

Who Is The Real Number 1 Competitor?

When I ask salespeople who their number 1 competitor the response is usually the name of another company that they often face in the marketplace. But, THEY ARE WRONG!

The real competitor in most B2B sales situations today, the one you need to worry about and the toughest to beat, – is doing nothing, no change, or keeping what they have. In other words, the black hole of “*status quo*”, or lack of inertia to make a change. It is the easiest and least risky choice. Buyers are naturally biased in favor of the status quo. They know it, have lived with it and are often comfortable with it. Anything else will result in an adjustment, and most people do not like change. The default position in many companies is stay with the current solution, even if it is recognized to be suboptimum, unless there is a compelling reason to make the change. Why is this happening? Here are five primary reasons:

- 1) Many corporations have reduced staff and those that remain are stretched very thin, especially in IT. That limits band-width and willingness to take on new projects; 2) Projects are being abandoned by buying teams because:
 - a. Lack of satisfaction with solutions presented by providers
 - b. Estimated costs exceeding budget and concerns over ROI
 - c. Business and/or technical risks too high
- 3) They did not consider the costs of no change;
- 4) Lack of an executive sponsor; and
- 5) Salespeople are selling features and functions, not value

If this is not properly addressed by the salesperson it will often result in a stalled sales cycle. What can be done about this? Here are three suggestions:

First, we need to look for an executive sponsor during the qualification phase. We should look for an executive who is willing to stake her reputation on the line in order to facilitate a change. If you cannot find one, it is a “red flag” and a decision needs to be made as to whether or not to continue pursuit of the opportunity. If there is one, it is essential that you meet with the sponsor and determine if this project has enough high-level interest, has a budget or a sense of urgency to spend now, assuming a proven value proposition.

Second, the cost of doing nothing needs to be quantified and included in their ROI calculation. For example, the proposed solution may result in an annual cost savings of \$500,000, which is then measured against alternatives. But, what if nothing is done? Will that result in an additional cost of \$100,000 to replace a machine such as a printing press, for example. The same is true for expansion of product lines or increases in marketing budgets. Has there been an OSHA violation that needs to be addressed? What about the likelihood of fines, bad publicity or the possibility of injury to workers? To achieve a sale over the status quo the decision makers need to conclude that the proposed solution results in greater benefits to the company than that of doing nothing. It is on the salesperson to help provide the proof.

Third, it is essential that the salesperson build a compelling business case for making the change. What are the benefits of the proposed solution? The value proposition needs to result in: 1) an increase in profitability or greater efficiencies; 2) expansion into a new market or 3) alignment with a company strategy. Be sure to include both “hard” and “soft” dollars. Companies do not make significant expenditures because of a cool feature, an improved user-interface or being able to access information via Bluetooth.

Absent these three reasons the result is likely to be a no decision, or to stay with the status quo. When this happens everyone loses – the buyer does not acquire a new solution to a problem and the supplier does not acquire a new client and has wasted a lot of time and resources throughout the sales cycle.

Salespeople that keep in mind that the primary competitor is “do nothing” will work harder to prove that their proposal will bring substantial benefits to the prospect. The result will be a well-deserved sale.

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