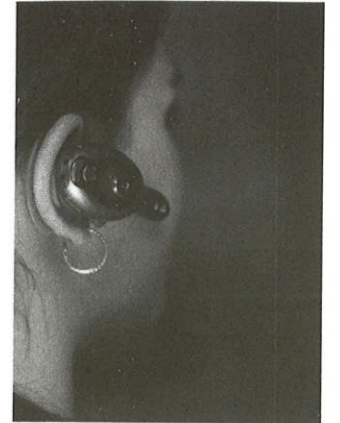
#### **You must compensate for poor listeners**

The good listening skills of a top-rate DSS may not be matched by that of most customers. Many may be poor listeners. They may hear only what they want to hear.

This makes it doubly important for you to have accurate information and be able to communicate it in a way that leaves no room for misunderstanding. Whether speaking to customers or putting words on paper, to be a master communicator you must make yourself clearly understood.

#### **Master the English language**

Master communicators have good command of the English language. This doesn't mean you must speak like a college professor. On the contrary, you need to communicate at the level of your customers, few of whom are likely to be academic types. You need to convey complicated information in simple language.

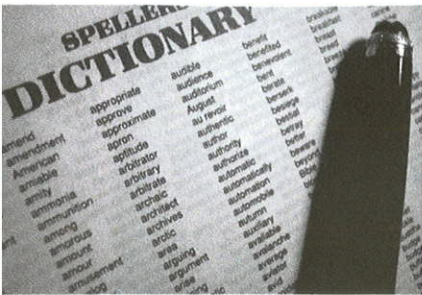


*A top-rank DSS will spend only about 10% of customer contact time talking. The other 90% will be spent listening to the customer.*



# How to Become

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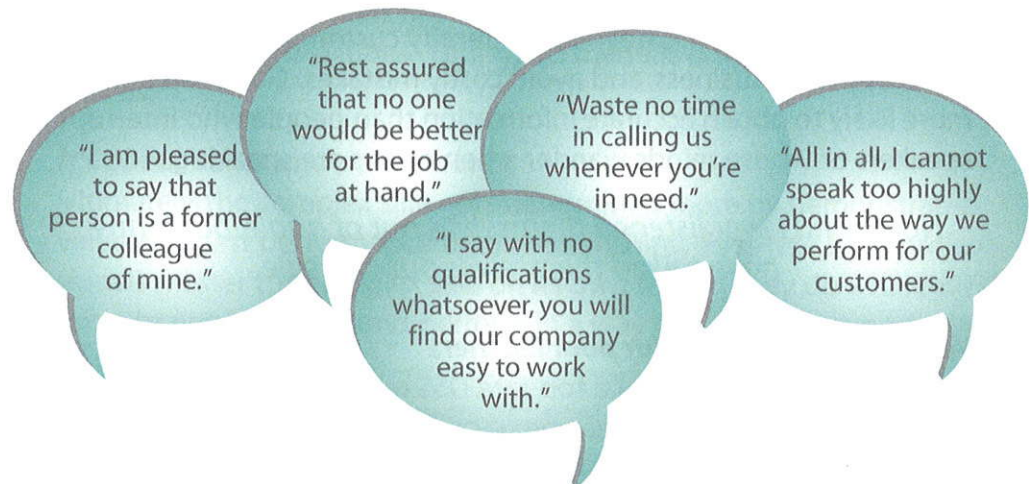
*It's important to master basic spelling, grammar, and punctuation.*

With correspondence, it's important to master basic spelling, grammar and punctuation. Your skills don't have to be that of an English teacher, but a business letter riddled with errors conveys a bad impression to customers. It's like showing up at a VIP business event wearing tattered jeans and sneakers.

### ***Master communicators must be on guard against ambiguities***

Even the most articulate people sometimes can stumble over words that have double meanings, or because of clumsy syntax (the order of words in a sentence).

### **Consider the following statements:**



### ***How you say it is more important than what you say***

Studies have found that more than three quarters of the meaning of any spoken message is communicated not by the words spoken, but by tone of voice. Your tone can reveal anger, frustration, impatience, or any number of other negative emotions.

Or, your tone can be upbeat. This builds confidence in the customer that you are a good person to deal with. It tells the customer you can get the job done ... if there's a problem, you can solve it ... if there's something you don't know, you'll find out.

To become a first-rate DSS, you must learn to eliminate or at least disguise whatever negative emotions may be troubling you while on the job.



## How to Become

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### **Turn negatives into positives**

Consider the following scenario: A customer calls you on the phone to cancel an order. It's the third time in memory this customer has canceled an order. You suspect it's because he's been shopping your price around town and found someone willing to supply the same goods cheaper. A typical human reaction might go something like this:

*"You know, that's the third time you've canceled an order on me. It costs us money to prepare these orders, and I'd like to know why you keep doing this."*

This statement drips with hostility toward the customer. A first-rate DSS might say something like this instead.

*"I just noticed this is the third time you've canceled an order with us. I apologize if we've done something wrong to cause this. Can you give me any insight about how these situations arise and anything we might do to prevent them?"*

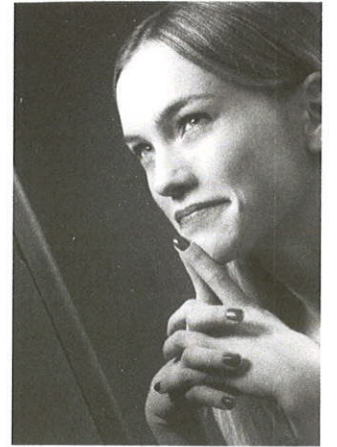
### **Gather information constantly**

This latter response has a friendlier tone. Furthermore, it serves a useful function by potentially gaining more information about the customer and the customer's business.

The customer might come right out and say that another distributor offered a better price. Knowing that, you might be able to save the order by negotiating other terms. If not, at least you know for sure why you lost the order.

It may not be a price issue. Perhaps there is something about the nature of the customer's business that leads to last-minute cancellation of orders. Knowing this can be useful too. You might be able to suggest some ways to avoid the cancellations.

