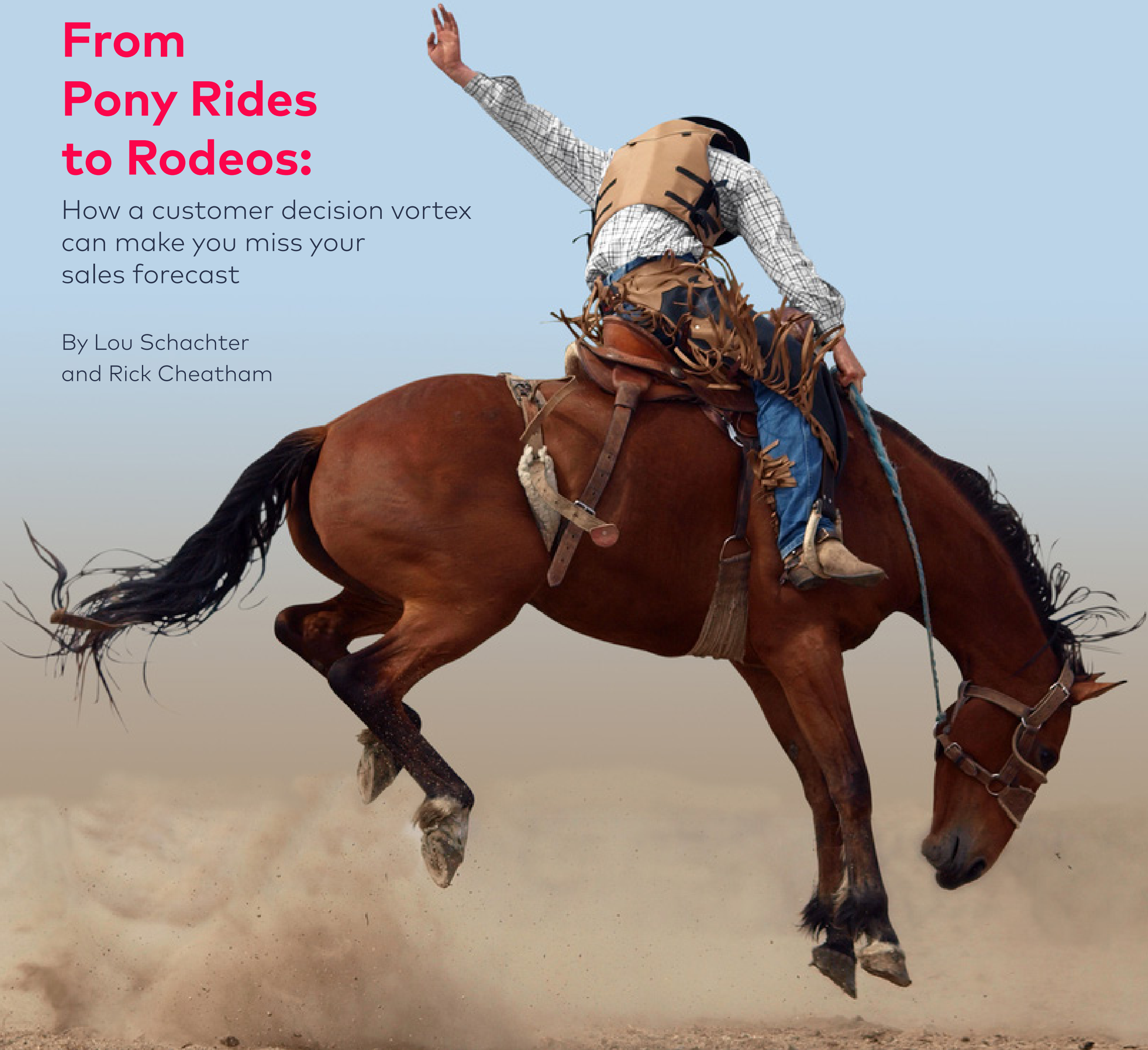
Strategy made personal

From Pony Rides to Rodeos:

How a customer decision vortex can make you miss your sales forecast

By Lou Schachter
and Rick Cheatham



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Previously, Rick was a sales leader at Avery Dennison, a leading producer of consumer products and pressure-sensitive adhesives materials. During his tenure, he transformed his organization into one that changed its focus from selling products to accelerating its customers' business results.

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Little kids love pony rides. At country fairs, they go round and round on a group of small ponies who walk in circles, tethered to a central post.

Salespeople love the predictability of customer buying cycles. They follow customers who go round and round following the same five or six steps as they make buying decisions.

But pony rides come to an end, and so do buying cycles. As customers worldwide reengineer their buying processes, the idea of a closed-loop buying process is losing its validity and usefulness.

Today, buying is much more like a bucking bronco rodeo event than the pony ride that traditional buying cycles suggest. Lightning fast out of the gate, there is no predictable course once it starts, and it can come to a sudden stop. Multiple changes in direction are the only thing you can be sure of, and just when think you are winning, the horse starts spinning and bucks you off in the dirt where you started.

