

# Sales and Service Excellence

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## A New Source of Success

*Fight commoditization with creativity.*



by Peter Georgescu

**K**ARL MARX WAS RIGHT. Capitalism has died. But not quite in the way he predicted. Those who amass capital won't necessarily win the game anymore. The world is flat, because, as Thomas Friedman puts it, the playing field is level. What used to bring competitive advantage no longer works. In a revolutionary way, technology has made it possible, some might say unavoidable, for any individual, anywhere in the world, to connect with the free enterprise system, across the globe. So capitalism may be waning, but free enterprise—the creative use of readily available capital and other resources in the most efficient way to produce value—is spreading around the globe.

### A World of Excess Supply

At the same time, something equally profound has happened, and it's the greatest business revolution of the last 50 years, along with the development of the Internet. The global economy has shifted from one driven by excess demand to an economy defined by excess supply. Until now, those of us

in business operated in a world of excess demand.

The history of the modern, excess-demand era, starts with the conclusion of the second World War. In the late 1940s, and throughout much of the second part of the 20th Century, the demand for products and services far exceeded their supply. So, over the past half-century, those with the capital needed to produce



and distribute had an unparalleled advantage. They could hoard their advantages and dominate their markets. This state of excess demand cascaded from the United States to Europe, and then to the rest of the developed world. The way we did business then was built around the idea that scarcity created

value—we were always trying to simply keep up with a demand that couldn't quite be satisfied.

But then, in the 1990s, a powerful revolution began to take place. Quietly, in industry after industry, supply began to outstrip demand. By now, most businesses and industries and markets in the developed world are in a state of excess supply. The barriers to entry into any profitable business, have been, by and large, eradicated. It's just too easy to produce, and buy, almost anything now.

Capital is ubiquitous. Raw materials as well. Oil and water are the only major exceptions, and oil is only artificially in short supply. Manufacturing production has reached overcapacity. There's more than enough of nearly everything: cars, hotels, airlines, computers, and so on. Technological innovations, which provided years of insulation from competition, no longer play that protective role, for any length of time. The Internet is turbo-charging this trend. Human capital, once scarce, is also in oversupply. Profit is what has become scarce.

Everything is being reduced to the rank of a commodity. This is the great leveling of 21st century business. Products look alike, feel alike, and

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perform alike. Excess supply creates ferocious price competition. And the devastating resultant reality: lower margins, lower profits. The ten thousand-year war between providers and consumers is finally over. The consumer has won.

As a result, we have to do business in an entirely different way. Many of the old rules are painfully counter-productive.

Here's the short list on how to respond to the world of excess supply:

- Recognize that the customer is king.
- Develop superior knowledge of each individual customer, if possible.
- Build a trusting long-term relationship.
- Focus on constant innovation, to keep customers interested.
- Build strong brands, based on the differentiation you achieve through your relationships and innovation.
- Meticulously, and continuously, cut costs, while increasing productivity.

### Creativity and Values

In this environment, it has become difficult, and yet crucial, for a company to differentiate itself. The only way to stand out, now, is through creativity. You say that word to some CEOs and they get fidgety, but it's an enterprise's most vital resource.

Organization-wide creativity has become the first line of defense and the only leverageable asset on a company's balance sheet. Differentiation drives margins, growth, and profitability.

Creativity, not capital, will be the primary fuel for the engine of free enterprise. Without creativity, you produce something that, with frightening speed, becomes indistinguishable from what your competitors are doing. So we must embrace creativity as our central business strategy.

Yet, as prolific as creativity can be, it cannot be forced. You can't motivate people to come up with new ideas through fear and intimidation. Angry people don't come up with crucial innovations like the iPod's track wheel or the Amazon's one-click: and if they do, they take it with them and start their own business around it.

This isn't to say creativity needs to be babied. One must set high, difficult goals. Creative output must be measured. Creative acts, focused intelligently to solve highly specific problems, should be rewarded, based on performance and results. You can track organizational creativity.

### Enlightened Leadership Is About Trust

This requires a new kind of leadership.

First, say goodbye to Mr. Tough Guy—the mean-spirited tyrant. In the past, a little industrial tyranny went a long way. People were productive robots. We didn't need improvement-minded thinkers on the assembly line, we needed doers.

All that has changed. Your relationship with the customer is the priority. Strong brands win loyalty, and mass communication doesn't do it. As more and more employees interface with customers, those interactions become crucial. Every employee is a creative contributor, with the customer in mind. To make sure employees are committed, you must build an organization that's committed to keeping its workers happy.

The enlightened leader is supportive, sets high aspirations, and seeks a high return in creativity from its investment in a work force.



To get that return, the enlightened leader knows how to be tough but also fair, never ducks the hard calls, and explains his or her decisions.

The new world is about cooperation, teamwork and creative synergy. The leader must reflect that attitude. The enlightened leader is the foremost cheerleader, advocate, and supporter of the customers' interests, both inside and outside the organization.

### It's About Character

To be a good business leader, you must be a good person. You must be the same person at home and in the office. To support creativity, to invent and innovate—to maintain a nurturing yet demanding environment—you need to be someone everyone can trust. An organization trying to build loyalty with customers must first build it with employees. To live consistently by the rules of free enterprise in a flat world requires personal character.

This isn't simply a lesson that has grown out of the collapse of the Enrons and Global Crossings of the world. It's a matter of cause and effect. To keep buying from you, customers need to trust you. For companies to be trustworthy, their leaders must be decent, honest people. Being good, as a business leader, is the primary way to succeed. We must adopt basic human values: honesty, trust, respect for others and ourselves, integrity, and accountability. It's the only way to keep customers coming back for more. **SSE**

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**ACTION: Build around creativity and trust.**

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# Innovation at Record Speed

*Use eight secrets for generating profitable ideas.*



by John Sweeney

ARE YOU ENCOURAGING innovation? If not, you might as well close your doors now. Why? Because in a world where technology is obsolete five minutes after it's unveiled and globalization ensures that someone, somewhere can make it faster, cheaper, and/or better than you, maximizing your human capital is no longer optional.

Turning on and nurturing a self-perpetuating cycle of new, creative, and ultimately profitable ideas is every company's holy grail. It's the only thing that sets you apart from your competitors. But too many business leaders don't know where those ideas are or how to get to them.

Every one of your employees has unlimited creativity locked inside, but unless you deliberately put in place a process to draw those ideas out, they'll remain locked up behind the "That's not my job" beliefs, the fear of authority, and the backlogged to-do lists. Here are eight secrets to generating profitable ideas:

**1. Accept all ideas.** That's right. All ideas, not just the ones that you feel comfortable with or that seem to make sense. Obviously, you're not going to implement every idea, but you must greet them all with gratitude, respect, and a positive attitude. Acceptance makes people comfortable enough that they feel free to submit more ideas, and the more ideas you start with, the better the end product.

**2. Defer judgment.** I recall a brainstorming session in which the leader began the session by asking everyone to let their hair down and think as nontraditionally as possible. The session then started with a few spontaneous, nontraditional ideas, but nothing glamorous. The facilitator stopped the session and said something like, "Come on, people, stop screwing around. We've got to focus." Don't do this. Deferring judgment allows ideas to mutate and grow. In its final form, an idea may not look anything like the spark that started it all, but if you snuff that spark out at its birth, it's guaranteed not to flame up into something brilliant.

**3. Share focus and accept all styles.** During a brainstorming session, no one style of communication should be allowed to "hog the spotlight." Everyone must be respectful, step back, and let others speak. Likewise, keep in mind that some people may not want the spotlight. There are many people who feel uncomfortable shouting out ideas in a group. Be sure to put mechanisms in place that allow people to participate in ways that best suit their personality and style. Keep in mind that Albert Einstein was labeled by many as lazy and arrogant by traditional academic standards of the time because he preferred a process of discovery and innovation that was isolated and introspective.



