

# Moving Away from the Transactional Model

The old transactional sales model does not work any more

Compare the old transactional sales model with a car which has a worn out engine and is continually breaking down. Every few miles, you spend even more money on a quick fix so you can drive it a little longer. Really, you know that throwing money at it is a waste of time. However, without the wherewithal to replace it, you are unsure of the alternative.

The equivalent of this is happening in sales. People spend time re-hashing and re-inventing the old transactional sales model in order to try and squeeze out a few extra sales. All the while, people have instinctively understood that it really doesn't work.

Why, when people sell, do they:

- Still make 'sales presentations' when they are normally a waste of time?
- Still persist with the myth of 'open' and 'closed' questions, when the model is flawed?
- Still insist on 'selling the benefits' when they are ineffective?
- Still obsess with 'handling objections', when it is the traditional sales model that creates them?
- Still focus on 'closing' when that is not the way to get results?

Many business owners who need to sell, but who are not professional sales people, already feel uncomfortable with the old transactional sales model. They know they have to put the relationship with the client first; but do not have a model with which to achieve it.

The idea of the importance of the relationship is not new. The problem is that sales practitioners continue to use the transactional model and then pretend to make the relationship their utmost concern. This simply does not work.

However 'interested' these people try to look when they are with their customers, they still endeavour to press home their presentation, handle objections and sell the benefits. What they are really doing is trying to force a square peg into a round hole. This is transactional selling presented to look like the relationship is important.

### **The old model simply does not work.**

- Sales Therapy® is a fresh approach to selling.
- The focus is on the customer; not on the sales person.
- The relationship comes first; not the transaction.
- The focus is on the sales process; not on the result.

Sales Therapy® will show you how to sell more naturally and commit your closing techniques to the recycle bin.

With this new approach to selling, a salesperson does not have to pretend they have all the answers. Like a therapist, they are there to ask the questions.

Sales Therapy® is therapy for both parties. The old adversarial boxing match, which selling so often becomes, is cast aside. In this new selling, both buyer and seller gain from the relationship and the discussion, whatever the outcome.

This does not mean we will not make sales. However, the sale is the transaction at the end of a process. The process is about the customer. It is about helping them.

In other words:

- Selling is not about achieving the salesperson's goals; but fulfilling those of the customer.
- It is not about making sales; but helping people buy.
- It is about concentrating on the process; not the outcome.

Every business owner has a commercial imperative. They need to make sales in order to stay in business. However, selling is 'win-win'; not 'win-lose'.

It is now necessary to cast the old models aside. We must recognize the dramatic changes we have all experienced in every aspect of our lives, with business being no exception.

Prior to the Industrial Revolution there were many small business owners. Village bakers, blacksmiths, ironmongers and cobblers traded within their local communities.

The Industrial Revolution changed all that. It put the means of production into the hands of the few. To compete in this new world required an enormous amount of capital investment. Expensive machinery, large factories, an efficient supply chain and distribution channels were all essential. Therefore, the average worker found themselves employed by someone else.

We are now living in a post-industrial era. It is no longer necessary to work for others; today's technology does not require a large capital outlay to start a business. You can purchase a laptop and a mobile phone, print a few business cards and be in business, trading from your front room, within a matter of hours.

In many ways, we have come full circle. There is now a proliferation of small businesses. There are over four million businesses in the UK; of these; approximately 99% have less than 50 employees. Over 70% have no employees at all. The majority of businesses, therefore, consist of only small business owners. This is not a trend exclusive to the UK. For example, the percentage of businesses consisting solely of small business owners is virtually the same in the USA.

Every one of these small entities has to promote itself. Whether companies are using direct mail, e-mail, telemarketing, networking, advertising, word of mouth marketing, or any of the other routes to market that are available, the net result of all this activity is more 'noise' in the market place than ever before.

This 'noise' crosses borders. Globalization means that companies are not only competing in their own back yard, but all over the world. Furthermore, we have seen the deregulation of certain markets such as telecoms and financial services. Globalization, the proliferation of small businesses and the deregulation of markets have created more suppliers, providing more products and services than in any previous generation. Competition is fiercer today than it has ever been. There is an old adage, 'The customer is king.' The reality of this was not always true. However, with the amount of choice the customer has today, this is now definitely the case. Consider the changes.

Up to the early 1980s, if you needed a mortgage, you applied to your bank manager or building society with some trepidation. This was because if you were turned down, you were left with very few alternatives to fund a house purchase. Today, even if you are experiencing exceptional financial problems, there are innumerable mortgage companies vying for your business.

The same is true for personal credit; wherein banks, retailers and other businesses compete for customers to use their own card. It does not matter whether the market is financial services, utilities, cars, restau-

rants or TV channels. There is more competition than ever before, giving customers an increasing amount of choice.

Not only do consumers have more choice, but they are also more knowledgeable. As the market place has matured, we have become increasingly sophisticated buyers. We have ever greater access to information. A major contribution to this phenomenon is the meteoric growth of the Internet which enables buyers – private or business – to research and compare companies and products in minutes. It wasn't too long ago that if you wanted to source a product or service there was little choice other than to consult trade publications or Yellow Pages. Now you can search on the Internet and find a supplier without even leaving your desk. We can obtain what we want, when we want it, from virtually anywhere in the world.