The key to bronco riding is holding on tightly to the reins, using your free arm to help you keep your balance, leaning your body back, and grabbing the horse with your heels.

What is the key to following your customer's unpredictable buying process today?
- Stay focused on what is best for the customer
- Navigate the customer toward their destination
- Rescue the customer from decision traps
- Connect to multiple customer initiatives
- Support customer stakeholders by reducing risk

Hold on tightly, keep your balance and don't let go. Spurs are not advised.

The Circular Buying Cycle

The highly useful idea of a buying cycle explains the stages that customers go through when making a purchase. By recognizing the buying process stages, salespeople can adjust their approach to provide customers with what they need at each stage — and they do have different needs at each stage.

Salespeople who focus more on their customer's buying process tend to be more successful than those who focus on their own sales process. The buying cycle is a model that helps salespeople maintain the right focus.

As our other white papers have identified, significant changes are occurring right now in the way customers make their buying decisions. Among these are:

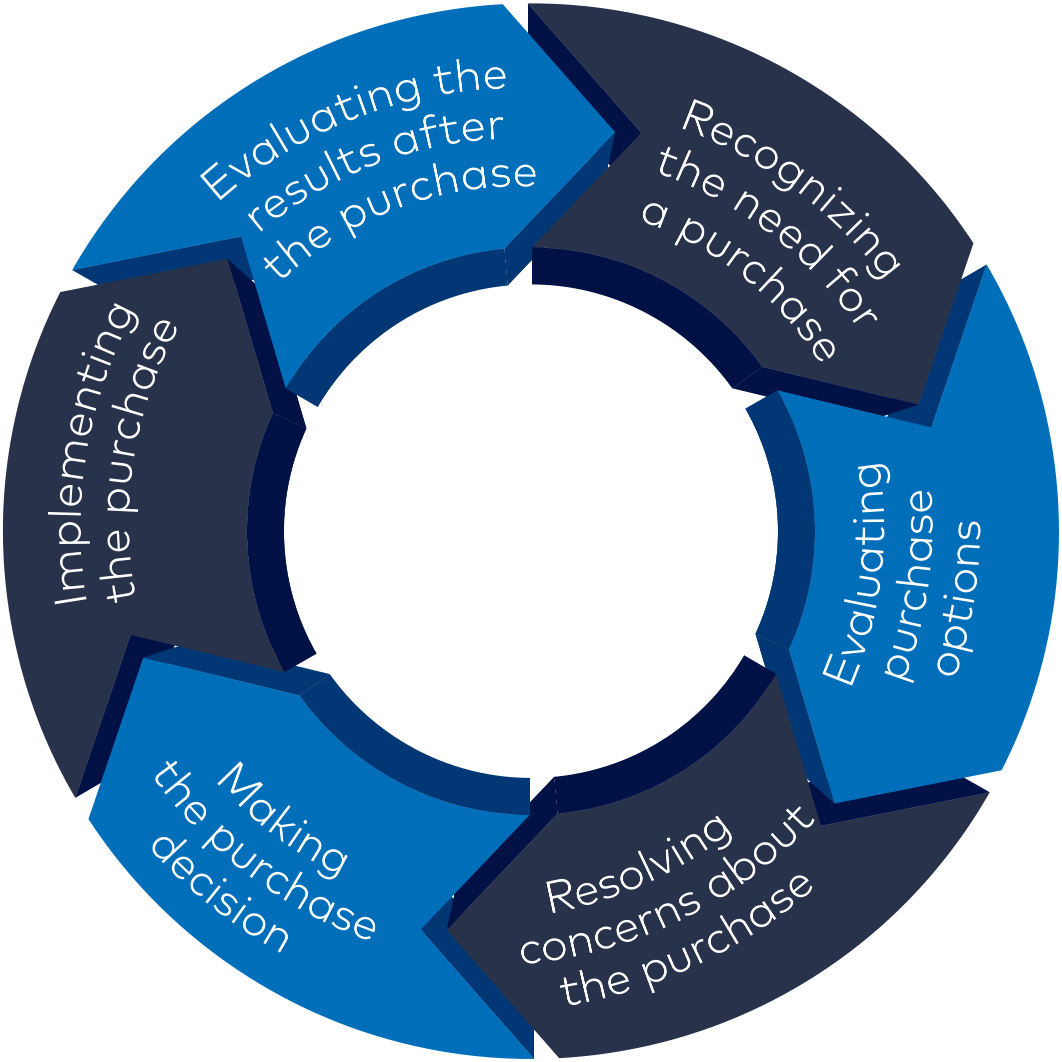
- Decisions are being made more slowly
- More stakeholders are involved in each decision
- Risk assessment is becoming a bigger part of every decision process
- Decisions often aren't made until the customer is out of time

Implications are appearing throughout the stages of the traditional buying cycle:

- New customer priorities appear more quickly than ever before. Like the bronco rushing out of the gate, these come fast. That means customers "recognize a need" more frequently and more quickly, and they don't always move forward to "evaluating purchase options."
- Risk assessment is ever present. No one can afford for things to go wrong. That means new "concerns to resolve" appearing throughout the buying process.
- "Evaluation of options" never stops…even once an order is placed. How many times have you continued to Google something you've purchased even though it is already in route?