Day after day, a first-rate DSS constantly gathers information about customers' businesses. Over time, this enables a DSS to acquire almost as much expertise as the customers'.



# How to Become

a First-rate Sales Professional

## ***Overcome the barriers to effective communication***

We've already discussed one barrier to effective communication.

A negative tone of voice will make it difficult for people to pay attention to anything else you say. Here are some other barriers that can hamper the communication process.

- **Different language levels**

Adjust your vocabulary and speech pattern to the educational level of the person to whom you're speaking. You don't want to sound uneducated when speaking to sophisticated clients, nor do you want to sound stuck-up to customers who may not have a good command of English.

- **Conflicts and grudges**

It's hard to communicate with someone with whom you have conflicts. You have to be extra careful about what you say and how you say it. A first-rate DSS rises above it all. You may not like everyone, but it's important to put business before personal issues.

- **Unreliable information**

A first-rate DSS keeps catalogs, code books, and other reference sources as up-to-date as possible. Providing wrong information is worse than not being able to fulfill a customer's request for information. Office gossip and industry rumors are not considered reliable sources of information. A first-rate DSS will not stoop to spreading gossip and rumors.

- **Different perspectives**

Two people can view the same event and come away with different interpretations of what occurred. Keep this in mind when evaluating sources of information.

- **Perceptual biases**

Stereotypes, interpersonal relationships, and cultural differences can lead us to mistrust or misplace trust in certain people. For example, information from a manager might carry more weight than a co-worker's version. Or something a friend tells us might be more believable than information from a stranger. A first-rate DSS tries to base decisions on objective, factual information rather than opinions.



# How to Become

## a First-rate Sales Professional

### 7. First-rate sales professionals manage time effectively

We dealt extensively with this subject in the previous chapter. The importance of time management cannot be emphasized enough.

#### ***Do more with less***

Business today operates at a faster pace than ever before. Distributors are constantly under pressure to provide customers with more service at less cost. "Do more with less" is something of a battle cry throughout the modern business world. Distributors have no choice but to pass along that imperative to the DSS staff and everyone else.

#### ***Time management helps avoid burnout***

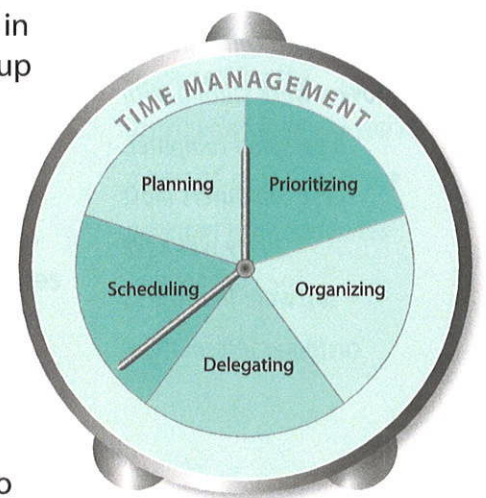
People who can't handle the pressure "burn out." They fall behind in their work and never catch up. Performance suffers and they end up quitting in disgust or getting fired. Sometimes they pay a price in stress that can impact their physical and/or mental health.

A DSS must understand and accept that any sales job will entail pressure to perform. You must strive to increase sales and gross profit dollars in the face of relentless competition from others responding to the same kind of pressure. At the same time, you may be assigned more and more non-selling duties.

#### ***Time management requires planning***

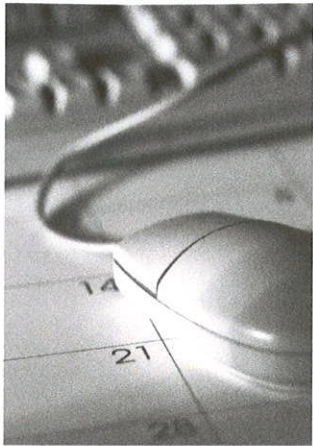
First-rate sales professionals use every possible strategy and tool to manage their time effectively. Strategies include:

- **Planning**—a key to planning is setting goals. What do you hope to achieve in a day, a week, a month, a quarter?
- **Prioritizing**—some tasks are more important than others. Spend the most time on those tasks that are most important.
- **Organizing**—organize each work day and work week to accommodate your goals and priorities. Organize your files and work station so you can find and retrieve information efficiently.
- **Delegating**—don't try to perform menial tasks if there are others around whose job descriptions include them.
- **Scheduling**—perform tasks during the time of day it makes most sense to perform them.



# How to Become

## a First-rate Sales Professional



*Every DSS can expect to have a work station with a personal computer. These computers most likely will have software that tracks customer information.*

### **Utilize time management tools**

Although the modern world creates time pressures, it also provides some wonderful tools to help deal with those pressures. Computers, software, e-mail, cell phones, PDAs (personal digital assistants), and other electronic marvels enable us to perform tasks in a small fraction of the time that it used to take years ago.

Company policies vary on how many of these devices will be provided for you. At a minimum, virtually every DSS in this age can expect to have a work station with a personal computer. These computers most likely will have software that tracks customer information.

### **Customer recordkeeping is of utmost importance**

Customers are the lifeblood of any distributor business, as well as the source of DSS income. The most important time management task for a DSS is to keep good customer records.

Customer recordkeeping goes beyond basic information such as name, address, title, etc. You'll want to collect as much information as possible about the person's business, buying habits, delivery preferences, etc. Personal information about birthdays, hobbies, and so on also can give you an edge.

### **Customer records need frequent updates**

Good recordkeeping also means frequent updating. People change jobs and positions within a company with greater frequency than ever before. The buyer who placed the last order with you may have moved on. As soon as you find out who the replacement is, make sure it gets reflected in your records. (While you're at it, ask what the previous buyer is doing now. It just might be a lead to new business.)

### **8. First-rate sales professionals never stop learning**

Understanding your customers' business is perhaps the number one asset that can propel a DSS to the top rank of the profession. This will take time. Novice sales professionals cannot hope to learn everything they need to know to be successful until years have passed.