**4. Declarations.** Make sure that people feel free to declare their point of view early and strongly. If this isn't the norm at your company, you're probably familiar with the "meeting after the meeting" phenomenon. The facilitator closes the meeting with the question "Does anyone have anything else to say?" and is met with silence, ceiling tile gazing, and pencil twiddling. Then, after the meeting is adjourned, people retreat to the lounge, and begin to talk about what they really thought. Make it clear to people that they need to say what they have to say right away, when someone can actually use the information. And do whatever it takes to foster a sense of creative safety. When people feel safe and comfortable, they'll be much more willing to speak up.

**5. Create a status-free environment.** When you hold a creative ideation ses-

sion, make it crystal clear to the group that there is no "leader." This flattening of hierarchy increases the comfort level, openness, and productivity of the group. In its work with corporate clients, the Brave New Workshop often "levels the field" by having actors perform sketches that portray real workplace scenarios, a technique that demonstrates to the team that the leader understands the issues they're facing—and helps them laugh about it.

**6. Create a reward system that recognizes innovation and creative risk taking.** Most companies base their reward systems on results. This may seem logical on the surface, but consider the fact that you have to produce dozens or even hundreds of ideas before you can ever get to a final product. Doesn't it make more sense to reward the process that leads to the end result, not the result itself? Some of my clients create awards for the most ideas or even the most outlandish ideas. Such awards send the message that it's okay to think differently. Know, also, that an award doesn't have to mean a trophy or a bonus check—sincere verbal affirmation, offered when a person blurts out an unedited idea, can be highly motivating.

**7. Yes first!** This principle starts the "Jiffy Pop" phenomenon. In effect, if not literally, people must say "yes" to a teammate's idea before submitting their own—even if they disagree. By saying "yes, first," you're not agreeing to implement the idea. You're simply acknowledging the intrinsic value and potential it possesses.

**8. Perceiving change as fuel.** While it's only human to find comfort in stability and consistency, the reality is that change in the business world is inevitable. Like improvisers, successful innovators embrace change. They see it as an exciting exploration toward what is next. Ironically, the ability to deal with change has less to do with trying to predict the future than it does with living in the now. You want your employees to "be in the moment." If you sense that they are depleting their energy worrying about future variables, bring them back to the task at hand. Assure them that they have the skills to deal with whatever comes next. Urge them to savor the excitement and adventure that comes with living in the midst of change. **SSE**

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**ACTION:** Brainstorm for your next promotion.

# Relating to Latinos

*Sell to the largest minority.*



by Nilda Chong and Francía Baez

TODAY, LATINOS ARE THE LARGEST minority group in the United States, and their buying power will likely reach close to \$1 trillion by 2007. Such projections should capture your attention. To reach this group, it's crucial that you understand how to communicate with them.

## Verbal Communication

Knowing your prospect's country of origin can provide useful information for understanding the logic behind the flow of conversations and ideas.

**Flow of Conversation.** Taking turns is expected in discussions, but those who can capture the attention of a group have a greater chance to use their turn and to keep it for as long as they have something to say.

**Flow of Ideas.** Before making their main statement, most Latinos will offer a great deal of information to prepare the listener for the message. This lengthy preparation may seem odd to those who are used to hearing the main idea stated first, followed by the supporting information, but Latinos prefer to connect and seek harmony before disclosing information that they believe their listeners may not find agreeable.

## Direct Versus Indirect Approach

Latinos favor an indirect approach to communication. An indirect approach increases Latinos' sense of comfort and safety. Latinos may appear to adopt a passive stance as they wait for a chance to speak up. This attitude should not be interpreted as a sign of passivity; it is only a cultural approach that helps to maintain harmony and avoid confrontation.

For Latinos, a direct approach is preferred only when the message does not threaten harmonious relations by having the potential to create dissent. Unlike mainstream individuals, Latinos tend to play it safe: they simply avoid asking direct questions or

making direct statements. This behavior should in no way be interpreted as a lack of motivation or a shortage of opinions. It is simply an indication of respect for hierarchy, a value that is ingrained in Latinos from childhood. If encouraged to share an opinion, however, Latinos will readily offer their point of view.

## Humor and Self-Disclosure

If there is one ritual that most Latinos share, it is the use of humor to establish a relationship. Telling a joke is a way of showing openness with someone with whom the speaker feels comfortable. Once this transition has been made, the door is open to doing business.

Many Latinos enjoy sharing personal stories to pave the way toward

doing business. Telling a personal story to a potential business acquaintance is also an invitation for you to tell them more about yourself.

In general, Latinos avoid disagreements and arguments at almost all costs. Their preference is to avoid sharing their thoughts even if that means appearing passive. Latinos prefer to abstain from sharing ideas or concerns with those who may not be sensitive to them. Asking Latinos to share their opinion opens the door to dialogue. It's part of their collectivist value system. **SSE**

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**ACTION: Communicate on an emotional level.**

## PR/PROMOTIONS

# Promotion Secrets

*Marketing? Steal these ideas!*



by Steve Cone

BUSINESS SCHOOLS TEACH MBAs candidates how to run a business but not

how to promote one. Promotional marketing is basically learned on the job through trial and error—mostly error. In order to succeed, you must proactively seek out opportunities to learn the basic principles that should be used in every promotional effort.

## The 90/1 Principle

Ninety percent of the magazines in the world portray real, recognizable people on their covers, as opposed to promotional brochures created by company marketing teams where around one percent have recognizable people on the cover. Promotional brochures aren't exciting enough to even open. The key is to showcase your people on the cover!

That doesn't mean that you spend millions of dollars just to have a spokesperson. This can result in failure if:

1. They don't embrace the product or service; and it shows.
2. They aren't integrated into all

media channels.

3. The product stinks.
4. They shill for too many other products.
5. They have returned after a long absence and aren't relevant anymore.

And the mistakes aren't just limited to endorsements. Promotional marketers make four even simpler mistakes in their direct marketing efforts:

1. The type is way too small.
2. There is too much type.
3. The promotion lacks personality.
4. It isn't compelling.

## Managing the Unexpected

Effective promotional campaigns revolve around the three essential elements of marketing:

1. Create Excitement—through visuals and sound.
2. Create real news.
3. Create a compelling call to action.

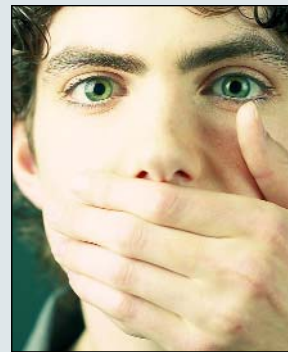
Overall, you have to zig when everyone else zags. Example, if no one in your category uses a spokesperson—this is a great opportunity for you

to do so. If your competitors just appeal to women—also have a message for men. For existing customers—the best form of “unexpected” is to make them a great offer when they least expect it.

Public Relations is a marketing discipline and should be viewed as such—not as a “play defense” activity that reports to HR. **SSE**

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**ACTION: Make your promotions compelling.**



# The New Sales Frontier

*Get to the right side of your business.*



by Mitch Anthony

**I**S THERE ANYTHING TRULY compelling in telling clients today that we are good at fund selection, asset allocation, probability analysis, financial planning, or any other technical function that has become ubiquitous in the financial landscape? Are we in danger of depleting the technical and tactical “well”—thereby leaving us extremely vulnerable to the forces of commoditization? Commoditization is that daunting and obdurate force, which is attended by the two-hooded horseman of the advisory apocalypse—expanded competition and shrinking margins.