So, what's happening here? And if the buying process is no longer cyclical, what does it look like?

Traditional Customer Buying Cycle

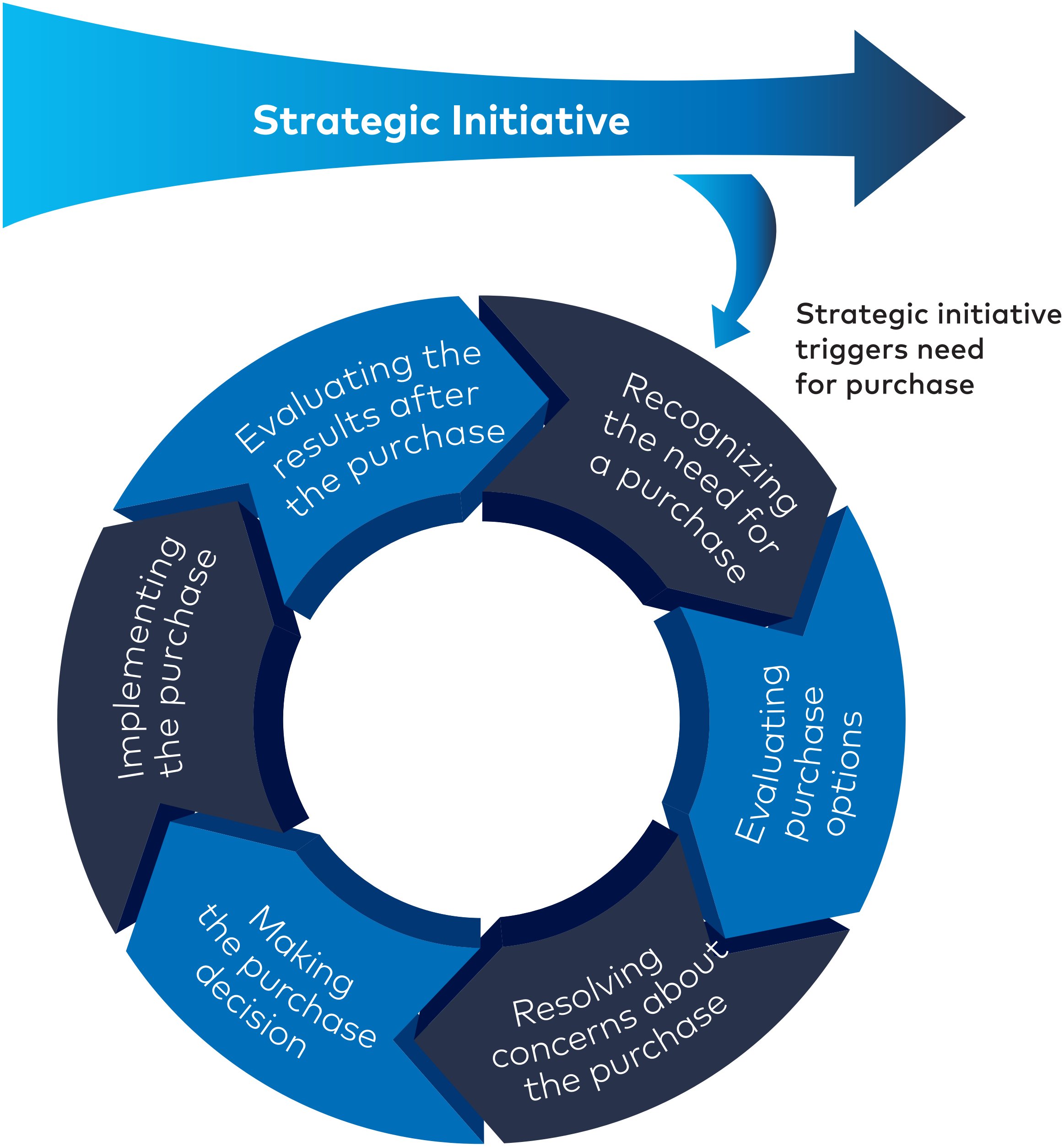


Initiatives Trigger Buying Processes

A buying cycle begins when a customer recognizes the need for a purchase. Let's focus on major, occasional purchases for the moment. (We will come back to routine purchases later.) Today, budgets are restricted and carefully scrutinized. This has always been true for capital budgets, but now it is true for operating expenses as well.

