

FROM THE CREATORS OF  
**SPIN SELLING**

# **ESCAPING THE PRICE-DRIVEN SALE**

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**HOW WORLD-CLASS SELLERS  
CREATE  
EXTRAORDINARY PROFIT**

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**TOM SNYDER  
KEVIN KEARNS**

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How World-Class Sellers Create  
Extraordinary Profit

By Tom Snyder and Kevin Hearne



*New York Chicago San Francisco  
Lisbon London Madrid Mexico City Milan  
New Delhi San Juan Seoul Singapore  
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# **ESCAPING THE PRICE-DRIVEN SALE**

**PART 1**

**VALUE CREATION AND  
THE CONSULTATIVE  
SELLER**

## CHAPTER

WHAT THE  
CUSTOMER WANTS

Full fathom five thy father lies:  
Of his bones are coral made:  
Those are pearls that were his eyes:  
Nothing of him that doth fade  
But doth suffer a sea-change  
Into something rich and strange.

-SHAKESPEARE, The Tempest

Current statistics indicate that there are approximately 417 sales professionals for every senior executive in the United States. The vast majority of these sellers will compete on price alone. This book will discuss what research has revealed about the very few among those 417 sales professionals who actually do escape the price-driven sale.

**A**DMIRAL HIRAM G. RICKOVER, the father of the nuclear Navy, was -an eccentric genius. His interview tactics for screening candidates for the elite nuclear submarine program were as excruciating as they were unorthodox. Indeed, he is famous for saying, "The more you sweat in peace, the less you sweat in war," and he ruthlessly applied the principle in his infamous stress interview process. There was method to the legendary madness: he wanted to evaluate his people under conditions

of extreme stress-only those with superior qualifications could be considered. Occasionally he would leap out of a closet to surprise an unsuspecting candidate. Sometimes he would nail a chair to the floor, and when the applicant arrived in his darkened office, he would greet him with "Pull up a chair, Captain." Or he would saw one or two inches off the front legs of the interviewee's chair and watch him squirm as he slid forward while trying to maintain composure in the face of a withering barrage of questions. He was not above banishing a candidate to the broom closet to think over an inelegant answer.

He would often begin an interview by asking the nervous candidate what subject he knew most about in the world. It could be any subject at all, from gardening lettuce to the structure of the cosmos. "Take care with your answer," he would say. "For whatever you choose, I shall know more about it than you!" And he would. For Admiral Rickover was a particularly brilliant man, who studied the profiles of his prospective crew members and made it his business to read more about their particular areas of expertise than they had likely read themselves. The interviews would sometimes last for three days.

Customers are now able to sit in judgment like the great admiral. If they so desire, they can truthfully say to the hapless salesperson, "I know more about your product or service than you do! What else do you have to offer that I should bother wasting my time with you?" So customers have two choices: either they don't see a salesperson, and buy everything that they want to buy transactionally, or else they gain something from the sales experience itself. Ideally, they will gain insight, analysis, and expertise that they cannot get anywhere else. It is the value of the expertise that they want: it is not the easily accessible product or service expertise that they are looking for; it is sales expertise. That is what customers care about.

What is it then that makes the sales experience worthwhile? What are the things that a salesperson has in her possession that can't be gotten by any other means than by interacting and that the customer can't reach in any other way than by that interaction? It is what the salesperson understands about the marketplace; it is what she understands about a customer's peculiar competition; it is what she understands about the business that the customer cannot acquire through any other means.

How could customers possibly understand the competitive landscape that they face in the same way that a good salesperson does? They can't. Because the salesperson is looking, day after day, at the world in which the customers compete, she has a perspective that just can't be duplicated either by an Internet search or even by some sort of pure consultancy. It is unique, and if rendered properly, it can ensure a long-term, profitable relationship.

## **THE AVAILABILITY OF INFORMATION**

At the end of the day the customer ultimately wants one of two things: (1) the cheapest price or (2) the best value. It's that simple and that complex. With the advent of the Internet, customer attitudes toward buying (and toward salespeople) have changed

drastically. In many cases, salespeople have become obsolete. The following is a simple illustration.

Consider for a moment that you are in the market for a new banker. Google "corporate banking." In 0.28 seconds, it returns 1,190,000 results. Today's consumers can find out everything they want to know, and indeed, everything there is to know, about "corporate banking" from products and services to the best prices on the planet. Literally. In seconds. At their fingertips. In fact, reading an average of one page every 40 seconds, it would take 1.5 years without rest to read just the first page of every result for "corporate banking".