The prominent lesson of today’s marketplace is that most of the existing value propositions are based in the left side of the brain. Multiplying and dividing, analyzing and allocating, selecting and projecting are all left-brain functions and processes that, while being valuable, are easily duplicated and consequently commoditized.

These functions are remnants of a scientific age and ideology, which in my opinion, are now on life support. How much more value is left in measuring, calculating, projecting, and scrutinizing, when everyone purports to do it and we all have standardized software and machines to do it with? The present age calls for us to trade in our microscopes for an MRI machine that will help us to see into the inside of the matter—that which cannot be observed (or measured) on the surface. Someone could be the greatest tactician in the world and yet be completely clueless as to how to connect with a prospect or client.

## Right-Brained Thinking

The new frontier for building your business is in mastering those functions that cannot become a commodity. The interior concerns, hopes, stories, lessons, experiences, regrets, and dictates. These are the intuitive functions: establishing context for the work you will do; discovering the basis for your clients’ hopes and fears; and conceptualizing, strategizing, sensing, and connecting with the key emotional drivers. For

example, astute students of financial advice and planning acknowledge that their business boils down to helping clients formulate and actualize their dreams—it’s about using money to make the uttermost of their innermost.

Going from “rational” sense to “intuition” means selling with emotion rather than information, sensing, rather than investigating, and the number of stories you use rather than the story of numbers.

The left side strives to get itself around the means—what it is and how it will be used—while the right side endeavors to wrap itself around what it all means.



Curiosity is present in both sides of the brain. While the left side is concerned about the quantifiable and measurable, the right side is concerned about the qualitative that is better weighed than measured. The end product is the client sets the utilization of full-brain advice, and the superior strategic insight. That features the client’s deepest wishes and goals.

Who your clients are—why they want what they want, who they will trust, and the emotions attached to the assets they have gathered and how they are to be distributed—belong to the right side of this business. This frontier involves understanding the inside of the client and the potential of the provider.

## It’s Not like Politics

This isn’t politics where the left and right are at odds. Right and left, intuitive and rational, are perfect complements and form the ultimate allies in

creating the perfect, pure solution.

Part of the problem is that we have been taught to place a premium on left-brain skills. IQ is measured this way. Scholarships and promotions were given on this basis.

Things are beginning to change. We’re fast approaching the law of diminishing returns on numbers crunching, analysis, and micro-management functions at the retail level. Today’s clients want insight, experience, interpretation, and ultimately, wisdom. How do we begin to prepare for such a marketplace?

The big picture (the contextual work of the right brain) needs to precede the small picture (detail work of the left). We need to weigh a client’s emotional comfort level with our recommendations before we implement those ideas. We need to figure out the big-picture objectives before we decide on small-picture objectives.

## Sell the “Right” Stuff

Once you learn how to sell the stuff and services of right-brain origin, no one can compete with you nor turn your value proposition of insight into a commodity. The reason being because the right-side value proposition is about how well I know you, how in-tuned I am into your situation, how much I care about you reaching your potential and making your life count, and how well I pay attention on an ongoing basis. What price will the consumer pay for this value proposition? There is abundantly more economic upside in the right-side proposition than there is in the expanding competition/shrinking margin, left-side proposition.

There is only one way out of the hell of comparative numbers driving your life and business—begin to plant your value proposition squarely in the right side of your client’s brain.

Dealing with percentages, returns, and rates are a dime a dozen in today’s marketplace. All you need is a calculator. But the other matters—those that are weighed, by conscience, intuition, spirit, and imagination—are implied, inferred, read between the lines, and spiritually discerned. Measuring is what we do with the life of matter, but weighing is reserved for matters of life. It’s time to start moving our business relationships in the right direction. **SSE**

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**ACTION:** Use right-brained marketing.

# Short Attention Span Syndrome

*Fight this contagious disease.*



by Dave Crenshaw

**W**E MAY HAVE AN EPIDEMIC among us. At the next networking meeting you attend, wash your hands immediately afterward—maybe five times for good measure. Despite medical evidence to the contrary, a previously thought incommunicable disease is spreading faster than copies of *Who Moved My Cheese?* The disease is Short Attention Span Syndrome, or SASS.

## Symptoms of SASS

Perhaps you have noticed some of the following symptoms:

- Shifting in your seat and coughing just a little too loudly during a boring meeting
- Saying to your significant other, “I’m sorry, honey, could you repeat that? I wasn’t paying attention.”
- Going to sleep while mentally rifling through a mile-long to-do list.

Many with these symptoms joke, “I must have ADHD!” However, ADHD is present from birth and, while treatable, is permanent. SASS, on the other hand, develops over time.

Symptoms begin to appear around the teenage years and slowly accelerate until they become a frenzy of activity and mental noise. SASS is viral. It passes from manager to employee, from spouse to spouse, from parents to children, and from children to parents.

## Spreading SASS

SASS is most commonly passed by entrepreneurial types—business owners, risktasking executives, sales professionals, visionaries. Entrepreneurs develop SASS themselves, typically in the incubator of their own ever-changing minds. While everyone has a lot to do, entrepreneurs have the tendency to pick up a lot more “to-do’s” than the average person.

Entrepreneurs pass SASS to their employees in the form of altered objectives, multi-tasking, bold initiative, training meetings, revised agendas, organizational restructuring, innovation after innovation, and—of course—more meetings. They pass it

on, unable to listen to the comments of others as they continue to create more to-do’s in their mind.

Then they return to the quiet of their own homes and continue to think about more changes and more to-do’s deep into the night. They are often oblivious to the peas and carrots on their plate and the 8-year-old wanting to play Bob the Builder.

## 3-Step Cure

While those afflicted by SASS usually have developed an altered sense of reality, there is a cure.:

**1. Look in a mirror.** Ask yourself, “How many of me are there?” Sometimes, the SASSy individual “thinks outside the box” to the point that they insist there are two of them. In this case, repeat 50 times the phrase, “There is only one of me. There is only one of me....”

**2. Look at a clock.** At the beginning of a minute, count each second as it

passes. At the end of the minute, ask yourself how many seconds there were. If the number is anything other than 60, repeat this exercise 59 times. At the end of the hour, ask yourself how many minutes there were. If necessary, repeat this exercise another 23 times and ask yourself about hours in the day.

**3. Look at your calendar.** If you have double-bookings or travel time is not properly scheduled, you need to remind yourself that there is only one of you and you cannot magically teleport from location to location.

As therapy continues, SASSy entrepreneurs will gradually overcome their delusion that their disease makes them more productive. They will come to learn the truth of the proverb, “Man who chases two chickens catches none.” **SSE**

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**ACTION: Don't let to-do lists rule your life.**

## SALES/CUSTOMERS

# Consumer Awareness

*Learn the four styles of behavior.*



by Nido Qubein

**G**ood sales professionals learn the behavior styles of the people they approach and adjust accordingly. People generally fall into one of these broad categories:

**1. Dominators.** These are your fierce competitors. They are pragmatic, decisive, and intent on winning. When you approach them, forget the small talk. They want you to get to the point. They’re likely to challenge you, and if you yield they’ll exploit the advantage. Dominators don’t like to be manipulated, so always be straightforward with them. When you discuss problems with them, let them be part of the solution.

**2. Interactors.** Interactors are the most sociable of the behavior types. They like to interact with people, and bask in the admiration of others. While they prefer the big picture to minute details, small talk is fine with them.

Approach them in a friendly manner, and be aware of your body lan-

guage. Interactors are very sensitive to non-verbal clues. They’d rather communicate by conversation than by memo, but they have short memories for detail. When you reach an agreement with them, nail it down in writing.

**3. Relaters.** Relaters work well with others, are less aggressive and less decisive and prefer to make decisions by group consensus. Relaters dislike conflict and will go to great lengths to get along with others. In the process, they may suppress their own feelings.

