

Strategic

Initiatives

Vol. 4 No. 2



Discover.

Analyze.

Strategize.

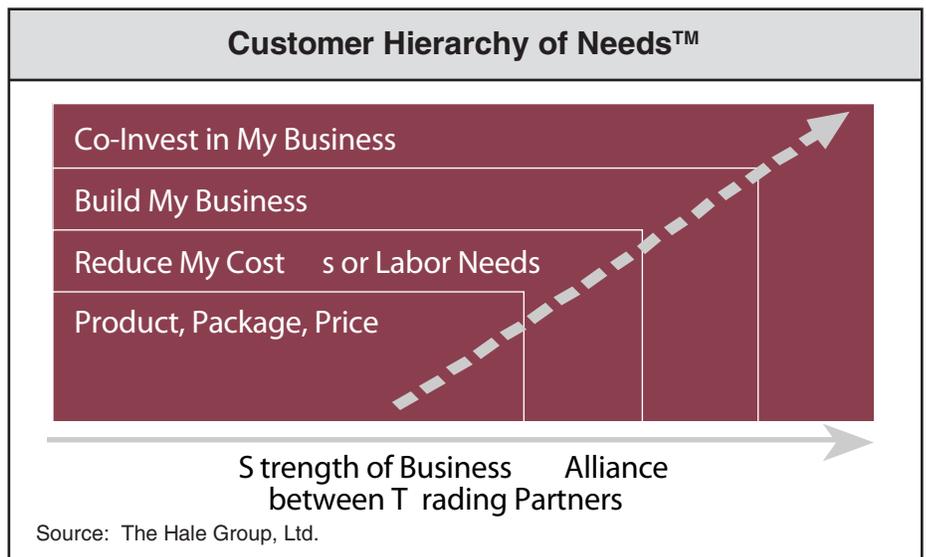
Implement.

Measure.

Defining the Right Relationship Matching Sales Resources to Customer Purchasing Styles

Getting closer to the customer is a popular goal for agricultural suppliers. Their strategic plans often envision a number of growth-through-deeper-relationships scenarios. Many suppliers can easily adopt and recite the often over-used Customer Relationship Management (CRM) concepts, but few can figure out exactly how to build relationships that will produce growth. What is meant by “closer relationship” or “partnering with customers?” How do we translate goals into productive action?

We have found that not all customers are open to “deeper” relationships; some are much simpler in their view of what a buyer-seller relationship should look like. And, not all salespeople are equipped or able to cultivate individual customer intimacy. In other words, for those customers who wish to cultivate deep relationships, suppliers must have salespeople who are skilled in relationship selling call on those accounts. The Hale Group’s **Sales Resource Effectiveness Model** provides a process for evolving your goal from attaining “deeper” relationships to achieving the “right” relationships. *continued on page 2*



Research by The Hale Group supports that customers have a hierarchy of needs and that only by fulfilling the most basic needs will the supplier be able to move to the next level. Each level is a platform for the next. If a supplier can fulfill the base product, package, and price level of the customer, he is able to move to the next level where he supports the customer by taking steps to help reduce the cost of doing business.

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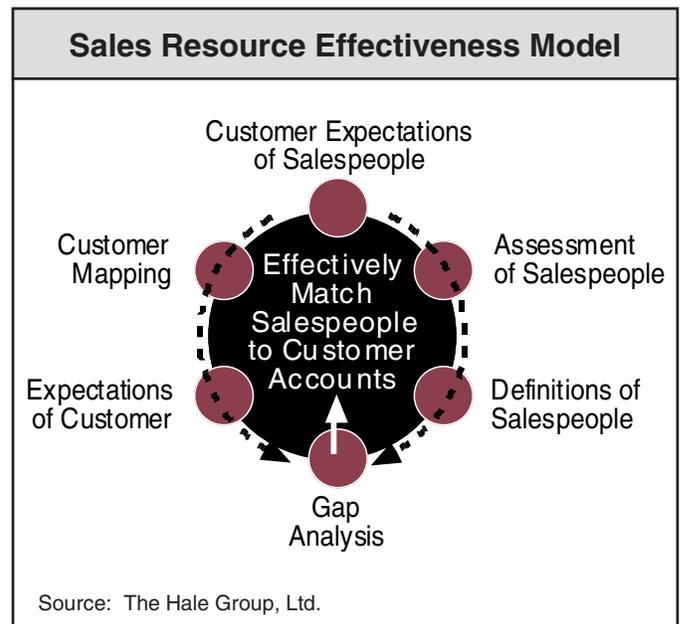


Ultimately, the goal is to fulfill successfully the needs on each platform to reach a level in the relationship where the supplier is able to co-invest in the customer’s business. Research indicates that, as a supplier moved from one level to the next, business relationships grew stronger, working together with the customer became easier, and the level of successful business development increased. These are compelling results that most suppliers would like to see achieved with all of their major customers.