Knowledge accumulates bit by bit over time, but there are ways to speed up the learning curve. You can acquire knowledge in many ways.



# How to Become

## a First-rate Sales Professional

### **Read, read, read**

Reading is among the most extensive and readily available means of speeding up your education.

*"The man who does not read  
has no advantage over the man who cannot read."  
- Mark Twain*

Do not put yourself on a par with people who are illiterate.

Some of the best reading material for a DSS comes in the form of trade publications. This includes those serving the distribution industry you're a part of, as well as those aimed at your customers' lines of work. Most trade magazines are free to persons working in the fields covered. Many trade publications publish their content online as well as in print. This gives a DSS access to a great deal of current and relevant information.

You probably will not have time to read dozens of trade publications cover to cover. But you can skim them to get an inkling of what's important to your customers. And, you may even find one or two articles in some editions that are worth reading from beginning to end.

### **Educational opportunities are all around**

Some distributors pay for employees to attend educational events. Some of these may be conducted in-house, others off-site.

Many distributors belong to trade associations that provide educational seminars, as well as tapes, CDs, home study courses, and so on. These trade association programs usually provide some of the most pertinent learning opportunities for a DSS. Take advantage of them at every opportunity.

### **Learn something new every day**

Make it a goal to learn something new every day. You can fulfill that goal simply by questioning your customers about their businesses and listening carefully to what they have to say.

### **A DSS enjoys a broad perspective**

Over time, the best DSS pros may end up knowing more than some of their customers do about their own businesses.



*Some of the best reading material for a DSS comes in the form of trade publications. This includes those serving the distribution industry you're a part of, as well as those aimed at your customers' lines of work.*



# How to Become

## a First-rate Sales Professional

Can a DSS ever learn more about a business than the people who make their living at it? While this may sound unattainable, it's not unusual.

People who buy from distributors may know quite a bit of detail about running their own businesses, but some lack a broad perspective. They may know very little about how competitors do things. They may not know about industry trends beyond their little corner of the market. Many are unaware of new products that can make their jobs easier.

A knowledgeable DSS can be a fountain of information to such people. In return, these customers are likely to buy more from the DSS they can learn from than from those who merely sell them products.

### ***Knowledge grows obsolete***

A first-rate DSS understands that much knowledge grows obsolete. New products, new systems, new techniques and applications constantly change the way things get done. So a first-rate DSS never stops learning.

### 9. **First-rate sales professionals set and meet goals**

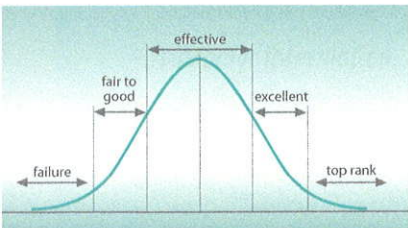
Mediocre salespeople meet their comfort level in income and slow down when they reach it. Remember the bell curve? These average people are the ones you'll find on the left side of that steeply curving line. They may be doing an acceptable job for themselves and their distributors. But they are not striving to be the best.

First-rate sales professionals set goals that will propel them to the far right-hand edge of the bell. They want to finish on top in sales performance. This is how they maximize their income and advancement opportunity.

It is surprising how many top performers are motivated by factors other than money. First-rate sales professionals tend to be fierce competitors. To some, achieving goals means even more than money.

### ***Company goals motivate everyone***

Many distributors set goals for their sales team. They may be called "targets" or "quotas" or some other term. These goals are used for the purpose of establishing company financial budgets for the following year.





## How to Become

a First-rate Sales Professional

For instance, a distributor that sold \$10 million worth of goods this year, may want to increase sales by 10% the next. This would require selling an extra \$1 million of merchandise. If this distributor employs 10 sales reps, those reps may be assigned quotas of achieving \$100,000 more in sales apiece next year. In many cases, there would be special incentives provided for reaching the target.

Company goals like that are common in distribution. They motivate everyone on the sales team to perform at a higher level.

### **Individual goals aim higher**

A first-rate DSS will achieve company goals but will never be satisfied doing so. The first-rate sales professional aims to lead the pack. This means striving to achieve not only company goals, but individual goals that are set even higher. A worthy objective is to finish as the highest performer in your company.

### **Goals must be measurable and attainable**

Something to keep in mind about goals is that they need to be:



For instance, setting a goal “to be the best DSS in our company” may be a nice attitude, but it’s not measurable. Being the “best” needs to be defined. Does it mean most sales, most gross margin dollars, or something else?

It’s also important that a goal be attainable. Setting a goal to double sales from one year to the next in most cases would not be realistic. Aiming to increase sales by 15% and improve margins may be hard to achieve but more doable.

### **Aim high**

A first-rate DSS aims high. That means going beyond company goals.



# How to Become

a First-rate Sales Professional



*A first-rate DSS recognizes that co-workers are indispensable to the DSS's success.*

## 10. First-rate sales professionals are team players

In Chapter 2, we discussed your internal customers. These are the co-workers you interact with to deliver customer orders and services. A first-rate DSS recognizes that they are indispensable to the DSS's success.

### ***Superstars are losers without support***

Many of you undoubtedly are fans of professional team sports. Hardly a week goes by when the sports pages don't report about some team floundering because of dissension caused by a self-centered star player.

No matter how good a football, basketball, baseball, or hockey player may be, no team can be a winner relying on one superstar to make all the plays. Teams with superior individual talent usually lose to lesser teams that play as a more cohesive unit.

### ***Distribution requires teamwork***

So it is within any distribution organization. A DSS cannot do every task required to make a sale and service a customer. Other people in the organization are required to locate the products and pull them from the shelves, to process the order, and deliver it. You need to rely on others with specialized knowledge of engineering, specifications, codes, etc., to make complex sales.

In particular, a DSS is likely to end up working with outside salespeople who call on the same clients. Tension between these parties can potentially destroy otherwise lucrative customer relationships.

### ***Teammates don't have to like one another***

A first-rate DSS is likely to have strong personal relationships with various co-workers. This makes it easy to be a team player.