Relaters like comfortable, casual, low-key environments. Relaters want to be liked and appreciated. When dealing with Relaters, assure them that

they’re highly valued.

When changes are necessary, prepare them well in advance, and stress the factors that will remain unchanged.

**4. Evaluators.** Evaluators are drawn more to logic than to feelings. They are guided by inner standards, which they strive to meet, regardless of whether their efforts are applauded. Evaluators revel in details, and are interested in how things work. They prefer quality over quantity and are drawn more to reasoning than to imagination. Evaluators are methodical perfectionists who won’t commit to action until they’re certain every detail has been nailed down. **SSE**

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**ACTION: Evaluate your customers appropriately.**



# Unattended Customer Service

*It's more than self-service in disguise.*



by Janelle Barlow

IN THE WORLD OF GAS STATION lingo “unattended customer service” is the specific term used to describe an added step in self-service. Customers not only punch buttons to get gassed up, they also handle the payment transaction themselves by swiping their credit cards. From start to finish no one at the gas station needs to “attend” to the customer—hence “unattended service.”

Over the last ten years, business people have learned that if you have a large customer base, unattended customer service is the least expensive way to make products and services available. Not the most personal way, but the least costly way.

However, if we accept the gas station lingo and use unattended service to mean that the customer ends up doing everything, we aren't taking full advantage of how potentially powerful and engaging unattended service can be. We shared the term “unattended service” to refer to service provided by someone when the customer isn't there, and thus take advantage of the huge emotional impact that happens when we know someone cared for or thought about us in our absence. Unattended service, in the way I advocate using the term, connects the customer with a human being who was there at an earlier time.

## A New Level

Consider the recurring story line in television advertisements showing a guilty parent packing for a business trip leaving a cute little munchkin behind. Upon arrival, the delighted parent finds a note from the child, a picture he or she has drawn, some small memento, or a bunch of photographs of the child. Sometimes the objects are found in a coat pocket, other times in a suitcase. It's emotionally evocative, and the parent gets misty eyed with this “unattended” experience that was created for them. We all recognize that emotional tug that happens when we realize someone was thinking about and taking care of us when we weren't there.

There are clear cost savings with unattended service. The service provider can move quickly to accomplish the same task for several customers at the same time, allowing each customer to discover the service in a more leisurely fashion.

There are many ways unattended service can be carried out, but to take it to a new level, you need to help the customer recognize that you were thinking of them in their absence.

- A hand-written note left by delivery people explaining they didn't leave a package because they couldn't find a secure place to leave it at your home
- Car mechanics who vacuum your floor mats while tuning up your car



- An engaging sticker stuck to a steering wheel by valet staff telling you they washed your windows while your car was parked
- A small treat placed in a bag filled with items you just purchased that you discover upon returning home
- E-mail that doesn't require customers to click to another section of your web site to get the information that has been easily placed in the e-mail itself, with the phrase, “to save you some time, we've also included the same information in this e-mail”

## Designing Service Experiences

There are four ways to create emotionally evocative unattended customer experiences.

**1. Help your customers discover what you did for them at a later time.** Think of experiences that might elicit a customer's desire to call you and thank you for what you did. Some

companies do quite special things for their customers, but they don't always tell them what they did and so the feeling of being cared for is lost.

**2. Design your advertising to reconnect the customer to an experience they've already had with you.** Such an ad would make them aware that you are thinking of them even while you aren't around. Virgin Airways does this very nicely with their magazine ads, which are easily detachable and work quite well as book marks.

**3. Bring a smile to your customer's face while you're not there.** Apple Computer does this with their packaging of their computers and their iPods. After you install the operational system on an Apple, there is a luscious liquid looking display that only appears when you first start up the system.

It would certainly be spectacular if Steve Jobs personally showed up at our office every time we installed one of his computers, but that isn't possible. So, it's nice, in his absence, to get a little hit of his black turtle-neck, leading-edge presence in Apple's computer design and packaging.

**4. Make your ideas consistent with your brand promise.** Every part of your service offering needs to be looked at through the lens of your brand. Some unattended service might be thoughtful or even delightful, but it isn't necessarily consistent with a company's brand position.

For example, Southwest Airlines enables you to go to their web site and print out your boarding pass any time after midnight on the day you fly. There is no reason why “unattended” rotating messages on these print outs couldn't be attached that connect the passenger with Southwest's funny flight crew even before boarding the plane. For example, one message might read: “We're planning on getting you to your destination on time—we'll take your thanks as soon as you board the aircraft. We'll fly faster that way!” Humor, Southwest style.

Before we allow the gas station usage for the concept of unattended service to become set in our common vocabulary, let's take the lead with those hotels that are beginning to explore the concept to mean something quite different from self-service. It's a new way to engage both your staff and your customers as you design your total customer service package. **SSE**

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**ACTION: Help your customer remember you.**

# Customer Relationships

Build on nine profitable steps.



by Colleen Francis

**S**UCCESS IN SALES DEPENDS on your ability to make yourself likeable, and create a positive experience for your customers. Here are nine ways to create a positive customer experience.

**1. Love what you sell, the company you work for and the customers you serve.** If you are truly passionate about these three things, customers will believe your sincerity and be captivated by your excitement. Our studies show that customers prefer to buy from salespeople who overtly show that they believe in what they sell.

**2. Be empathetic and compassionate.** No matter how good an actor you are, faking it simply won't work. When you take an interest in people, they remember you.

**3. Give first.** Don't expect your customers to give you their business without you giving them something first. Give away things that increase your value, like a referral to a partner of yours, a solution to a business problem that you read about, or even help finding a new dentist!

**4. Make eye contact.** Eye contact lets people know you're interested in them. By simply smiling and making eye contact, you will set yourself apart.

**5. Express your true intent.** Don't assume the sale, but rather, tell a customer upfront: "I don't know if there's a fit between what you need and what I have right now, but I'm hoping we can explore that in more detail during this meeting." This advice runs counter to 90 percent of the approaches used in the field today. But then again, maybe that's why only 10 percent of salespeople are top performers.

**6. Don't go for the big sale first.** You wouldn't propose marriage to someone on the first date. The same is true in our business relationships. Move ahead in increasing increments. The first step might be to agree to speak openly. The second could be an agreement on a follow-up meeting, and so on. All too often, I see salespeople jumping way ahead of their prospect's buying curve. This puts the buyer and seller out of

synch. If you try to close the deal while the prospect is still evaluating options, you'll break their trust and lose the sale.

**7. Use friendly words.** When you forego the formal "business speak," people trust you more. If you try to impress prospects with your extensive vocabulary, you may end up just sounding fake.

**8. Use people's names.** When it comes to using names, there are just two rules to follow: 1) Be aware of how they prefer to be addressed, and 2) Never overuse their name.

**9. Ask the right questions.** The "right questions" reveal buying motivations and move the prospect from knowing they have a problem, to trusting you to solve that problem.

To help you close more deals and

build lasting, profitable relationships, try the following analysis:

**1. Identify the intellectual problem with a lead-in question.** What makes you think? What's most important to you about...?

**2. Develop an intellectual awareness about this problem.** What have you done to address this concern? How did that work out?

**3. Identify the specific business impact.** What do you think this problem is costing your business?

**4. Get emotional!** What will happen if you don't find a solution? **SSE**

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**ACTION: Help your customer trust you.**

## CUSTOMER SERVICE/REACH

# Customer Disconnects

Provide what the customers want.



by Scott McKain

**H**OW CAN YOU BE CERTAIN that your organization is offering what your customers crave?

You must have a connection that transcends your transactions. The deeper the connection—the deeper the loyalty. The more tenuous the connection, the more the customer will look somewhere else to do business.