Today, a decision to incur a major expense typically is the result of a strategic initiative. Why? Because the company believes the purchase will enable it to execute on one of its top strategic priorities. In fact, most strategic initiatives drive a number of major new purchases. Top salespeople long ago figured out that strategic initiatives are the best route to big budgets.

While there are certainly large purchases that are not tied to strategic initiatives, let's start with those that are.


Strategic Initiative
Strategic initiative triggers need for purchase
Recognizing the need for a purchase
Evaluating purchase options
Resolving concerns about the purchase
Making the purchase decision
Implementing the purchase
Evaluating the results after the purchase

Caught Up in the Decision Vortex

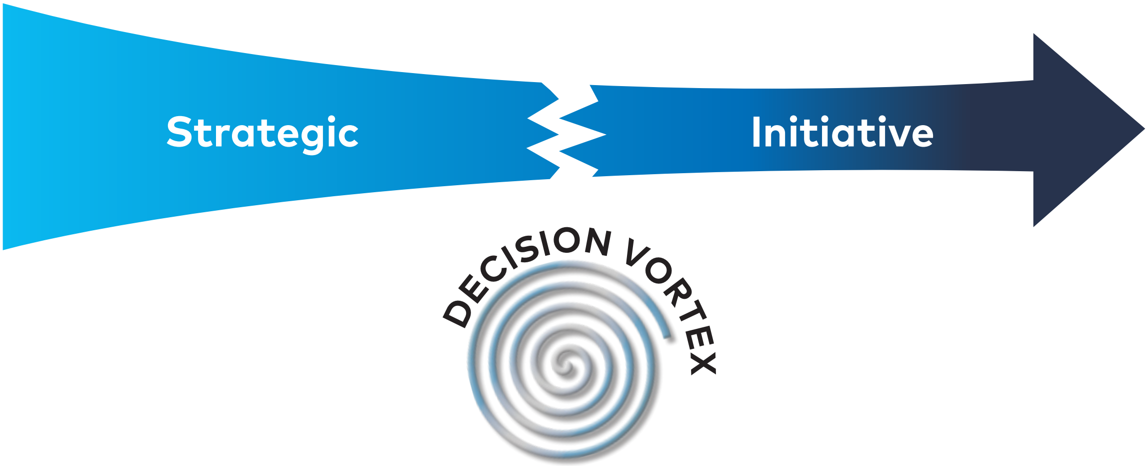
Let's look inside the life of a strategic initiative. From a distance it looks like something the executive team has defined and the organization then executes. But close up, it looks more like a television reality show: conflict, characters, repetition and drama.

Here's the story of a strategic initiative:

> The company realized that while it was renewing business at a good rate, its growth targets required that it improve its acquisition of new customers. New and nimble small players had entered its market, creating a more competitive climate. On top of that, a weakening economy in one of its main regions was now negatively impacting growth.
>
> The executive team launched a strategic initiative focused on new client acquisition. The three components of the initiative focused on (1) a new CRM system, (2) training for the sales force and (3) recruitment of additional business development salespeople. Leaders were assigned to each initiative component, created action plans and began their work. Over three months, they made a series of decisions and began to execute on their purchases and hires. Several months later after a rigorous procurement process, they selected their CRM provider.
>
> Then life happened. A bad quarter forced the company to review all expenses, including those that were to be used to get out of the hole it was in. This development slowed all purchases and hires, and it created a series of new meetings and discussions.

At BTS, we call this a decision vortex. It's similar to what happens on a river. Just downstream of a large rock, water recirculates, being pulled upstream to the rock and downstream by the current. A whirlpool forms, making it hard to escape. If you're whitewater rafting, and get stuck in a vortex, it's not fun. But you can get out. You put all the weight you can on the upward side of the flow and push out to the edge of the whirlpool where the current is weaker.

Imagine the salesperson selling the CRM. She did all the right things: formed relationships with the company's executives, outlined the impact the CRM would have on the company's revenue growth, prepared an ROI analysis, and co-created her proposal with stakeholders. What she thought was a done deal was now in jeopardy.