The real sign of professionalism, however, is when you can reach peak performance even with people you don't like or vice versa. Your distribution company is likely to employ scores or even hundreds of people. Among that many people, personality conflicts are almost inevitable.

Character counts in these situations even more than when everyone is friendly. This is when you need to put business interests above personal issues.



# How to Become

## a First-rate Sales Professional

### ***Develop a businesslike approach to your job***

Friends are apt to overlook mistakes and cover for you. Adversaries may be looking for opportunities to point out your mistakes. This makes it even more important to master the details of your job when dealing with such people.

When working with people you don't get along with too well, be doubly sure all the information you provide is accurate. Paperwork and other documents need to be squared away.

Take special care to communicate clearly with adversaries. Avoid filling your conversations and written messages with irony, jokes, and sarcasm as you might do with friends. Your attempts at humor are likely to be misinterpreted.

Personal conflicts can make for an uncomfortable working environment, but there is a bright side. Adversaries can keep you on your toes in a way friends do not. By forcing you into a strictly businesslike posture, unfriendly co-workers can nudge you the final few steps toward first-rate sales professionalism.

### ***Convert adversaries into allies***

Even better, you should try to convert your adversaries into allies. If tensions exist with co-workers, try to find out how they developed and see if you can't rectify the situation.

People hold grudges for all kinds of reasons. Some are silly. That's why most people don't like to acknowledge holding a grudge. If you feel hostility against you, sometimes all it takes is a personal conversation with the other party acknowledging the tension and asking to bury the hatchet. If it stems from something you said or did that offended the other party, a simple apology may set things right.

It doesn't matter who started it or who's right or wrong. A large step toward first-rate professionalism gets taken when a DSS takes a proactive step toward resolving conflict.



# How to Become

## a First-rate Sales Professional

### 11. First-rate sales professionals exhibit personal integrity

Resolving interpersonal conflicts is one sign of personal integrity. Many other aspects of personal integrity come into play as a component of first-rate sales professionalism.

One in particular arises constantly among sales professionals. It's the pressure to tell expedient lies.

#### ***Phonies don't last***

Top sales professionals struggle to dispel the stereotype that pegs them as glib, fast talkers willing to say anything to make a sale. Unfortunately, there are some out there who reinforce that image. You won't find many among the top ranks of sales professionals in the distribution industry, however. Phonies don't last long in the distribution business.

*Success is hinged to lasting business relationships rather than single encounters.*

#### ***Expedient lies kill relationships***

For a DSS, opportunities abound to get out of ticklish situations by telling expedient lies. Someone needs something fast, so you try to get the business by telling him it's in stock when it's not. You say it will be delivered the next day when you know that's impossible. When the customer calls the next day to find out why it hasn't arrived, you blame it on a truck breakdown.

Fibs like this get told every day in the distribution business—but not by first-rate DSS professionals. They know that lies often backfire. If the other party finds out, it can spoil a business relationship forever.

*A first-rate DSS knows that a lie eventually gets discovered.*

Even if it doesn't, it's still wrong.



## How to Become

a First-rate Sales Professional

### Personal integrity also means...

- **Owning up to mistakes and not trying to blame them on someone else**
- **Promoting all the advantages of doing business with you, but without bad-mouthing competitors**
- **Selling customers quality products to fulfill every conceivable need, but not selling them things they don't need**
- **Being friendly and personable in all business dealings**
- **Avoiding gossip, rumors and snide comments that harm other peoples' reputations**
- **Not covering up for co-workers you know to be stealing or engaged in other bad behavior**
- **Taking part in charitable and community activities**
- **Following the Golden Rule**

### ***The Golden Rule has no qualifiers***

The "Golden Rule" says to treat others the way you want to be treated.

The Golden Rule doesn't contain any qualifiers. It doesn't say treat others the way you want to be treated when it's convenient to do so.

*Live by the Golden Rule,  
and a lot of other elements of first-rate sales professionalism  
will automatically fall into place.*





### Think positively

A friend of this author, who is a successful and upbeat person with a sales background, once shared the following thoughts with me.

"It's hard to imagine today, but once there was a stigma associated with adoption. When my parents adopted me, they were careful to always stress that I was 'chosen.' I grew up feeling sorry for kids not adopted. Their parents didn't get to pick them out. They got stuck with the lottery result of natural birth.

My parents were framing my adoption in the most positive light possible to ensure I saw it similarly.

As a result, I always viewed my adoption positively.

Depending on how you look at things, the glass is partly empty or partly full. Even an empty glass is merely one with lots of room. We can look for excuses or we can frame things in the most positive possible light. One holds us down and limits us. The other lifts us and opens possibilities."

**Frame things positively.**

### 12. First-rate sales professionals take pride in what they do

The final element of first-rate sales professionalism is a sum of the previous eleven points.

Once you elevate yourself into the top ranks of sales professionalism, an interesting phenomenon takes place. Suddenly, you no longer feel any stigma about identifying yourself as a salesperson. The apologetic tone disappears when you describe to strangers what you do for a living.

A first-rate DSS is proud to tell people what she does for a living.



## How to Become

a First-rate Sales Professional

### ***Selling is an honorable profession***

Selling—especially the complex selling that characterizes most distribution transactions—is an honorable profession.

In fact, when you reach that elevated stage of understanding, it doesn't even feel like selling anymore. You become more like a social worker, helping people in need. Even better, you are helping friends in need.

### ***Being the best brings rewards***

When you become among the best at what you do, you'll likely find your income and status rise accordingly. You'll feel good about yourself and your achievements.

The first-rate DSS takes pride in earning a good living. You take pride in helping a distribution company succeed. You take pride in helping customers make intelligent buying decisions.

Becoming a first-rate DSS should be the goal for everyone hired for this position.

You deserve congratulations on completing this book. But don't just put this book away and forget about it. Keep it close at hand as a knowledgeable companion, mentor, and advisor on building your career as a first-rate sales professional.

