

Justifying the sale

03/23/09

My prospects want to do business with me but have tight budgets. They're not asking me to cut prices. Instead they want help justifying what it is we're trying to sell them. How do I do that?

There's few things more frustrating than having a prospect you know wants to buy, and you can't get them over the hump of saying "yes". The challenging times of a recession make it even more important that you figure out how to help the prospect justify the sale. They are still spending, just more carefully. And they're looking to your company for answers.

There are a number of ways to attack this problem. Here is a list of strategies you might want to try.

Build a model to help your prospects and sales people demonstrate the financial benefits of implementing your company's proposal. If you don't already, figure out how to help your prospects cash flow the expense, rather than taking a big hit upfront. Look into leasing plans to keep the obligation off the client's books. Scale down your initial offer to get prospects converted to clients at a lower price point. Add time to the implementation cycle, thereby spreading out their costs, and yours.

Develop a Model

Showing the prospect how they come out ahead in terms of time, money or effort is an important exercise. After all, it's the reason we all make purchases - to make our lives measurably better in one way or another. Until you can demonstrate the benefit in real numbers, you may struggle to close the sale.

Control the flow of information to the prospect's team, as much as possible. This is especially if you are selling to another corporation or business, as there are likely to be a number of decision makers and influencers involved. One way to do that is to develop a financial model that justifies the cost benefit of purchasing from your company.

Define how the prospect's world is going to be better once they make the purchase - through savings in time, lower costs, higher profits. If you're not sure how to quantify the benefits, ask your existing customers why they bought from you, and how their world has become better as a result. Develop a model to demonstrate the outcomes and benefits, into which you can plug the prospect's specifics.

Cash Flow, Leasing

One big issue these days is cash flow. If you can figure out how to take progress payments, it may help your sales people close the sale. Don't go too far out on a limb, however. Make sure you always have leverage in the sale. That means that you always can hold something back until you get final payment.

In general, it's a good idea to keep this option of progress payments in your back pocket as a possible solution to a late stage stall. When the stall comes, confirm that spreading costs would get the prospect over the hump. Be sure you have the banker in the deal on board with approving progress payments. Then go ahead and make the offer.

Many companies today are worried about putting any more financial obligations on their books. They don't want the balance sheet to weaken any further. These prospects may be very interested in a leasing plan. With leasing, they don't own the underlying asset, but neither do they have to put the debt on their balance sheet. There are leasing companies looking to put cash to work by financing deals. Signing up with one may give your company another option to put in the sales force's hands.

Scale Back

In recessions it's often a good idea to scale down your initial offer, if possible. Get the prospect as a customer, so you can promote to them more of what you do from the customer rather than prospect perspective. Develop a small priced entry-level offer that gives prospects a taste of what it's like to be a customer.

This is also a good time in the economy to spread out costs by extending the implementation cycle. Extend the time it takes your company to put your services or products in place. Allow customers the ability to spread out costs in the process. You may find that 20 percent to 30 percent longer implementation cycle isn't a big deal to many prospects.

Extending the implementation cycle may also be good for your company. It allows you more time to implement with less resources involved at any one time. If you've had to cut back staff, or put people on shorter work weeks, an extended implementation schedule makes it easier for you to handle the workload with the resources you have remaining.

Looking for a good book? Try *Recession Storming: Thriving in Downturns through Superior Marketing, Pricing and Product Strategies* by Rupert M. Hart.

Business owners regularly turn to Ask Andi and Strategy Leaders for advice on how to grow profitable, successful companies. They find what they need time after time. Specific advice is available at www.AskAndiBlog.com. Ask Andi is also published weekly in the Westchester and Fairfield County Business Journals and Hudson Valley Business. Written by Strategy Leaders President, Andi Gray, the Ask Andi column is a rich source of advice for owners of established, privately held businesses.

If you are a business owner and you have a question or would like to discuss some aspect of your business, call [1.877.238.3535](tel:18772383535) or send an email to AskAndi@StrategyLeaders.com.