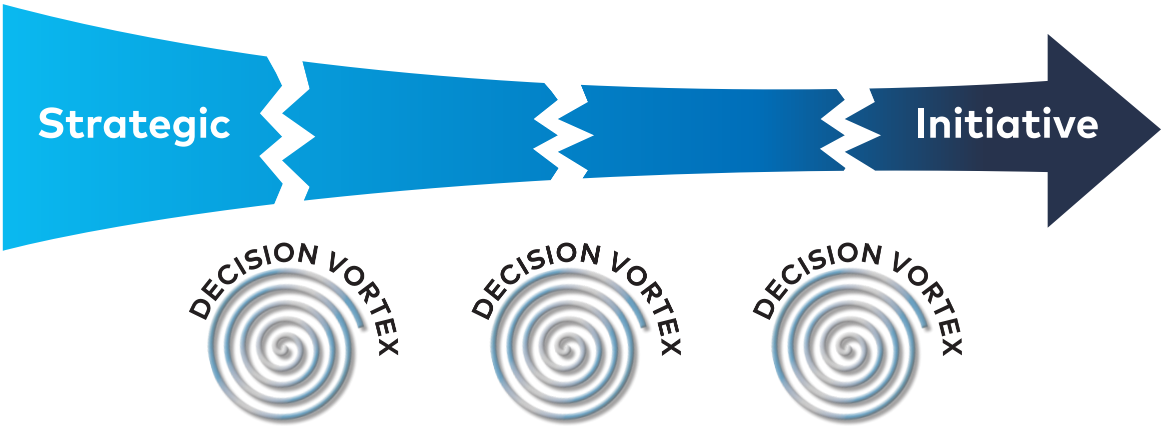


Multiple Decision Vortices

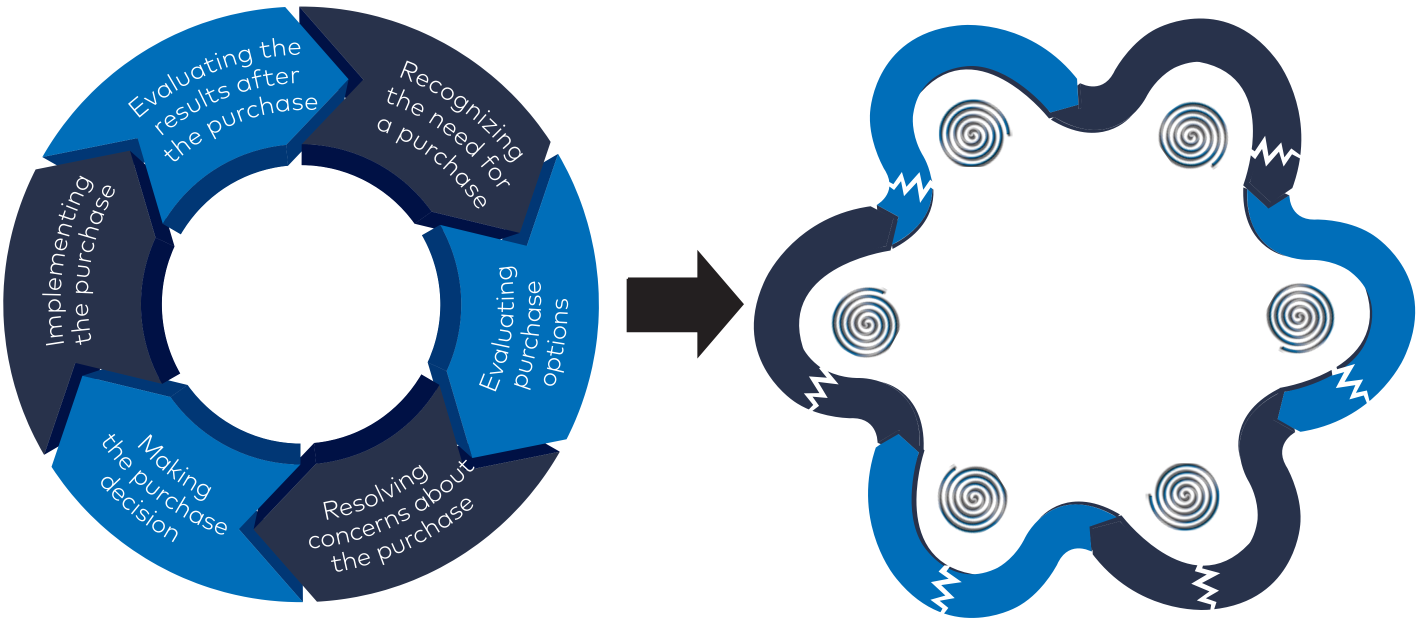
In reality, strategic initiatives often encounter more than one vortex. Here's what continued to happen in the story above:

> A new CIO began studying a shift of company software to the cloud, and delayed the CRM purchase so that it could be integrated into that larger process. A competitor announced a major acquisition in an adjacent segment, leading people at the company to question whether they were pursuing the right strategy.