To help you start practicing the good ideas you have learned, make copies of the many checklists on 3" x 5" note cards and post them on your computer or work station. When it's time to call a disgruntled customer, pull out the book and read Chapter 3 on handling problem customers. Use the book to help you prepare for company planning meetings and set goals for yourself. Think of how you can start implementing exemplary practices. Make a progress plan for yourself. Then ...

*Go do it!*



## Quiz

## How to Become a First-rate Sales Professional

1. **When applied to sales in the distribution business, the term “win-win” means that**
  - A. salespeople and employers sell as much as they can.
  - B. salespeople and employers benefit from a transaction.
  - C. customers, employers, and salespeople benefit from the transaction.
  - D. customers get everything they want from the distributor.
  
2. **Without distributors, which of the following would likely hold true in most markets?**
  - A. Manufacturers would make more money.
  - B. Goods would cost less without the distributor.
  - C. Goods would get to end users inefficiently.
  - D. Manufacturers could provide the same services more cost-effectively.
  
3. **First-rate Distributor Sales Specialists believe in all of the following concepts EXCEPT**
  - A. Their company sells superior products.
  - B. Distributors add value to the products they sell.
  - C. Distributors deserve their margins.
  - D. Distributors serve their customers not their suppliers.
  
4. **Distributor Sales Specialists are much less likely to succumb to the Stockholm Syndrome when they**
  - A. understand business math and the dollar value added by the distributor.
  - B. spent a lot of time with talkative customers.
  - C. question the value of the company’s products.
  - D. get very involved in a customer’s personal life.





## Quiz

## How to Become a First-rate Sales Professional

5. When handling a complex sale, the PRIMARY goal of a sales professional is to
- A. spend a great deal of time contacting multiple decision makers.
  - B. make your company the supplier of choice for the customer.
  - C. acquire superior knowledge about the customer's needs.
  - D. persuade gatekeepers to provide access to decision makers.
6. First-rate Distributor Sales Specialists typically think that problems they face are
- A. impossible to solve.
  - B. sales opportunities.
  - C. inevitable in sales.
  - D. misplaced anger.
7. What does a first-rate sales professional do with irate customers?
- A. Turns them into loyal customers
  - B. Refers them to supervisors who have more experience
  - C. Avoids them whenever possible
  - D. Persuades them that the company was not at fault
8. A key to success in complex selling is
- A. maintaining a personal relationship with one customer in the company.
  - B. providing next-day delivery capability for all the products you sell.
  - C. making cold calls to acquire technical knowledge.
  - D. identifying everyone who influences purchasing decisions in the company.
9. To be a great communicator and a successful sales professional, you should
- A. learn several languages in addition to English.
  - B. listen attentively when the customer speaks.
  - C. speak at least 50% of the time.
  - D. think of a response while another person is speaking.



## Quiz

## How to Become a First-rate Sales Professional

**10. According to many studies, which of the following is even more important to communicate a speaker's meaning than the words themselves?**

- A. Eye contact
- B. Tone of voice
- C. Context of the words
- D. Flawless grammar

**11. When dealing with co-workers, first-rate sales professionals**

- A. are especially careful to communicate clearly with their friends on the team.
- B. avoid co-workers who create tension among the members of the team.
- C. work well professionally with team members they don't like personally.
- D. look for opportunities to be the most important player on the team.

**12. In order for a goal to be meaningful, it must be**

- A. connected to some type of reward.
- B. a vision that inspires action.
- C. measurable and attainable.
- D. realistic but difficult to achieve.

*(Answers below)*

*Answers: 1-C; 2-C; 3-D; 4-A; 5-B; 6-B; 7-A; 8-D; 9-B; 10-B; 11-C; 12-C*



## GLOSSARY

### Common Wholesale-Distribution Terms

#### "A" — "B" — "C" — "D" —

Letters assigned to classify inventory items based on their popularity, i.e., fastest moving goods are "A," next fastest "B," etc.

#### Accounts Payable —

Money owed for goods/services as shown on the books of the company that purchased those goods or services.

#### Accounts Receivable —

Money owed for goods/services as shown on the books of the company that sold those goods or services.

#### Accounts Receivable Days —

Average amount of time in days it takes a distributor (or other business) to collect money owed from customers.

#### Acquisition Cost —

Amount of money spent on advertising/promotion to acquire a new customer.

#### Activity-based costing (ABC) —

A costing system that identifies the various activities in a firm and uses multiple cost drivers (non-volume as well as the volume based cost drivers) to assign overhead costs (or indirect costs) to products. ABC recognizes the casual relationship of cost drivers with activities.

#### Added Value —

Increase in price of goods to pay for related services that make the goods more valuable or moves them more quickly to point of use. *Also see* Value-added services.

#### Asset —

Anything owned that has value. Some assets of a distribution business include inventory, equipment, real estate owned, accounts receivable, owners' equity (money owners invested in the business) and cash on hand.

#### Back Order —

Order placed for goods not available at time of original sales transaction.

#### Bar Code —

Electronically readable codes affixed to merchandise, packages, pallets or shelves for efficient counting and other recordkeeping.

#### Benefit —

The value experienced by the customer.

#### Bid —

Price quotation for materials to be provided to a project.

#### "Big Box" —

Nickname given to warehouse home center mass merchandisers. *Also see* Home Improvement Center; Mass Merchandiser.

#### Bin Box —

Small box used to organize small parts on a distributor's shelves.

#### Blister Pack —

Hard plastic see-through wrapping for small parts, usually affixed to a cardboard backing card.



# GLOSSARY

## Common Wholesale-Distribution Terms

### **Bottom Line —**

Term used loosely to mean profit left after expenses. The final bottom line is profit after all expenses are paid, including income taxes.

### **Branch —**

A small warehouse and sales facility set up by a multi-location distributor to serve a local market.

### **Brand —**

A name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers. The legal term for brand is "trademark." A brand may identify one item, a family of items, or all items of that seller.

### **Brand Name Products —**

Products typically ordered by brand name, which are perceived to have special features or attractive elements that make them different from similar products.

### **Breakeven Point —**

When expenses match revenue.

