

Qualifying UP ↑ in a DOWN ↓ Economy

by Janet Gregory

It's a jungle out there. The challenging economy is having an impact on our sales warriors. Qualifying customers is one way to minimize the negative impact to our business and increase our sales effectiveness during these trying times.

The economy and business has been battered over the last decade by the dot-com implosion, 9/11/01, Enron and WorldCom, the War in Iraq, and the financial market crisis... to name a few events. Decision processes are extended, orders decline and layoffs are widespread. There is nothing that indicates this recession and these slow business cycles will change any time soon. But it is not all negative news; according to CIO Insight, most CIO's (76%) are expecting their IT spending to remain about the same or even increase slightly over the next six months.

During times like this it even more important than usual to qualify prospective customers by identifying and understanding buyer behavior patterns. As buyers face the continued slow economy, customers will tend to fall into one of four business categories: losing their grip, white knuckles, holding steady or still cruising. If you recognize where your customer prospects are, you can spend your sales time wisely and mount an effective sales campaign.

Losing Grip

- These are the 20% of companies that were struggling to begin with. They are barely holding on, but the grip is slipping.
- The behavior is binary -- they will either stop all purchases or they will ignore what's going on and forge ahead.
- Identify the companies in this category early and don't waste your time with them. Even companies that want to forge ahead will be bad credit risks which means that they won't be able to get financing or you will likely end up with bad debt on your books.

White Knuckles

- These are the 30% of companies that have a reasonable hold on their business but the outlook is gloomy. These companies should be downsizing (even if they aren't) and taking other cost reduction initiatives just to hang on.
- The buying behavior will fall into four categories: trading down, hunt for bargains, postpone purchases and do-it-yourself. Stay nimble because you are likely to see a combination.
- The good news is that there are reasonable strategies to address this customer set. Beware of the 60% of companies in this category that will be bad credit risks and don't waste your time with them. The other 40% however may be worth the effort if you deal with them on their terms; but be very cautious and selective.
 - *Trading Down or Hunting for Bargains.* Are you offering solutions for the budget minded buyer, no frills today with up-sell potential in later months or years.
 - *Postpone Purchases.* Consider offering creative financing for CapEx offers such as leasing, rent-to-own or 90-days-same-as-cash. Considering offering OpEx alternatives such as on-demand or SaaS (Software as a Service).
 - *Do-It-Yourself.* Can your customer participate in the delivery of your products or services? This is a lifecycle or total cost of ownership (TCO) issue. Let these customers view you as a trusted partner looking out for their best interests.

Holdin' Steady

- Here you will find 30% of companies holding their own but may be holding their breath a

little. These companies are maintaining a good business and even growing slowly but they are cautious.

- Typical buying behavior in this group falls into four areas: more efficient spending, value & price and safety.
- There are great ways to address the economic needs of this group and some of the strategies from the “white knuckles” can also be employed.
 - *More Efficient Spending.* Fire up the ROI tool. Show them efficient and cost effective solutions. Hard dollar savings are king!
 - *Value & Price.* ROI is necessary but insufficient. Show customers productivity benefits and how you help their business strengthen their competitive edge.
 - *Safety.* Highlight how your company and your offer are a sure bet. Reliability, availability, up-time, back-up, business continuity, or some combination that provides confidence now and for the future.

Cruising

- When you are lucky enough to tap into the 20% of affluent companies that are unaffected by current economy you will know it, although you may pinch yourself and not want to believe it.
- The buyers in this group are continuing a relatively normal buying cycle, seemingly immune to external economic factors. Scrutiny on all expenditures will be more intense. More approval and sign-off layers will be required so don't expect an easy rubber-stamp approval.
- Don't heave a sigh of relief yet. Just because their business appears to be immune to what's affecting the other 80% of companies, they are still keenly aware of the recession and current business climate. Be prepared for these customers to engage in stringent competitive comparison and stiff negotiations.
 - *Competitive Comparison.* Be ahead of the competitive curve with competitive reports, reference customers that have already made a competitive comparison, and trials if necessary.
 - *Negotiations.* Good negotiation skills are needed in good times and in tough times. It's no different in today's environment and companies expect to get a good deal.

The Power of Impending Events. Compelling impending events drive decisions in any business climate. Heighten your qualification activities to find the compelling impending event. Tightly tie your offering, the value proposition and your proposal to these compelling events and your sales cycle will move more quickly. Figure out what an impending event looks like:

- A company that is moving or expanding.
- Companies with outdated, aged or antiquated competitive offerings.
- Business cycles... fiscal year, demand cycles, kick-off meetings, seasonal needs, new product launch, etc.
- Financial pendulum... turn variable costs into fixed costs, turn recurring charges into a one-time fee, flip high maintenance into low monthly costs.

Sales is not an easy business, even in the best of times. What makes sales such a great profession is the challenge of figuring out how to connect your offering to changing business needs.

Good selling!

Janet Gregory is a veteran sales executive and co-founder of KickStart Alliance. For assistance with sales strategy, sales planning, training, compensation or any aspect of sales operations, contact [Janet](#). Janet leads the sales readiness practice at KickStart Alliance. For help in aligning sales & marketing for results contact any member of the [KickStart Alliance team](#).