Then try these:

- "Data processing": 28,600,000 results in 0.27 seconds
- "Accounting": 198,000,000 in 0.29 seconds
- "Management consulting": 2,150,000 in 0.27 seconds
- "Packaging": 110,000,000 in 0.27 seconds
- "Health care": 102,000,000 in 0.33 seconds

It's hard to know how much useful information is contained in all those hits, but it seems pretty certain that it's far beyond the capacity of any individual to absorb. And thanks to the algorithms used by Google, most of the vital information is fairly likely to be contained in the first few pages of results. Search engines today are so sophisticated that they can ferret out exactly what we're looking for in fractions of a second. A buyer can put together a very clear picture of options in any industry imaginable in a very short period of time.

Thus, if the customers are merely looking for the cheapest price, they really don't ever need to see a salesperson. They can let their fingers do the walking. But suppose they are looking for something more than just the lowest price. Suppose they need more than an academic understanding of their problems, and they are looking for insight, help, and guidance. They are really searching for business alternatives. Suppose they want something more from the buying experience than participation in a reverse auction (many sellers, one buyer). Enter the salesperson of the twenty-first century.

### **THE CUSTOMER DOESN'T CARE**

Most everyone, even first-year economics majors, would accept this simple equation:

$$\text{Value} = \text{Benefits} - \text{Cost}$$

Indeed, it has been called "the unassailable value equation." Of course, it is by no means unassailable, as there are probably no two people who agree absolutely on what all three components of the equation actually mean. We shall not get into the argument. And in fact, we will use the equation in a slightly different way than it is normally used. We will use the equation in the context of the buying experience rather than in the context of the product or service being sold. So cost from this perspective has nothing to do with "price," per se. "Price" is the word usually associated with what you pay for a product or service. From the standpoint of the buying experience itself, there is a different kind of price; here, the cost side of the equation refers to the time and effort that the customer is devoting to being sold to; the energy he is putting into the purchasing experience. The benefits side of the equation refers to the insight and discovery that the customer receives from the buying experience.

The challenge for the salesperson in this context is to provide benefits such that they outweigh the investment that the customer is making in the selling experience. In Figure 1.1, the letter A represents a sales interaction in which the customer receives a great deal of insight and discovery for what he perceives to be a relatively low cost in time and effort, making it a highly valuable investment. B represents a buying experience that is a fair trade-off of cost and benefits. C represents a waste of time and effort for the customer because the payoff is not equal to or greater than the cost. It is vital that the sales experience itself produce value to the customer-else why interact with a salesperson at all?