And to create a connection, your product or service must be *compelling*. If you don't know what's compelling about doing business with you, then you probably don't have a connection with your customer.

In their study "Toward Understanding the Value of a Loyal Customer," University of Kansas professor Rohini Ahluwalia and Ohio State's Rao Unnava and Robert Burnkrant determined that brand commitment pays returns for a business at the time they need it most. This research examined the problem Chrysler faced with their faulty minivan rear door locks. Those who were not loyal customers found that a fault with locks impacted their perceptions about *all* other aspects of the minivan. Those who were already loyal

Chrysler customers recognized the problem, but admitted, "It's just the lock." Customers who are loyal to your company will think positively about it—even during problematic situations. As Mary B. Young of the Marketing Science Institute has said, "Like a preventative drug, customer loyalty builds resistance to future illness." Bridging your customer disconnects creates customer loyalty: the vaccine to keep sales and service strong when things go wrong.

## Six Major Disconnections

There are six major disconnections between what customers *really* want and what your business supplies.

1. Compelling Experience vs. Customer Service

2. Personal Focus vs. Product Focus

3. Reciprocal Loyalty

vs. Endless Prospecting

4. Differentiation vs. Sameness

5. Coordination vs. Confusion

6. Innovation vs. Status Quo

Your challenge is to create a meaningful, specific strategy that you can execute in your organization to make a significant difference for your customers.

Studies indicate that only 4 percent of dissatisfied customers will report their problems and 91 percent of dissatisfied customers will never purchase anything from your company again. You must show customer care that transcends mere product or service. **SSE**

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**ACTION: Bridge the six disconnects.**

# Don't Forget the Mom Factor

*She makes the family entertainment purchases.*



by Nora Lee

**W**OMEN ARE A POWERFUL financial force.

Practically everyone can quote the statistic that 80 to 88 percent of all purchases are made by women. But, I have to tell you; moms are different from women. There are 82 million Moms in this country and 32 million of us have kids still at home. Numbers alone ought to make us a marketing demographic worthy of study. Our buying patterns are different from those of women without children, in part because we typically buy for three or more people and Moms spend almost \$2 trillion a year. Our circle of influence is very large: husband, children, friends, parents and other relatives. We are the word-of-mouth every marketer craves.

Mothers are a large, moneyed, loyal consumer group who is misunderstood and underserved. You just don't know us very well. If you want to get into our purses, you need to know what's really important to us—especially if you are in the family entertainment business. Listen to your mother.

## The Mom Factor Checklist

**1. Health and safety: planting the seeds of a customer dynasty.** Mom's concern for health and safety is constant, no matter where she takes her kids. This would seem to be a no-brainer, but cholesterol-laden food, nasty restrooms, bad sightlines, and poor lighting all represent danger.

**2. Customer service: the pot of gold at the end of the rainbow.** Mom knows that she has a choice every time she opens her wallet. One way to create a loyal customer is with sterling customer service. Treat her like the Queen she is!

**3. Value: cheap does not always equal a good deal.** Mom's "value monitor," like the ones for health and safety and customer service, is constant across all spending. Value in family entertainment translates into a memorable experience. For that she will gladly pay. At most entertainment venues, Mom is a captive audience once she and the family are in.

**4. Efficiency: when money buys time.**

Mom's time is precious to her and to her family. Business ought to respect it, by making shopping and spending as efficient and painless as possible. Wasting time is not high on anyone's list, and that goes double for Mom. However, efficiency does not replace customer service; it's more like a service extension.

**5. Social and community conscience: why pink ribbons work.** Mom today is more likely than she used to be to base day-to-day buying decisions in part on her perception of the social and community responsibility of the businesses she patronizes. If you are trying to make the world a better place, you have a leg up on the competition.



**6. Story: the stuff that dreams are made of.** The value of telling a good story applies especially, but not only, to entertainment and education venues. The best stories are like the best family entertainment: personal, authentic, engaging, immersive and memorable. It's possible to find good stories in places you would expect, such as theme parks, zoos, museums and aquariums. But it's wonderful to find them in other places such as malls, restaurants, grocery stores and family fun centers. A good story makes you unforgettable.

**7. Comfort: now, it's personal.** Before you cut benches from the budget, consider that a tired, grumpy, footsore Mom is bent on only one thing—getting out of there! Mom wants to be comfortable, and she wants her kids to be comfortable, wherever they go. Mom wants clean bathrooms and plenty of them, good ventilation, effec-

tive queue management, and room to maneuver the stroller. Invest in her comfort, and she will invest in you.

**8. Learning and teaching opportunities: the school of mom.** Mom teaches her kids every day of her life. It's a fundamental part of being a Mom. She can make a life lesson out of a trip to the farmer's market. Factory tours, fair exhibits, and sports hall of fame displays are entertaining and educational opportunities that appeal to Mom.

**9. Fun: the pursuit of amusement equality.** For Mom, who takes the responsibility to plan nearly every family outing, the ideal destination is one in which every single family member has some fun—or at least does not suffer from the dreaded B-word: Boredom. Mom aims for the most fun for the most people, and all too often sacrifices her own enjoyment for that of others. The destination that helps her in her quest will win her dollars and her loyalty. The one that considers her own pleasure and delivers will win her devotion.

**10. Continuity and change: baby, don't ever change.** A balance between change and continuity is necessary to keep Mom and her family happy. Variety is the spice of life. But at the same time, people love traditions—especially family traditions. So a new ride at Disneyland is a good thing, but don't mess with the Tiki Room and its animatronic birds. If change is for the better, then make sure better is really better.

**11. Connection to the heart: a moving experience doesn't mean installing an escalator.** The important words in the Mom Factor list are care, concern, conscience, community, wonder, engagement, fun, comfort, and love. They indicate a personal, emotional connection between Mom and her world. In an increasingly impersonal, technology-addicted society, Mom is the touchstone for matters of the heart.

In our dealings with the world, Moms want it known that more is going on than just the transfer of dollars. Moms want an experience that they can enthusiastically endorse with their hearts and their purses. For Mom, it's got to be personal: you have to understand who we are, what's important to us, how packed our days are, how precious our time is, what we want and what we need and maybe even what we dream of. SSE

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**ACTION: Find ways to tap the motherhood market.**

# Advertainment

*Sneak into the limelight?*



by Scott G

**A**DS AND ENTERTAINMENT go hand-in-wallet in many ways. Barcodes in commercials, wristwatch credit cards, and bathroom broadcasts are just some of the changes we're going to see as advertising blends with entertainment.

The very name "advertainment" sends thrilling vibrations up the spine of anyone with marketing in their blood or communication in their genes. And it produces a strong shiver of disgust from many of my colleagues in the music industry. "I don't want my songs to be involved in advertising," they say, forgetting entirely that by wearing branded running shoes and clothing with manufacturers' logos, their lives are in advertising.

Radio itself is a form of advertainment. What gets played has little to do with musical accomplishment or artistic merit, but is directly related to the backing of large corporate distributors. I have been told to budget up to \$350,000 in promotional costs to obtain national radio play on commercial radio stations. No wonder corporations are building a little brand awareness into the songs.

Turn on any rap, urban, or hip hop station and you can start counting the product mentions in the lyrics, some paid-for, some just happenstance.

Ads and public relations are routinely dismissed as silly, annoying, intrusive or a waste of time right up to the moment when they are delivering facts the reader or listener wants. Then, suddenly, the sponsored message is viewed as helpful and instructive. Therefore, the trick is to achieve the right match between audience and message.

## Media Choices

One challenge is choosing your media. Just listing advertising outlets can be daunting: paid inserts (advertorial) in newspapers and magazines, sponsored "newsbreaks" and infomercials on broadcast media, static or animated announcements at stadiums, Net pop-ups, brand names on sports uniforms and equipment, the list goes on and on.