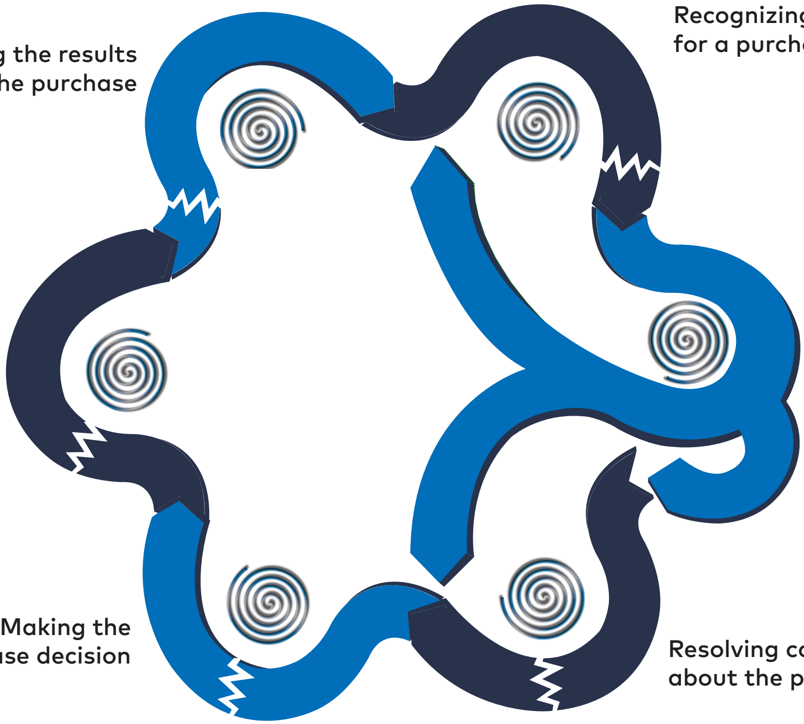
That means most strategic initiatives wind up looking something like this:



Now, what does that mean for our salesperson and the customer's buying cycle?



It means that the buying process goes from being more or less a linear progression to a wandering path. But that is actually an understatement. In reality, a vortex often sends a buying process back to an earlier stage. Sometimes, it can jump a buying process forward. So it actually looks more like the hoof prints in a rodeo arena after a bucking bronco event.



So a vortex in a strategic initiative can stall a buying cycle, send it backwards or send it forwards. What sends it backwards? Well, in the story above, the new CIO's desire to link several purchases together could send a buying process back from "evaluating purchase options" (or from any stage, really) back to "recognizing the need." What jumps it forward? Urgency. It becomes critical to execute quickly on a strategic initiative, perhaps as a response to a move by a competitor, as in the example above.

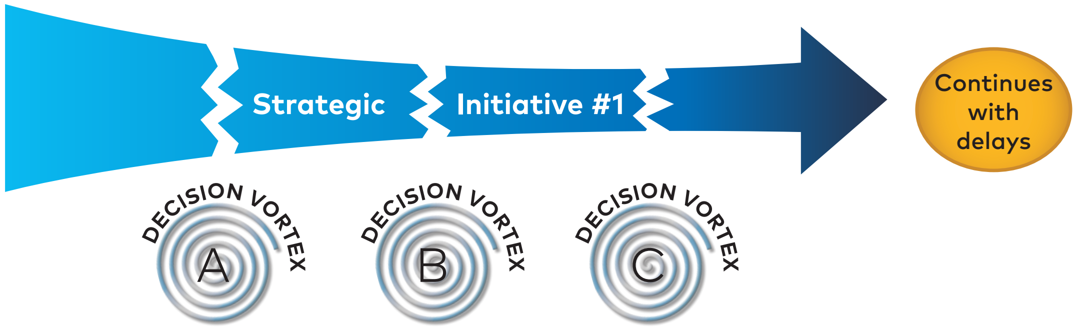
In the diagram above, we've shown what can happen when a decision vortex in a strategic initiative affects a customer who is "evaluating purchase options." But a decision vortex can affect any of the buying cycle stages, even "implementing the purchase." A change in the execution of a strategic initiative can stop, decelerate, delay, accelerate or distort a buying cycle.

Multiple Strategic Initiatives

We've been focusing on a single strategic initiative, but most companies have three to five initiatives at any one time. Typically, one of these initiatives is the most significant.

So you get something like this:

Strategic Initiative #1 is impacted by three decision vortices, creating delays in execution, and in the buying processes connected to that initiative.



Strategic Initiative #2 is also impacted by three decision vortices and, after the third, it is stopped. The executives decide it won't have sufficient impact in the near term. All purchases related to this initiative are halted.

Strategic Initiative #3 becomes more important because #2 was eliminated. A decision is made to invest more into it and to accelerate related purchases. It is not affected by Vortex C.

Strategic Initiative #4 is so critical to the CEO's agenda that it is not affected by any of the vortices.

Lessons for Salespeople

Viewing this x-ray of corporate decision-making suggests a number of lessons for salespeople who manage major sales.

Lesson #1: It's Not About You

We can't count the number of stories we have heard where a customer is about to make a major purchase and the salesperson has already calculated his commission and spent it in his head, only to find that the purchase has been delayed due to a decision vortex in a related strategic initiative. At times like this, some sales forces offer the customer a new deal, hoping to accelerate the purchase the decision. Big discounts are offered, particularly near the end of a quarter. But it doesn't matter, because the delay is not driven by concerns about price. It is driven by a larger decision vortex connected to the overall strategic initiative. Offering a pricing incentive will not speed up the decision; it will just telegraph to the customer that you were charging them too much to begin with.

Purchasing delays caused by decision vortices aren't "objections" in the traditional sense. The delays are indicators that the customer is figuring out how to manage the larger initiative.