### **Broker —**

An agent who, for a commission, negotiates a transaction between a buyer and a seller of goods but does not take possession of, or title to, the goods.

### **Buying Group —**

Organization of wholesaler-distributors (or some other category of businesses) that band together for joint purchasing in order to obtain greater volume discounts.

### **Carrying Costs —**

Expenses that accrue when inventory sits on a shelf or money owed goes uncollected.

### **Central Distribution —**

Practice of maintaining a large wholesale-distribution warehouse to store large quantities of merchandise, which get broken into smaller lots for shipment to branches.

### **Channel of Distribution —**

See Distribution channel.

### **Cherry Picking —**

Buying only the fast moving items of a vendor's product line.

### **City Counter —**

Supply house counter where customers come to order/pick up merchandise.

### **C.O.D. —**

Collect on delivery; Cash on delivery; status given to customers of unknown or poor credit standing.

### **Cold Calling —**

Unsolicited selling to unfamiliar persons: the practice of trying to sell things by telephoning or personally calling on people who are not known to the seller.



## GLOSSARY

### Common Wholesale-Distribution Terms

#### **Commission —**

1. Compensation granted to sales employees based on a percentage of what they sell;
2. Money made by a broker who has negotiated a transaction;
3. Money paid to a contractor for referring a buying consumer/customer to a distributor's showroom.

#### **Commodity —**

Product which is usually produced to detailed standards so that it is nearly identical to other such products.

#### **Consumer —**

A customer who buys something for personal use rather than for business use or resale.

#### **Contractor —**

A person, often in the building trades, who contracts to do specific work for an agreed-upon sum.

#### **Co-op —**

Organization of similar businesses or dealers to fund a source of supply.

#### **Co-op Dollars/Funds —**

Funds made available for joint advertising/promotion efforts between vendors and distributors.

#### **Cost of goods sold (COGS) —**

A figure representing the cost of buying raw material and producing finished goods. Included are precise factors, i.e. material and factory labor, as well as others that are variable, such as factory overhead.

#### **Cost-plus Pricing —**

A method of determining the price of a product or service that uses direct costs, indirect costs, and fixed costs whether related to the production and sale of the product or service or not. These costs are converted to per unit costs for the product and then a predetermined percentage of these costs is added to provide a profit margin. The resulting price is cost per unit plus the percentage markup.

#### **Counterfeit Goods —**

Inferior items, usually made in foreign countries, illegitimately passed off through labels, markings, etc., as popular brand name goods. Also called "Knockoffs."

#### **Counterman/Counterperson —**

Distributor employee whose job is to serve customers at the warehouse sales counter (city counter).

#### **Credit —**

1. Buying now to pay later;
2. Dollar allowance or rebate given in a distributor customer's account

#### **CSR —**

Customer service representative.

#### **Customer Service —**

Understanding how customers make money and assisting in those efforts.

#### **Customer Service Representative (CSR) —**

Employee whose main duties are to interact with customers and solve problems.



# GLOSSARY

## Common Wholesale-Distribution Terms

### **Cut Sheet** —

Material specifications, such as size, capacity, and ratings, that describe the characteristics of a manufacturer's products. Cut sheets are used in bidding.

### **Dating/Dating Terms** —

Agreement between a vendor and distributor or distributor and its customer to extend a payment period.

### **"Deadbeat"** —

Slang for a person or company that often owes a past due account.

### **Dead Stock** —

Inventory items that haven't sold in a long time, usually after a year of purchase, and whose sales prospects are dim.

### **Dealer** —

A contractor or other installation/service provider authorized to handle certain products requiring certification.

### **Demand** —

Desire of potential buyers for a given product or group of products.

### **Direct Costs** —

Expenses that can be tracked for sales of specific products.

### **Direct Selling** —

Circumventing the normal chain of distribution by cutting out one or more parties in the chain, usually pertaining to a manufacturer selling directly to a wholesaler's customers. *Also see* DTU (direct to user).

### **Distribution** —

The process by which goods produced move from producer to end users.

### **Distribution Center** —

Large warehouse used for central distribution.

### **Distribution Channel** —

The path of distribution for a given category of products, usually based on greatest efficiency.

### **Distributor** —

See Wholesaler-Distributor.

### **Distributor Sales Specialist (DSS)** —

An inside sales person who works cooperatively with outside sales and other members of the distribution team to grow existing customers, creates new customers, and meets or exceeds monthly sales quotas at the appropriate gross margin while increasing customer satisfaction.

### **DIY** —

Do-it-yourself. Refers to a consumer who tries to bypass hiring a contractor or to a retailer who sells to such a consumer.

### **"Dogs"** —

Nickname given to slow-moving inventory items.



## GLOSSARY

### Common Wholesale-Distribution Terms

**Drop Ship —**

Manufacturer drops a shipment off at a jobsite or a customer facility, although a wholesaler makes the sale.

**DTU —**

Selling direct to (end) user, usually in the context of bypassing the wholesaler or contractor in the supply chain.

**Dumping —**

Selling merchandise at prices below prevailing market rates, usually used to describe foreign manufacturers selling at less than production cost in order to subsidize a local industry and/or company.

**E-commerce (Electronic Commerce) —**

Sales transactions taking place electronically via computers, especially over the Internet.

**Economic Order Quantity (EOQ) —**

The amount of orders that minimizes total variable costs required to order and hold inventory.

**EDI —**

Electronic Data Interchange.

**80/20 Rule —**

See Pareto's Law.

**Electronic Data Interchange (EDI) —**

Sales transactions and recordkeeping accomplished between buyers and sellers electronically.

**End User —**

The final customer for whom a product or service is intended. An end user may be a consumer or customer using the product for a non-personal use.

**Expense —**

1. A charge incurred in order to generate revenue or maintain business operations; 2. A charge, such as travel or lodging cost, generated by an employee doing business outside the office.

**Fill Rate —**

The percentage of orders or line items filled completely.

**Fixed Pricing —**

A method of determining the price of a product that means there is no bargaining allowed over the price of a good or, less commonly, a service.