This new customer freedom was utilized almost immediately. In the days when the Internet was still relatively new to most people, the media got hold of the story that British customers were paying far higher prices for their vehicles than their counterparts in mainland Europe. British consumers started to use the Internet to purchase their cars abroad, making large savings. This forced a review of the prices that UK companies were charging. The ability to compare prices and source product overseas changed the rules by which we all operated. Suddenly, the consumer had a control that had never previously been conceived.

The market place is crowded. In a market full of suppliers, power lies with the consumer. This means that business has to invest more time and money in order to win new customers.

### **In short, acquisition costs are going up.**

Fierce competition means prices are not increasing at the same rate. In fact, in many market sectors they are being driven down. For a

business to acquire a customer and make one transaction does not make sense. It does not produce enough profit. Because companies have to invest more money to acquire their customers, the value of a customer's order must increase as well. Suppliers cannot afford to focus on one transaction. They have to look at the lifetime value of a customer. For example:

A car dealership does not want to just sell the car. They want to sell the car, the extras, servicing and, when the car is due for replacement, they want that customer to purchase from them all over again. Furthermore, the dealer wants that customer to recommend them to family and friends.

**In other words, the emphasis in today's business climate has moved away from making transactions to building relationships.**

The key to success is putting the relationship first; the transactions then follow. The traditional model of selling, however, is a transactional one. It simply does not allow for this to happen.

## **REPUTATION**

No company ever wants to have a bad reputation. Years ago, when a company may have had only one or two competitors, it could often survive despite its shortcomings. With limited choices, and restricted access to knowledge, it was inevitable that some customers would end up using the company; almost by default. However, this is no longer the case. Businesses are operating in fiercely competitive markets, where customers have a plethora of choices. Reputation is now a fragile and valuable asset.

**A good reputation will help you to rise above the crowd.  
A bad reputation could kill you.**

In the old world, when we had a bad experience we would tell a few people. Eventually, we would get bored of recounting our tale and the story would be forgotten. Today, not only will we tell some of our closest friends and colleagues, but it is possible that we will e-mail or text our entire address book. Moreover, if we feel particularly aggrieved we may choose to post a blog on the Internet. Consider the full impact of the following personal experience:

I attended a breakfast meeting in a London hotel where a lady, who had recently flown in from the United States, was staying. On meeting her for the first time, she seemed particularly angry. I naturally asked her what was wrong, whereat she recounted her previous two miserable days in this particular establishment. She finished her story with the words; 'and I am going to blog the hell out of this hotel when I get back home'. Sure enough, when I last checked, if you search for the hotel's name, her blog, airing all her grievances, still comes up on the same page as the hotel.

Although she must be a total stranger to practically everyone who reads it, I cannot imagine anybody booking a room there after reading the contents of her blog. No longer will her complaining stop when she gets bored of recounting her experiences. Her complaint has been posted on the web with the potential to damage that hotel's business for many years to come. In today's climate, companies simply cannot afford to mis-sell, make empty promises or let their customers down.

**The emphasis has moved from the transaction to the relationship.**

Focusing on the transaction means putting the transaction first. What is of utmost importance is getting the deal. This can lead to mis-selling or overselling, whereby, in order to get the business, you may raise

the customer's expectations so much that they can only be left disappointed later on.

If you put the relationship first, this is unlikely to happen because your priority is your customer. Their interests come first; everything else is secondary. This approach will mean you are more likely to retain and enhance your good reputation. With the dissemination of information available and word of mouth recommendations, a good reputation will ultimately lead to more sales.

## **THE CHANGING BUSINESS CLIMATE**

It is clear there is a problem with sales today.

### **Changes in the world have rendered the old transactional sales model obsolete.**

Yet most books on sales, sales training courses and sales departments still use this model, albeit often disguised in different language. It simply defies logic that businesses have evolved beyond all recognition, yet the sales model has not changed at all. Consider some of the operational changes companies have had to make:

- An increasing amount of processes have been automated, using technology, in order to increase efficiency and speed. This has led to dramatic changes within organizations and means that IT is now integral to business strategy.
- Many organizations now outsource key aspects of their operation, which they would never have previously considered outsourcing.
- Other companies have offshore operational departments, whereby a customer based in London may be serviced by someone in another country.

Furthermore, companies have not only had to change operationally; changes have taken place right across the spectrum. Another example would be Human Resource departments:

- As we have become wealthier, money is no longer the only consideration when attracting and retaining staff. Other benefits and quality of life issues are also taken into account by employees.
- As the global employee market becomes more competitive, there is an increasing emphasis on training and development within companies.
- There is also a greater merging of home and business life, as technology means people don't have to be behind their desk to achieve results. Mobile phones and laptop computers mean people can be productive in a variety of places at times that suit them.

So, why is it, when there have been such enormous changes to the way we conduct business, people treat sales as if it has never changed?

There is now a mismatch between how people behave when selling and all other aspects of business. It beggars belief that so much has changed in the world, but the sales model has not changed at all. The traditional sales model has remained in a vacuum as the world of commerce has moved on.

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