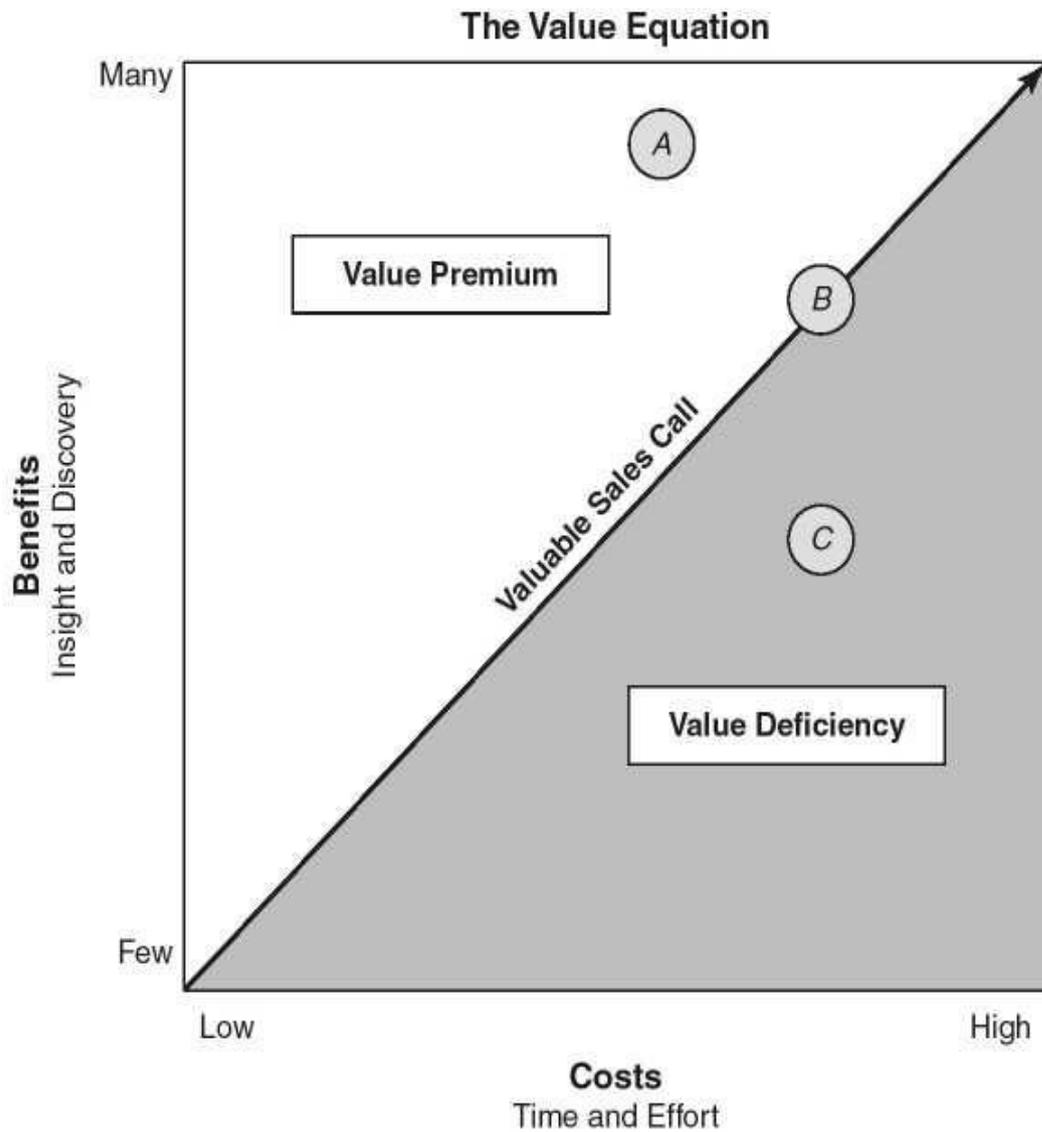


Figure 1.1

If the salesperson doesn't or can't facilitate enough insight and discovery (both of which we shall consider in great detail later) in the selling process to outweigh the customer's investment of time and effort, then the customer will simply seek cheaper and cheaper experiences—the cheapest of which eliminates the salesperson altogether. This equation explains the proliferation of reverse auctions, bidding opportunities, and commodity sales on the Internet: customers are saying, "I get nothing from the selling experience, so I'm not investing in it anymore."

Prior to the Internet phenomenon, any information or knowledge about a product or service was accessible only from a salesperson. Of course, you could glean information from magazine articles and advertisements, or you could spend time researching in the public library. But the former provided incomplete information, and the latter was too expensive in terms of time and effort. So the value that you placed on the salesperson was a kind of Faustian bargain—you had to meet with him. If you wanted to understand the opportunities, products, or services available to you, you

simply had no other option but to meet with the salesperson. Today you have to meet with no one.

And so we return to the Value Equation: unless the customer is getting from the sales experience itself something that she cannot get in any other way, then she won't participate in it. And why should she? Salespeople are responding by trying to bring more to the table in terms of knowledge-by being better and better at talking about their products or services. The customer doesn't care-she's got more data at her fingertips, literally millions of bits of data, than the salesperson could ever possibly know.

### **THE BAR IS RAISED ON FOREKNOWLEDGE**

The customer's world has drastically and irrevocably changed, but the salesperson's world has not kept up. The customer no longer needs the salesperson to give product or service information. And, in fact, customers have very little time or patience for the salesperson that does not approach them fully armed with all the relevant information about the customers' own situation, let alone the salesperson's. The demand for the salesperson's foreknowledge has gone up twentyfold. A salesperson can't walk in and ask simple information-gathering questions anymore. Any relevant question today is asked simply to set the context for the customer's insight. Today, if a salesperson greets a customer with this, "So tell me about blah blah blah in your business," the customer's initial reaction is going to be, "There are a hundred ways to find that out! Why didn't you know that before you came in here? I have no time to waste with you" It is a fact of business life that few salespeople seem to have picked up yet.

Our time is more valuable today than it has ever been before. And that statement is meant in quite a literal sense. We work more and more hours, rush our lunches or eat them at our desks, answer e-mails during conference calls, and generally multitask to the point of insanity. Time is money, and every minute has a dollar value associated with it. Every moment is precious. The salesperson had better have done his homework before he walks into a prospective customer's business.

The bar has been raised substantially. Information-gathering questions that in the past could have been used by salespeople to understand the customer's business better are no longer appropriate. Now such questions must be used only to set the context to prepare customers to achieve self-discovery. Questions that ask about facts and information available in other places will immediately paint the salesperson who asks them as a commodity and irrelevant; he will be dismissed out of hand. We as customers demand much more for our time. We are busy. As Michael Mandel, chief economist at Business Week, says, we are "running as fast as we can to keep pace with a business world turbocharged by technology." Salespeople need to wake up to the new reality. They need to be prepared to know a lot more about their customer's business from the outset than they ever did in the past. The modern customer will not tolerate what will appear as ineptitude.

### **THE BAR IS ALSO RAISED ON HUMILITY**