The only way to win in these situations is to stay focused on advancing the customer's buying process, not your sales process. The lessons that follow describe how to do that.

Lesson #2: Be a Navigator

The best sellers are willing to sacrifice today's opportunity and offer their best advice to the client. Using the expertise they've gained from working with similar companies in similar situations, and using their understanding of the ultimate results the customer is trying to achieve, they offer options—paths—the customer can use to get to their desired destination. We call this type of salesperson a "navigator" and we described them in more detail in our white paper Salesperson as Navigator.

Being a navigator means:

- **Clarifying the destination**
  You can't be an advisor to your customer unless you understand their vision of success, their goals and the metrics they use to measure progress on those goals. From time to time, in the process of executing, people lose track of their goals. It's the navigator's role to re-anchor the customer on the desired destination. Navigator salespeople get a seat at the table because they are destination experts, almost like travel agents who specialize, for example, in African safaris, European river cruises or whitewater rafting experiences.

- **Recommending the path**
  A navigator salesperson provides insights. Challenging traditional thinking and insight-selling are concepts we have been championing since 2006, when McGraw-Hill published our book *Mind of the Customer*. But with all the talk today about insight-selling, much is getting lost in the noise. Relevant insights come from personal experience working with similar customers trying to do similar things. Just like a backwoods hiking navigator, the salesperson has to know the options, the shortcuts and the hazards to avoid. The easiest way for a salesperson to share this knowledge is to (1) share stories about how other customers have addressed similar situations, and (2) provide three realistic options, or execution paths, and the advantages and disadvantages of each.

- **Measuring progress**
  Navigator salespeople assume a role in benchmarking the progress that the customer is achieving on its metrics. The best of these salespeople play this role even if they don't have a current sales cycle in play. Without disclosing any non-public proprietary information, they aggregate the data they have from other organizations and point out where their customer is succeeding and where the gaps are.

Lesson #3: Swiftwater Rescue: Get the Customer Out of the Vortex

Can a salesperson really move a customer out of a decision vortex? Yes. The vortex is driven by uncertainty and fear. By acting as a navigator, the seller can be an objective listener to those concerns and address them rationally.

Rarely is the salesperson able to join the executive meetings where the discussions of risk and uncertainty are discussed. But what they are able to do is to speak to a number of C-suite stakeholders before and after those meetings. It is in those discussions that the salesperson needs to offer an objective analysis of risks and options, giving each stakeholder essentially a set of talking points to bring into the meeting.

Helping a customer out of a decision vortex means recognizing that the decision vortex is at its heart a prioritization exercise. People are reevaluating the priority of competing initiatives and competing projects and purchases within each initiative. The salesperson needs to provide tools and insights (as described above) to help them make those decisions.

Prioritization discussions often come down to conversations about:

- Cost containment
- Risk reduction
- Revenue growth
- Asset utilization
- Customer experience
- Product launches
- Employee engagement

The salesperson must be able to have stakeholder conversations about each of those objectives, in the context of the full strategic initiative, not just in the context of what they are selling, though that is important too, of course.

There is an old saying, “When in doubt, do nothing.” We can debate the validity of that advice, but it does describe what happens in a lot of executive suites these days. So, it is the salesperson’s job to reduce or eliminate the doubt. That means:

- Demonstrating the cost (in additional expense, lost revenue, time) from the delay.
- Offering insights about best practices in these situations. These insights are most applicable when they are specific to the customers industry and specific to each stakeholder’s functional responsibilities.
- Breaking the initiative into smaller, more manageable chunks.
- Helping them make connections within their own organization. Many account managers have cross-functional insights that enable leaders to see beyond their silos.

In summary, the best time to do insight-selling is often when a customer is in a reevaluation vortex. Where executives need help is in figuring out the right timing for different investments. Insights about the best timing and sequence for those investments will have the most value.

Lesson #4: Connect to Multiple Initiatives

There’s a long body of work in investment research that says no one can pick a single stock investment successfully. That’s why mutual funds or portfolios are what make sense for the average investor. The same is true for strategic initiatives. The more initiatives your sale is connected to, the more diversified you are.

Think about the four strategic initiatives we illustrated earlier. If your sale is only connected to Strategic Initiative #2, and that is the one the customer stops, then you’re in trouble. But even if you’ve been brought in to help with Strategic

Initiative #2, you can ask questions about the other initiatives and create linkages between what you sell and the other initiatives. That is insurance. Through your questions, you may be able to figure out that Strategic Initiative #4 is the CEO's personal priority and key to achieving the company's goals. Make sure you create a legitimate connection between what you sell and that one. Remember: It all has to be in the context of the business results the customer is trying to achieve.

Another way that navigator salespeople can provide advice to customers is by helping them see hidden connections between initiatives. For instance, Strategic Initiative #1 may be about revenue growth and Strategic Initiative #4 may be about consolidating manufacturing facilities. Sounds disconnected, right? But what if buried in the factory consolidation initiative is a plan to increase production in Mexico? How can that investment be leveraged to broaden sales activity and distribution channels in the Mexican market?