Redefining Customer Focus

There are fewer examples of the highest level of relationship, as defined previously in the Customer Hierarchy of Needs, than there are of the lower three levels. If companies want to experience stronger relationships and develop more business with their customers as a result of reaching a “co-investing” level, why don’t more such relationships exist? Recent work by The Hale Group shows that not all customers are eager to invite the highest level of relationship, and perhaps more importantly, not all suppliers’ salespeople have the skills, experience, training or resources to manage such a relationship.

As we scan the agricultural industry, we believe there is a radical new way to view and develop important accounts. There is an important match that must be made between a supplier representative and his customers. We use the Sales Resource Effectiveness Model to define actual customer needs and match them against the skills of sales representatives. We then identify gaps that exist between buying and selling styles to match salespeople and services to appropriate accounts, which optimize those trading relationships. This represents a departure from traditional sales organizations that are organized typically around geography or by grouping accounts by size. These organizations expect similar performance from all salespeople and provide similar training and resources.



This new model challenges the traditional assumptions of a sales organization.

- All customers buy the same way.
- All salespeople sell the same way.

The Sales Resource Effectiveness Model classifies channel partners based on their purchasing tendencies and culture. Further, by defining sales representatives based on their skills, we find there are opportunities to optimize the sales force by matching sales representatives to specific customers who value their skill sets.

The New Sales Representative

Customer expectations are built from how they assign value to specific attributes exhibited and functions performed by sales representatives, as well as their own cultural perspectives on trading relationships. It is this information that determines the basic skill sets sales representatives must possess in order to successfully win and maintain channel customers.

Generally, needs are based on key attributes and functions that customers value when defining the optimal sales rep. Those that are most important include the following.

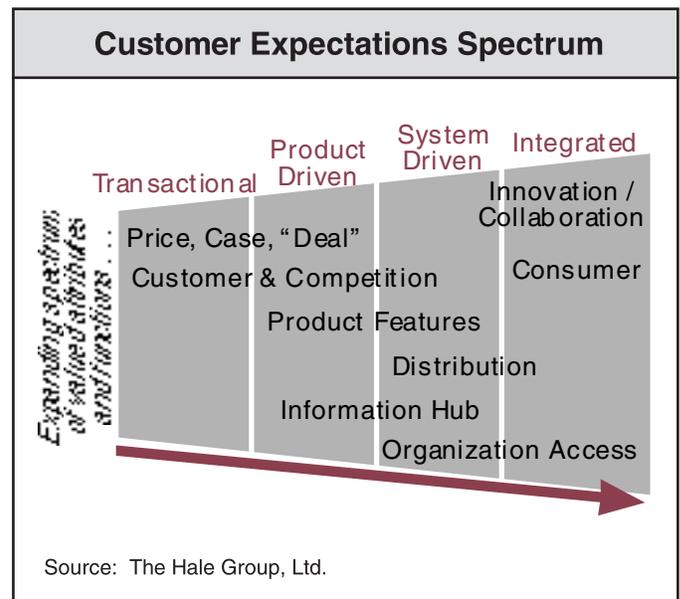
- **Responsiveness** – Customers seek a speedy – no more than one day – response to messages, inquiries and problems. An unfavorable answer is better than no answer, and the ability to quickly respond to problems and inquiries is key.
- **Knowledge Base** – This attribute is segmented into four different types – industry, segment, customer, and product knowledge. Some customers demand more than others, depending on their overall purchasing styles.
- **Professionalism and Preparation** – an attribute expected, but, unfortunately, seldom fulfilled.
- **Honesty and Integrity** – Most simply, these can be defined from the customer’s perspective as “doing what you say you’ll do” and are considered table stakes.
- **Information Hub** – A concept embraced by most agricultural customers defines the sales representative as the single point of contact for a supplier. The key is the salesperson’s ability to facilitate an exchange, to seek information or data, or to solve problems easily and quickly by accessing the appropriate sources inside the company.
- **Innovation and Collaboration** – These are usually embraced by more progressive accounts that value supplier product and services ideas, or joint product or promotion development, etc.