We haven't even considered cooperative advertising, which can be anything from myriad logos at the bottom

of an event poster to the branded music tones and flashing-light Intel trademark that ends every other commercial for someone else's computer products.

But it extends further. Consider: magazines that sell cover stories; product placement in movies and TV; branded clothing; bumper stickers; even fliers stuck on parked cars.

## Predictions of New Media

You need to work on new ways to get your product benefits into the brains of your consumers. I do it with humorous radio scripts and subliminally seductive music, but don't be surprised to see innovations sprout up in the next few years like:

- Debit card scanners in TV sets, so

you can order during a commercial with the flick of your remote.

- Barcodes in songs, so you can download from iTunes by swiping your XM or Sirius player with your Visa or MasterCard.

- Links to product sites in every scene of DVD movies or computer games.

- Broadcasts of infotainment and advertainment will pop up everywhere: in public restrooms, at traffic signals, at the gas pump, and on your mailbox.

The real question is where do you want your brand to be as advertainment expands? SSE

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**ACTION:** Find new ways to get consumers' attention.

## MARKETING/FOCUS

# A Business Guide to Niche Picking

*Find a perfect niche.*



by Harvey Mackay

**T**HE KEY TO "NICHE Picking" is finding a finding what sells and

eliminating the myths.

**Myth 1: A niche has to be chic.** Turtle Wax has held a sizable share of the car-wax market for years, and they did it with a product that has a reputation for being more difficult than others to apply, by exploiting a niche of people who literally "love" their cars. What better way to show love than by sacrifice.

**Myth 2: A niche has to be new.** Two-income families comprise more than 60 percent of the couples in America, and everyone is chasing the working mother these days. But what about the millions of women in the traditional homemaker role? Don't neglect the power of that market.

**Myth 3: A niche shouldn't be too narrow.** In one metropolitan area, the hospitals launched their advertising based on patient-profile questionnaires that found "compassion/concern" as the single most important characteristic of medical care (44 percent), followed by "quality treatment" (only 28 percent).

When they launched their advertis-

ing, it all looked alike, filled with images of happy patients interacting with happy doctors and nurses. Everyone was concerned and compassionate. With a half-dozen or so advertisers all trying to deliver a similar message, consumers couldn't tell one from another. The research was accurate, but the strategy wasn't. The two hospitals that concentrated on the smaller "quality of care" segment increased their market share significantly, even though they were aiming at a much smaller target.

Don't assume that because your niche is larger, it's better. Wouldn't you rather be fighting for half of 28 percent than one-seventh of 44 percent?

**Myth 4: A niche has to be neat.** Not every niche is defined with the sharpness of a surgeon's scalpel. There are liquor stores in the tiniest sections of Manhattan,

Chicago's Gold Coast and Beverly Hills that do as much volume in Chateau Ripple, vintage Wednesday, as Chateau Lafite-Rothschild, vintage 1895. No one, no matter how wealthy, eats caviar and drinks champagne every day. It isn't that the rich can't afford it; it's that it gets as boring as anything else if it becomes routine.

The trick is not to fill up a niche; it's to fill up a customer. SSE

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**ACTION:** If you can't please everyone, please someone.



# The Art of Attacking Rumor

Use these five methods to dispel public fears.



by Dan Carrison

**R**UMOR, WITHIN AN INDUSTRY or the marketplace, can often have a negative effect on your business. The business climate, even in a comparatively peaceful economy like ours, can be upset by Wall Street whispers, or by an off-handed comment by Alan Greenspan, reported by someone who heard from a friend, who also heard it from a friend. Your business deals can get put on hold because of an unsubstantiated rumor, mutated by multiple renderings.

## Israel's Example

But imagine how it is in Israel, where a pall can be cast over the nation's business activities—not by rumors, but by actual terrorist attacks, and sometimes by the very *threat* of an attack. Such are the subtleties of a terrorist campaign: just the threat of an attack can create enough anxiety in the business community to postpone business decisions and shelf projects until the threat has passed.

Israeli managers simply cannot take a wait-and-see approach. The ways in which a proactive Israeli businessperson helps to ease the minds of investors, customers and employees can be of service to those of us battling industry rumors and negative media coverage. Regardless of whether the event is a real threat, we may not be able to take control of the actual situation, but we can certainly take control of our customers' perceptions of the situation. If we can positively affect the way our customer views the unfolding events, the actual "big event" will have lost much of its power to influence his decision. In fact, if we can effectively educate and motivate customers, they will make their decisions without waiting for the emergency to materialize, convinced that, whatever happens, there will be no change in their business relationships with us.

It all begins with an appreciation of what the least initiated might be feeling during a period of high tension.

An Israeli business "veteran" of the terrorist crisis, for example, might be so accustomed to the cycles of violence

that he may forget for a moment that others—his customers and investors—are scared half to death by the repetitive news reports of terror alerts, and threats. The first thing the wise Israeli businessperson does is reach for the phone, make contact with those who are important to his or her business, and walk them through the probable sequence of events, so that they not only know what to expect, but also realize such things have happened many times before during the history of their business relationship without any effect whatsoever on production goals and contractual commitments.



## Five Ways to Ease Customers' Minds

We, who serve our customers, must not be afraid to:

**1. Address the negatives in the customer's mind.** It's difficult for salespeople to intentionally raise a negative because they've been trained to accentuate the positive. So they often try to fill the customer's mind with so many benefits, that his unspoken doubts are pushed off into a small corner of his mind. This only allows the customer to amplify in his own mind unwarranted fears. The smart salesperson shines the light of day on the negative, and, in doing so, reduces its mystery and its ability to cause anxiety.

**2. Share your contingency plans with your customer.** Let the customer know that you have also thought about a worst case scenario and that it has been properly prepared for it by establishing, for example, emergency "hot back up" servers, dedicated inventory set aside just for the customer, production

tooling sent to a sister-site in case the main facility is shut down, etc. The customer will feel a sense of security, and will be impressed with your forward thinking.

**3. Go on the road.** For decades, potential inventors and global customers used to visit Israel to "kick the tires" of the company being considered as an investment, or as a supplier or business partner. Once the terror campaign began, people stopped going to Israel. So, the Israeli CEOs had to go to the investor and the customer; they went on road shows throughout Europe and America, and gave the presentations they used to give in the comfort of their own facilities. It was an inconvenience, yes, but a necessity.

**4. Counter the media with a word of mouth campaign.** Is it possible to imagine worse "bad press" than that experienced by Israeli businessmen and women, who see their country portrayed in global news broadcasts as a nation under siege? The graphic images of portrayed tell the world that Israel is not a place to visit or to invest in. An Israeli executive cannot let that pass. The truth of the matter—that Israeli companies are reliable business partners and sound investments—must be spread by grass roots, word of mouth campaigns. And, if you think that such a campaign is dwarfed by the mighty news media, consider the reverse situation: a movie actor or a politician, with a gigantic media apparatus at his/her disposal, unable to quash a rumor that has spread like wildfire across the nation, simply by word of mouth.

**5. Take your business case all the way to the top.** When the Intifada began in late October of 2000, hotel occupancy plummeted from an all time high of nearly 100 percent during the Millennium, to a national average of 17 percent. Many hotel owners, living in Europe or the United States, wanted to close their hotels in Israel until the crisis passed. The Israeli hotel managers, in what must have been one of the most serious business meetings of all time, got together and created a business case to persuade the owners that it would be more cost effective to keep the hotels open. And they succeeded!

