

Governing Energy

Close the Deal?

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Over the past few weeks, this pundit has provided a few comments to several LinkedIn Posts in sales oriented Groups. The general theme in these Posts and my Comments are concerns about the Customer Acquisition processes and the challenges faced by contemporary sales representatives.

A sales career has never been for the faint of heart. Sales Objections, Rejection, Lost Deals are ‘all in a day’s work.’ For example, the average close rate for all industry sectors is approximately 19% and slightly over 20% for the technology/software sectors.ⁱ

What business activity would accept a 20% productivity rate? Manufacturing facilities operating at only one-fifth capacity would quickly close. Would you want your surgeon to be successful at this rate or even less?

More chilling, this approximation of the arithmetic ‘Mean’ as defined suggests that if the population of individual sales representatives are sampled *more* than half can be below the mean if *only* one or a few dramatically exceed the average, i.e., close rates of 50%+.ⁱⁱ Since ‘Rainmakers’ are few and far between, this suggests that *typical performance* may even be dramatically lower than 20%.ⁱⁱⁱ

Increasing Sales Performance

In a recent blog, we put forth a selling model that is applicable in this marketplace.^{iv} In this section, we will build on that model.

As stated herein, concerns about establishing contact with a new prospect and convincing her or him to take a meeting much less buy the product/service are paramount concerns. Starting with establishing contact, frustrations range from:

- Who do I call?
- Why isn’t my call/email returned?
- I can’t get through to the buyer et al.

After thirty plus years as a sales representative, sales manager, sales support including a senior executive with a Profit/Loss (P&L) responsibility, the single biggest issue I have seen is PREPARATION. While there is intense pressure to get in front of as many prospects as possible, numbers are not enough.

Who do I call—what’s the entry point to the client that “I” have? Too often, sales organizations subscribe to Lists, use Appointment Setting Services, online business development services such as LinkedIn/Twitter in a vain attempt to generate so called “qualified leads.” This commentator is all for increasing visibility and does so constantly. However, this approach in and of itself does not generate qualified opportunities.

Why isn't my call/email returned—who are you and why should I care is often the reason behind this lack of interest. Executives are busy these days. This is not a new phenomenon—they always have been. What do you have to offer this individual? Bigger, Better, Faster has long been the sales pitch. It did not work in the 1980s or even the 1400s and does not work now.

The current information technology sector can arguably have been born in the 1980s with the arrival of Microsoft, Apple and others that displaced the existing Management Information Systems (MIS)—so called Mainframes. However, this process unfolded over decades. Likely no one returned early letters/phone call during the Early Adopter portion of the traditional technology adoption curve.^v

Christopher Columbus took years to convince benefactors to fund his westward voyage to Asia—he never got to the Orient.^{vi} However, his ultimate Value Proposition is probably much higher than originally believed.

In both cases, it took time but the Economic Value Proposition was ultimately high but originally not understood/believed/accepted. Without a **Believable**, **Defendable**, and **Demonstrable** statement about how your solution can positively impact the 'Bottom Line' who will believe you? If they don't, or don't understand, they will not return the call.^{vii}

I can't get through to the buyer et al.—gatekeepers are paid to make this process difficult. In the old days of secretaries or other who would answer the phone, many sales reps would try to “schmooze” these individuals. Those days are long gone and in many ways, did not exist at all. Who would jeopardize their job for a sales representative? Few for sure.

Bottom Line

Parroting the real estate sector—Preparation, Preparation, Preparation! Professional sports teams, the military even some politicians practice. They prepare for the contest! So why don't sales reps? And why don't their managers require them to?

I recently purchased an automobile. The sales rep was going down a list of items to be covered off for delivery. He came to the box (needed ticking) where he asked for a personal reference. I asked him why and he explained it was for the loan. As the car was paid for by cash I asked him why he needed that and he explained it was on the “to do” list.

Nice guy but he was in 'robot' mode. My personal belief is that this was a lack of training. Now this car was a one-time purchase and I may never see him again. But what if this naiveté was part of a multimillion dollar B2B negotiation? Perhaps not a big deal; however, deals have been lost over more minor misunderstandings/understandings.

There are lots of sales models and anecdotal materials, some of which are contained in this blog series. However, none of them matter if management is not willing to train their salesforce and hold individuals accountable for closing—revenue generation!

It remains disturbing that many of the questions posed by sales professionals early in their career suggest that they do not understand these tenets. This fact is an indictment of their management, not these individuals seeking mentoring.

On rare occasions, it is a Seller's Market. Today, it is not and technology is most likely not to let those heady days return. "Lord let the prices rise again and I promise not to ..." is no more. It's difficult to land new business. Act accordingly!

How do Does Your Organization Make Sure it Closes More Deals than it Loses?

Additional details are available from the author.

About the Author

Dr. [Scott M. Shemwell](#) has over 30 years technical and executive management experience primarily in the energy sector. He is the author of six books and has written extensively about the field of operations. Shemwell is the Managing Director of The Rapid Response Institute, a firm that focuses on providing its customers with solutions enabling Operational Excellence and regulatory compliance management. He has studied cultural interactions for more than 30 years—his dissertation; *Cross Cultural Negotiations Between Japanese and American Businessmen: A Systems Analysis (Exploratory Study)* is an early peer reviewed manuscript addressing the systemic structure of societal relationships.

End Notes

ⁱ <https://blog.hubspot.com/sales/new-sales-close-rate-industry-benchmarks-how-does-your-close-rate-compare>

ⁱⁱ <http://www.investopedia.com/terms/a/arithmeticean.asp>

ⁱⁱⁱ [https://en.wikipedia.org/wiki/Rainmaker_\(business\)](https://en.wikipedia.org/wiki/Rainmaker_(business))

^{iv} Shemwell, Scott M. (2017, May 11). [Selling in Today's Marketplace](#). Governing Energy. PennEnergy.

^v Shemwell, Scott M. (2011). The Calculus of Value. In *Essays on Business and Information II: Maximizing Business Performance*. (pp.161-163). New York: Xlibris.

^{vi} https://en.wikipedia.org/wiki/Christopher_Columbus

^{vii} <http://www.therrinstitute.com/economic-value-proposition-matrix-%c2%ae.html>