**Functional Discount —**

Discount provided for performance of specific functions, often used to describe the discount passed on to members of a buying group.

**Gatekeeper —**

A person or group that controls access to somebody or something.

**GMROI —**

Gross Margin Return on Investment, a key financial measurement for wholesaler-distributors.



# GLOSSARY

## Common Wholesale-Distribution Terms

### Gross Margin —

The ratio of gross profit to sales revenue; sometimes used as a synonym for gross profit. For a manufacturer, gross margin is a measure of a company's efficiency in turning raw materials into income; for a retailer it measures their markup over wholesale. Gross margin is gross income divided by net sales, expressed as a percentage.

### Gross Profit —

The difference between the cost of merchandise and net sales, usually expressed in dollars. [Net sales minus COGS]. The dollar amount of gross profit is the same as the gross margin expressed in dollars.

### Gross Sales —

Sales revenue prior to subtracting discounts, allowances, and returns.

### Home Improvement Center —

Retail business specializing in various building products. Large home improvement centers are often called "big boxes." *Also see* Mass Merchandisers.

### HVAC/R —

Heating-Ventilating-Air Conditioning-Refrigerating.

### Income —

See Revenue.

### Income Statement —

See Profit and Loss (P&L) Statement.

### Indirect Costs —

Expenses, often operating costs, that cannot be tracked for specific product sales. *Also see* Operating Expenses.

### Inside Salesperson —

Salesperson who remains in the sales facility and generally sells over the phone.

### Internal Customer —

Anyone in the organization—a coworker, another department, or a distributor—who depends upon someone else in the organization to provide products or services which in turn are utilized to create another deliverable for the external customer.

### Inventory —

Items stocked in a warehouse for sale or redistribution.

### Inventory Turns —

Number of times inventory gets sold and reordered ("turned over") in the course of a year. Sometimes called "Turns."

### Invoice —

Bill of sale.

### JIT —

Just-in-Time. See Just-in-Time Delivery.

### Jobber —

Old term for a wholesaler, pertaining to the wholesaler's function in coming up with material quotes for customers' job bidding.





## GLOSSARY

### Common Wholesale-Distribution Terms

#### **Just-in-Time (JIT) Delivery —**

Delivery at the time the goods are needed, rather than on a set delivery schedule.

#### **Knockoffs —**

See Counterfeit Goods.

#### **LTL —**

Less than truckload. Pertaining to truck shipments of less than full capacity.

#### **Line —**

See Product Line.

#### **Line Item —**

Line on an invoice pertaining to a single SKU.

#### **List-less pricing —**

Discounted amount of the “list price” (selling price of something as stated in a catalogue or price list).

#### **Loss Leader —**

Product deliberately sold at cost or below for promotional purposes and to pull in customers who may then make other purchases too.

#### **Loyalty Discount —**

Discount given, usually by a manufacturer to a distributor, based on purchase of either a complete line of goods or additional lines besides those most desired by the buyer.

#### **Manufacturer —**

1. A company that makes goods; 2. An individual employed by a manufacturing company.

#### **Manufacturer's Rep/Agent —**

Independent businessman/company acting as a vendor's sales representative.

#### **Marketing —**

All business activity involved in the moving of goods from the producer to the consumer, including selling, advertising, packaging, etc.

#### **Markup —**

Amount added to the cost of goods sold to determine the selling price, usually expressed as a percentage of the COGS. An item purchased for \$75 and sold for \$100 was marked up 33.3% [ $\$100$  minus  $\$75 = \$25$  markup]; [ $\$75$  divided by  $\$25 = 33.3\%$  markup].

#### **Mass Merchandiser —**

Large retail store selling to consumers. In the PHCP industry, home improvement centers are often mass merchandisers selling PHCP products. Large stores or chains may be called “big boxes” or home improvement centers.

#### **Master Distributor —**

A distributor that specializes in stocking complete inventories, including less popular items, of a limited number of vendors, usually for sale to other distributors.

#### **Merchandising —**

Marketing activities designed to attract the interest of the customer, including selection, packaging, pricing, promotion, and display of goods.



# GLOSSARY

## Common Wholesale-Distribution Terms

### **“Missionary” Work —**

Sales support activities, such as training, introducing new products, etc., which don't directly result in sales orders but which help predispose customers toward buying particular products.

### **MRO —**

Maintenance/Repair/Operations; a customer that buys PHCP goods for those purposes.

### **National Account/Home Office Account —**

A large customer with numerous locations nationwide that orders through a central buying authority, with delivery to local outlets.

### **National Brand —**

A nationally distributed product brand name. May also be distributed regionally or locally.

### **Net Earnings —**

See Net Income.

### **Net Income —**

Revenue left after subtracting all expenses, including income taxes and interest. Also called Net Earnings or Profit.

### **Net Income Before Taxes —**

Revenue left (profit) after paying COGS and operating expenses but before paying income taxes. Operating Income or Earnings Before Interest and Taxes. Sometimes referred to as Net Profit.

### **Net Operating Income —**

See Net Income Before Taxes.

### **Net Profit —**

The company's total earning, reflecting revenues adjusted for costs of doing business, depreciation, interest, taxes and other expenses.

### **Net Sales —**

Sales revenue minus discounts, returns, and allowances.

### **Objection —**

A statement of challenge or rejection by a prospect or customer of a feature, benefit, product, or service which can be helpful to the sales process in that it can indicate about what a prospect or customer is concerned.

### **Obsolescence —**

Condition which occurs when products are no longer made (are “obsolete”), usually having gone out of demand or out of fashion.

### **OEM —**

Original Equipment Manufacturer; a customer that buys PHCP goods for assembly into larger products.

### **Operating Expenses —**

Administrative expenses resulting from general costs of doing business, not including cost of goods sold, income taxes, or interest payments. Operating expenses generally are indirect costs such as rent, utilities, salaries, etc. Also referred to as Overhead.



## GLOSSARY

### Common Wholesale-Distribution Terms

#### **Opportunity Cost —**

The cost associated with having money tied up elsewhere (in inventory on-shelf or debt) so that it is not available to take advantage of some other business opportunity.