The best way to dispel your customer's fears is to render those fears irrelevant. SSE

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**ACTION: Don't fear your customers' fears.**

# Ways to Drive Customers Away

Avoid these five mistakes.



by Eileen McDargh

**F**AR TOO MANY BUSINESSES engage in practices that drive customers away. It's rare that businesses ask themselves: Does this serve our customers?

Here are some actions *guaranteed to drive folks from your business.*

**1. Over promise and under deliver.** Bring people to the conference with the promise of cutting-edge material. Tell customers that they'll have all the material they need in three days. Promise the meeting planner that the press kit will go out overnight. Then sit back and watch. If it isn't true 100 percent of the time, it's a bait and switch promise.

**2. Never walk the talk.** I watched a very well known speaker who specializes in relationship building turn into a snarling, demanding customer who treated the flight attendants like personal servants. How many disbelievers were created on that day? Our lives had better mirror the words we use and the beliefs we profess, or we're merely impersonators.

**3. Make technology your primary form of communication.** Make sure there's a voice mail doom loop from which someone will never emerge to actually speak with a live human. Conduct all business via e-mail, assuming that a message sent is a message received. And while you're at it, hit send as soon as a message is written.

These three practices can doom any business relationship. It's amazing that having a person answer the phone can actually be a competitive advantage! Websites and e-mails are great for data but not perfect for relationship building or critical pieces of information.

I discovered fascinating information about a client when we talked through my normal pre-program survey rather than depend upon an electronic transmission. I had thought my online survey was a time saving device. Instead, what it became was a gatekeeper, preventing me from digging deeper into an issue.

**4. Forget the wisdom of the outer circle.** In organizational life, there's

always an "inner circle" of power and control. Boards of Directors wield it. So do powerful departments. When practices and policies come only from the inner circle, the rank and file is not only unheard, but can turn its back on the organization. Members leave associations when they feel discounted and "not in the know."

**5. Never say "thank you."** Mother was right when she made us kids write notes to relatives after Christmas. It's a forgotten habit that can go a long way to letting people feel appreciated. Likewise, pick up the phone and call a

client or member who has a complaint and THANK THEM for making that complaint known. You'll discover a huge dividend in goodwill after they recover from the shock of your call.

## Three Practices to KEEP Customers.

1. Use common courtesy.
2. Use "go out of your way" service.
3. Never waste people's time. **SSE**

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**ACTION: What does your customer REALLY want?**

## MANAGEMENT/RECOGNITION

# Meaningful Recognition

Don't chase business away.



by Tom Rath and Donald O. Clifton

**N**EGATIVE EMPLOYEES SCARE OFF customers and inflict catastrophic damage on your business.

Recently, we investigated the impact that a single employee can have on customers by studying 4,583 call center representatives from a major telecommunications company. We discovered three service representatives who scared off *every single customer* they spoke with in a given day—and those customers did not return. *The company would have been better off paying those three representatives to stay home.*

Maybe you've been lucky enough to talk with a rep who listened to your problem, took care of your issues promptly, and left you feeling like he or she really cared about you as a person. Did you want to tell others about this first-class service? And are you still a customer to this day?

## The Recognition Gap

Managers, take note: *Praise is rare in most workplaces.* One poll found that an astounding 65 percent of Americans reported receiving no recognition for good work in the past year. And we have yet to find anyone who reports suffering from *over-recognition.* No won-

der so many employees are disengaged—and organizations are suffering because of it.

Most of the time, organizations begin formal recognition programs because someone in upper management has decided that monthly or quarterly awards ceremonies will help raise employee morale. What happens is the old reliable "Employee of the Month" program.

For the first few months, the program might actually work. There are usually at least a couple of people who have been top performers for a long time and deserve more recognition. These stars are appropriately showered with public praise.

But after a while, management struggles with the inevitable question: *Who should be the next Employee of the Month?*

Eventually, everyone—regardless of merit—gets named Employee of the Month. The whole thing is gratuitous, and everyone knows it. The one who feels the worst, of course, is the employee who receives this recognition last. Why wouldn't he?

Management waited months, or maybe more than a year, to praise his "great work," which probably feels about as good as being picked last for a team in gym class.

Sincere and meaningful recognition increases the morale of any organization. Managers and employees who actively spread positive emotions, even in small doses, will see the difference immediately. And creating that difference can be inexpensive—or even free. All it takes is a little initiative. **SSE**

Tom Rath and Donald O. Clifton are co-authors of *How Full is Your Bucket?* from which this article is adapted. Gallup Management Journal: <http://gmj.gallup.com/>

**ACTION: Praise your customer service reps.**



# Price Pressure Cave in

*Stop margin erosion at the point of sale.*



by Jeff Thull

**W**HAT DO YOU DO WHEN faced with a potential customer who is relentlessly insisting on a discount? Even though there's no doubt in your mind that your product or service is worth every cent you're asking, you also know that there is an army of competitors ready to cut their price and do whatever it takes to make the sale.

Being forced to cave in on price is frustrating, but you must admit, when faced with a customer determined to go with the lowest bidder, it's winning the sale "at whatever cost" that's most tempting. If you play the price game, you will ultimately cut into your profits, allow commoditization of your valuable solutions and watch margins erode away. The hard truth is, if your salespeople are already cutting a few percentage points off the price to make the sale, they are already failing their company and their responsibility.

So how can you ensure that your salespeople won't cave in on price and compromise margins and profitability? What can you do to prevent margin erosion at the point of sale? Here are four key tips:

**1. Make sure your salespeople know the value of your products and services and how it links to the customer's business situation.** This is the key to creating value and is at the heart of selling with integrity and credibility. A salesperson must understand the departments that are most affected by the solution, and the financial impact of his solution on various entities within the entire company.

If this sounds like a lot of work, well, it is. But I like to tell my clients that spectacular success is always preceded by unspectacular preparation. Understanding the customer's critical issues, dissatisfactions, and frustrations, plus recognizing the business opportunities that arise from them, takes research, time, commitment, and dedicated work.

**2. Make sure your people can help the customer calculate the cost of the absence of your solution.** Before your salesperson can offer a remedy, he

must be able to firmly establish the absence of your value. He must help the customer identify physical symptoms of his problem and show him that multiple departments are suffering. Remember, if there is no perceived lack of value—no "measurable discomfort"—there will be no sale.

Pain is the most basic human motivator for change. It is the natural defense mechanism that tells people that if they don't change and deal with a problem, they will face consequences. And of course, change itself is painful. Therefore, change will not occur until an individual or company recognizes that the pain of change is less than the pain of staying the same.

**3. Make sure they can articulate the impact of your solution over those of your closest competitors.** We're talking specific figures here, not common and vague generalities. This is where your salesperson should be able to

pre-empt all but the most irrational objections. If he can get the customer to recognize that your product will provide a specific financial impact, such as cutting the cost of a critical process or increasing desired revenues, she will surely realize that your premium pricing makes solid business sense.

It's very difficult to argue with hard numbers. When you quantify the impact of your solution, it will quickly become obvious to your customer that your solution, at your price, makes for a solid business decision.

**4. Link salespeople's compensation to profit, not gross revenue.** One of the major reasons that salespeople give discounts is because it pays off for them personally. If you base your salesperson's compensation on gross revenue rather than net margins, he will see little negative impact if he gives the customer a 10 percent discount. That 10 percent discount may mean the difference between "winning

a sale" and "no sale." But if that 10 percent discount causes your margin to go down by 100 percent . . . well, what are you really winning?

Your compensation plan should impact the salesperson's commission as much as it impacts your profits. Money talks. If your people are coasting by and digging into your profits rather than doing the due diligence it takes to sell a complex product in a complex environment, changing the way someone gets paid encourages him to rethink his approach. The game will now be about "winning big"—not just winning.