The more detail you know about the underlying elements of each strategic initiative, the more credible and useful suggestions you can make about how to execute them more effectively.

Lesson #5: Reduce Individual Risk

Organizations go into a decision vortex for a reason. The rate of change has increased to the point that even very capable people no longer trust their own judgment. This creates an environment where many members of a buying committee can veto anything with their vote but approve nothing on their own. There is significant risk for an individual to stand out from the others and push for resolution. The best sellers respect the individual challenges of each stakeholder while finding ways to reduce this risk and help key stakeholders develop the tools to pull their peers from the vortex.

Purchases That Are Not Tied to Strategic Initiatives

Is every purchase linked to a strategic initiative? No. There are many products and services that a company needs to buy to stay in business and to produce its offerings. But even when, say, a company needs to buy 400 tons of raw materials each month to produce its products, those purchases can be affected by a decision vortex in a strategic initiative. If the vortex is big enough, it consumes everyone's attention. Budgets are frozen and it's hard to get access to people to talk to them. Anything that can be delayed is delayed and anything that can be cut is cut. This becomes particularly important if you are trying to displace an existing supplier. When there is a decision vortex in play, there's little chance of the customer making a major change. Of course, that can work to your advantage if your company is the existing supplier.

Whether we're talking about a raw materials purchase or other products and services that keep the customer's company operating (e.g., accounting services, office supplies, computers), buying decisions are affected by decision vortices in strategic initiatives. On these types of purchases, salespeople may have little chance of getting connected to executives or providing advice on the strategic initiative. They may only be connected to a single buyer and someone from procurement. What do you do in that case?

Here's the bad news for field salespeople: A lot of that type of transactional buying/selling is going to shift further to eCommerce. Unless salespeople can form relationships that allow them to identify and respond to non-price customer interests, they will be displaced by technology. To prevent that, they must build a network of relationships in the customer organization. Going beyond the relationship with the buyer, they should be connected to users, stakeholders and decision-makers. From conversations with these people, they can stay apprised of the changing decision-making landscape and identify a wider range of non-price elements that are important to the customer organization. In the ideal situation, these conversations lead to a way to support a strategic initiative, which can provide significant value to the customer and thereby relax pressure on pricing.

Myths and Realities

One fallacy of insight-selling is that it's the salesperson's job to provide the customer with the execution path. More successful salespeople today connect to the vision clients already have and accelerate it rather than trying to start something from nothing. That means having a deep understanding of and a point of view about the customer's strategic initiatives.

Another fallacy exists around the topic of objections-handling, an outmoded term that implies an adversarial, win-lose relationship between the customer and the salesperson. We'll go more into that topic in another white paper, but suffice it to say here that quite frequently what salespeople perceive as "objections" are actually delays caused by a decision vortex in the strategic initiative to which the purchase is connected. That means sales managers need to ask salespeople smarter questions about customers' strategic initiatives, rather than just offering options for addressing what are perceived as objections.

Finally, don't attempt to fight fear with fear. While we do endorse helping customers to understand the opportunity costs associated with inactivity, it begins and ends there. The old technique of *building the pain* is quickly recognized by savvy executive buyers and seen as manipulative.

Conclusion

Given these more unpredictable buying behaviors, sellers need a larger number of opportunities if they hope to consistently exceed expectations. Sales leaders must respond to customers' new buying behaviors by adjusting their forecasts in order to avoid big negative surprises. More importantly, the whole sales organization needs to rethink how to manage the sales funnel and which sales activities are truly driving buying.

So, welcome to your first rodeo. Don't expect a pony ride. Instead, if you assume twists, turns, hard stops and flat out sprints you and your customer will have a much greater chance of winning.

Additional Resources

Closing the Value Gap: What if it turned out that salespeople were routinely leaving money on the table? Despite all the seemingly legitimate reasons for why selling is harder today, what if it turned out that customers are actually willing to buy more and at higher prices?

Salesperson as Navigator: The world of sales is changing fast. The notion of becoming a "trusted advisor" to customers may be outdated and too much of sales training is locked in a legacy worldview. Learning to challenge or provoke customers may be part of the answer, but it's not the whole picture.

Learning from S'mores: Lessons for the Future of Sales from FMCG: In thinking about a different future, there is a lot to learn from the fast-moving consumer goods (FMCG) industry, which has deployed sales innovation faster and more successfully over the last few years than any other industry.

Turbulent Skies: Why Customers are Taking Longer to Make Buying Decisions and What to do About It: The pace of change has become so bumpy that customers can no longer rely on previous experiences to anticipate potential outcomes. In response, they are staying put- decisions don't get made, innovation stalls, and risk avoidance becomes the chief priority. So, if your customers are tightly strapped into their seat belts, anticipating the rough air ahead, what can you do about it?

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