#### **Outside Salesperson —**

A salesperson that calls on customers at their businesses, or other outside locations, rather than selling at the business facility by which the salesperson is employed.

#### **Overhead —**

Costs associated with providing and maintaining a manufacturing or working environment, such as renting the building, heating and lighting the work area, supervision costs, and maintenance of the facilities. Overhead also includes indirect labor and indirect material.

#### **Palletize —**

Banding or shrink-wrapping cartons on a pallet.

#### **Pareto's Law —**

An unexplained statistical relationship that applies to numerous business calculations (and other non-business calculations). In business, Pareto's Law states, for example, that 20% of the products produce 80% of the profits. Also known as the "80/20 Rule."

#### **Past Due —**

An account overdue on payment.

#### **PHCP —**

Plumbing-Heating-Cooling- (industrial) Piping

#### **P&L Statement —**

Profit and Loss Statement.

#### **P.O.P. —**

Point of purchase, often pertaining to retailer promotional displays.

#### **Power of One —**

An individual's ability to make a huge difference in a company's profitability and one's own status through tiny improvements in job performance.

#### **Prefabrication —**

The practice of manufacturing the components of an assembly in one location and assembling them in another. When used for buildings, prefabrication controls construction costs by economizing on time, wages, and materials. Prefabricated units may include doors, stairs, window walls, wall panels, floor panels, roof trusses, room-sized components, and even entire buildings.

#### **Premiums (Marketing) —**

Relatively large and expensive promotional giveaways such as wearing apparel and sporting goods.

#### **Price-based Marketing —**

The marketing of products based mostly upon price.

#### **Private Label —**

Product sold under a brand name of a supply chain customer rather than the actual manufacturer, with the permission of the manufacturer.



# GLOSSARY

## Common Wholesale-Distribution Terms

### **Product Line —**

Single category of goods provided by a vendor.

### **Productivity (Personnel) —**

A measure of how much each employee adds to the company's sales or profits. In PHCP distribution, employee productivity is usually calculated as the average sales per employee (even for employees who are not salespersons).

### **Profit —**

See Net Income.

### **Profit and Loss Statement —**

A concise financial statement that reports a company's revenues, expenses, and final profit or loss. Also called an Income Statement or P&L.

### **Promotions (Marketing) —**

Special, time-limited selling campaigns, often including lowered sales prices, discounts, or giveaways, designed to promote sales of certain products.

### **Promotional Allowance —**

A percentage of sales revenue given to distributors or others in a supply chain to promote a product line.

### **Prospect —**

(Noun) An individual or organization with a need for a particular product or service, the potential for or existence of an understanding of that need and the potential to ultimately purchase the product or service.

(Verb) To proactively seek out potential buyers of a product or service and approach them through personal contact (in person, over the phone, one-to-one email or fax) with the intent to sell should a need exist.

### **PVF —**

Pipe, Valves and Fittings. Usually refers to industrial distributors' inventories.

### **Qualify —**

To determine the purchasing potential of a suspect, prospect, or customer.

### **Rebate —**

Form of payment granted to parties in a supply chain at given times of a year based on level of purchases or other defined activities.

### **Receivables —**

See Accounts Receivable.

### **Receivables Days —**

See Accounts Receivable Days.

### **Retailer —**

A business that sells primarily to consumers.

### **Return on Investments (ROI) —**

Net income as a percent of total company assets. [Net income divided by total assets.]

### **Revenue —**

Total amount of money taken in by a business through sales and other earning activities. Also referred to as "Volume" and "Income."



## GLOSSARY

### Common Wholesale-Distribution Terms

**ROI —**

Return on Investments.

**Sales Representative —**

See Manufacturer's Sales Rep/Agent

**Showroom Salesperson —**

A salesperson who sells to consumers in a distributor's showroom.

**Shrinkage —**

Inventory that gets lost, stolen, or broken.

**SKU —**

Stock-Keeping Unit.

**Specialties (Marketing) —**

Promotional giveaways which are smaller and less expensive than premiums, such as pens, pencils, and key chains.

**Stock-Keeping Unit (SKU) —**

An identification symbol, often alpha numeric (containing both letters and numbers) which can be used to track a particular item for inventory purposes. SKUs are often printed on product bar codes.

**Supply —**

Amount of goods available for sale.

**Supply Chain —**

All participants in a channel of distribution.

**Trade Discount —**

Discount provided by distributors to licensed or otherwise qualified contractor customers.

**Transaction —**

A completed sale, agreement, or business deal.

**Turns —**

See Inventory Turns.

**Up-sell —**

To sell a prospect or customer a product or service of higher value.

**Value-Added Services —**

Services provided by the distributor which add to the value (and the cost) of products by making products more readily available or more useful to the end user. Some value-added services include Just-in-Time delivery, job bidding, customer credit, and product training.

**Value-Based Marketing —**

The marketing of products based upon a combination of price plus additional seller services or product features which make the products valuable to the customer. Brand names and value-added services are among factors that increase the value of products being marketed.

**Velocity Pricing —**

Pricing system based on speed with which products move, i.e., usually discounting faster moving items more deeply than slow movers.



# GLOSSARY

## Common Wholesale-Distribution Terms

### **Vendor —**

A company that sells goods or services to another company.

### **Vendor-Managed Inventory (VMI) —**

A value-added service, usually offered to industrial customers such as OEMs and MROs, which requires that the distributor take the responsibility for making sure that the customer never runs out of critical items needed to keep the customer's business operating.

### **VMI —**

Vendor-Managed Inventory.

### **Volume —**

See Revenue.

### **Wholesaler —**

A business that sells to retailers, contractors, or other types of businesses, but NOT to end users, at least not in significant amounts.

### **Wholesaler-Distributor —**

A wholesaler that buys and owns the products prior to reselling them to its customers.

### **WIIFM —**

Sales factor acronym—what's in it for me—used to describe what should be the focus of any communication with a prospect or customer.



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