Characterizing Your Customers

Virtually all customers demand that lower order needs be met by all suppliers and sales reps, including serving as the information hub, and being responsive to and knowledgeable of the customer’s business. More relationship-oriented customers will ask for more.

Customers can be characterized based on their sourcing strategies. This spectrum of account types is a framework for modeling the required relationship with sales representatives.

- **Transactional** accounts primarily focus on price; they view most products as commodities and the relationship is typically limited to the purchasing department. This customer can be demanding, but likely not time consuming.



- **Product Driven** accounts remain focused on price, but request more spec product, which could cause the relationship to expand beyond purchasing to include the R&D or technical group.
- **System Driven** accounts base their sourcing decision on a combination of price and service, but the relationship is not critical. Information flow is usually one-way.

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- **Integrated** accounts value the relationship along with price and service in their sourcing decision. They encourage broad interaction between companies among multiple departments. Information flows both ways and the account actively seeks creative and innovative ideas and suggestions from its suppliers.

Our conclusion is that, once organized around the buying styles and needs of the customer, rather than geography, suppliers will be much better prepared to capitalize on these business relationships.

Redefining the Sales Organization

Typically, salespeople, organized geographically, call on customers within a particular region of the country. Their skills are also measured traditionally. Beyond actual sales, sales representatives might be subject to a review process that measures skills and attributes such as problem solving, decision making, strategic thinking and more.

The current method is good, but not the most effective in today's consolidating environment. In this model, it is difficult to find the "perfect" sales representative. Despite similar performance measures and training, salespeople are all unique – some will excel in some areas and some will excel in others. The Sales Resource Effectiveness Model recognizes that not all salespeople are alike. Their skills are different, but that does not necessarily mean their effectiveness must vary.

Analyzing the selling skills and tactics of salespeople against their strengths and weaknesses yields a definition that places them within a Sales Resource Effectiveness Model range. The analysis shows that some salespeople will excel when asked to develop business with transactional and product-driven accounts, and that others are able to succeed with system-driven and integrated accounts.

Transactional / Product Driven Salespeople

- **Strengths** – negotiating price-based contracts, problem solving, able to handle a larger number of customers
- **Weaknesses** – limited interest in building strong personal relationships, less knowledge of industry, consumers, and more complex product information; a gifted salesperson, but not an "aggie"

System Driven / Integrated Salespeople

- **Strengths** – excellent at building personal relationships, able to facilitate a wide-ranging business interaction that includes multiple departments from both organizations, able to collaborate to jointly develop products and/or services with the customer, strong knowledge of industry, competitors, and products
- **Weaknesses** – high focus on relationships limits number of customers; will grow bored with price-driven transactional customers

Understanding how people sell is critical to reaching a truly customer-focused sales organization. If transactional salespeople are calling on system or integrated customers, one could lose the business. If strategic salespeople are calling on transactional accounts, one could lose the people. However, by matching the skills of salespeople against the sourcing tendencies of customers, there is the potential to completely optimize relationships and better use the available resources at your disposal. Ultimately, this will more effectively drive incremental sales to support the delivery of bundled services.

About The Hale Group

The Hale Group is a consulting and advisory partner assisting companies develop fact-based strategies to contend with an evolving landscape. The underlying philosophy of the firm's efforts on behalf of its clients, and in collaboration with them, is to formulate strategies that enable clients to break through the market clutter and identify platforms for growth.

The Hale Group has developed proven processes and tools to help organizations gain perspective on the opportunities and challenges within an industry. The level of The Hale Group's participation can take many forms from addressing the overall process or an individual part of the process. However, in whatever capacity we participate, the desired outcome is for our clients to be successful.

Our products and services include:

- Strategy
- Market Research
- Opportunity Analysis
- Organizational Effectiveness
- Operating Efficiencies
- Mergers & Acquisitions

For more information about The Hale Group or to view other Strategic Initiative articles, visit our website at www.halegroup.com or call us at 978.777.9077 (Boston) or 415.285.3616 (San Francisco).