When organizations allow discounts as a way to grab sales, it often means they don't believe they can control their sales organization. Companies have established very sophisticated processes and controls in their operations, but waffle when it comes to applying the same expertise to their sales strategy. Such organizations are handicapped and not structured for profitable growth.

The bottom line is: when a customer says, "Your price is too high," the salesperson needs to look to himself as the likely problem, not the product. There are two possibilities: 1) the customer is not experiencing a significant absence of value and the solution should never

have been offered; therefore, the price is too high. Or 2) the absence of value is there and the customer does not recognize it. The burden of proof is on the salesperson, and he hasn't done his job.

There's one more critical point to consider. Your salespeople must get over that burning desire to "get the order at any price." Not every sale is a good sale, and not every customer is right for you. Salespeople must not only be comfortable with hearing "no," they must actually "go for the no and move on to more profitable opportunities." When all possibilities for "no" are eliminated, all that's left is a confident yes—from a customer who's willing to pay a fair price. That's the recipe for strong and profitable margins. **SSE**

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**ACTION: Mentor your salespeople to success.**



# Profile of a Top Salesperson

Learn the five factors of success.



by John W. Asher, III

**F**OUR PERCENT OF THE salespeople in the U.S. sell 94 percent of the goods and services, and 80 percent of business-to-business (B2B) transactions are the result of relationships/consulting type sales, where the buyer has to like, trust, and get along with the seller.

The statistics tell the story: Selling yourself is the most important sale in 80 percent of the sales.

## The Perfect Storm for Sales

If you were to create a profile of a top salesperson, you would see five factors converging.

**1. They are "knowledge giants."** They know what they're talking about and have a perfect understanding of their product and the competitive landscape. They come across to prospects as "go to" people because they can help prospects solve real business problems.

**2. They have an aptitude for sales.** In *Good to Great*, Jim Collins says that the bottom line is to get the right people in the right seat on the bus, in jobs where they have natural talent or aptitude.

**3. They know what the average salesperson doesn't.** Some sales skills are counterintuitive. They do not come naturally so they must be learned. For example, patience and perseverance are skills that the average salesperson doesn't combine. Top salespeople pick a few top prospects and give them a lot of contacts.

**4. They are motivated.** The two basic types of salespeople are "hunters" and "farmers." A hunter likes the thrill of the hunt and will be most motivated by acquiring new accounts. A farmer likes to have many accounts that he or she can nurture for up-selling and cross-selling opportunities.

**5. They are supported by a process.** Most top-performing companies have best practice branding, marketing, sales, and customer service processes to support the salespeople. You won't see a great salesperson working in a company with unsatisfactory processes.

## Top Four Sales Mistakes

There are four areas in which companies consistently fall short in supporting their salespeople.

**1. Promote the best salesperson in the company to the position of sales manager.** The aptitude for the manager's job is not the same as the aptitude for an outside hunter salesperson. It is a rare person who has the aptitude for both jobs.

**2. Confuse the roles of branding, marketing, sales, and customer service.** The objectives in each process should be:

- Branding: Raising market awareness
- Marketing: Obtaining qualified leads.
- Sales: Making 12 contacts with a qualified lead to close the sale.
- Customer Service/Account Management: Grow the account by upselling,

cross-selling and obtaining referrals.

**3. Fail to have a repeatable process for sales.** Most CEOs want a repeatable process for their salespeople, so that as they go through contacts one through 12, the outcome is more predictable. The "right" overall sales process will vary a bit for each company, but the basic sales processes need to be developed and put in place by top management.

**4. Misunderstand the CEO's role in locating top salespeople.** Almost all CEOs want top salespeople, but they don't take it as their personal job to find them. CEOs must find top salespeople. **SSE**

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**ACTION: Set up your salespeople for success.**

## MANAGEMENT/MEASUREMENT

# Sales Pipeline Angioplasty

Remove the sales clogs.



by Chris Lytle

**Y**OUR NUMBER OF SCHEDULED meetings is the leading indicator of the health of your sales pipeline. Real prospects will put you on their calendars.

Start inspecting calendars instead of reading call reports. Count the number of scheduled meetings the salesperson has for the next two weeks. Increasing the number of scheduled meetings is the way to increase sales. It's a more powerful and accurate metric than the old standby, the number of sales calls.

Quit requiring your salespeople to make "sales calls." Salespeople will make as many "sales calls" as you ask them to make simply by calling everything they do "a call."

Today, we use expensive CRM systems to document all kinds of trivia that rarely lead to sales—Left voice mail, left second voice mail, e-mailed prospect, reached assistant, or call in a week.

Data like this lets you know that people are staying busy. But this kind of busyness rarely translates into business.

## The Missing Metric

The leading indicator how your sales-

people are really performing is the number of prospects that have scheduled meetings with your salespeople on their calendars. Period. This tells you which prospects are engaged.

## Engaged Prospects

In medicine, angioplasty is a procedure that opens coronary arteries that have been clogged by fatty plaques caused by coronary artery disease.

Sales pipeline angioplasty is a procedure that eliminates dead opportunities that clog sales pipelines or that gets stalled prospects to reengage with you. The benefit of sales pipeline angioplasty is a stronger flow of opportunities through your sales pipeline, more accurate projections, and the ability to act on sales opportunities before they die or go to a competitor.

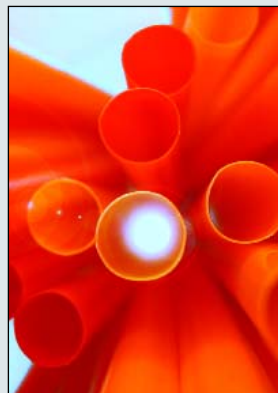
Prospects who are willing to schedule meetings are actively engaged in the buying process. Engaged customers do things for you within their own companies to move the buying process forward.

To conduct this procedure, send your prospects the following e-mail: "Bob, I have you my list of people I'm waiting to hear back from. Am I still on your radar? You're still on mine."

This simple e-mail has helped me get a lot of deals moving forward again and get dead deals out of my pipeline. **SSE**

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**ACTION: Seek actively engaged customers.**



# Death of the Salesperson?

*Is technology killing sales?*



by James R. Fisher, Jr.

**B**IG BROTHER IS NOT ONLY here, Big Brother has a store named after him. It's called Wal-Mart. It would seem that technology has introduced not only a paperless factory but also a peopleless marketing and merchandising system.

But contrary to technological trends, people still remain the final link in the food chain of buying and selling. The health of a company is reflected in how they greet their customers.

Cracks are imminent in this selling image when Big Brother has twenty-two registers available but only cashiers attending five. Long lines of customers waiting to pay for purchases do not suggest a good omen. Nor do slippery or dirty floors; merchandise blocking aisles, or employees standing around chatting rather than helping customers.

If people are the most compelling factor in the selling equation, then the most compelling force is trust. Trust cannot be put in a box, labeled, and secured in a database. People don't fit well into the tiny boxes we might presume that they belong in. The boxes we construct for people are likely to be similar to the boxes from which we view the world.

## Paying Attention

The key to an authentic perspective is attention. Perspective (buyer's point of view) leads to a reliable perception (buyer's sensitivity). Perception then leads to discernible trust (buyer's confidence). Trust is the ultimate key to effective persuasion (buyer's decision-making).

Paying attention is not an easy task when most minds today wander like smoke. Yet, without attention, there is no chance for viable connection. The seller is in control only when the buyer is talking and disclosing information, not the other way around.

Satisfaction is not an easy quest because potential partners come from disparate cultures, cultures that cloud lenses, fog vision, and impair hearing. Paying attention demands the seller be a student of his or her culture, so that it

doesn't get in the way, and a learner of the buyer's culture, so that it can be used to a successful conclusion.

Evolving trust leads to persuasion and confident buying. Trust is built with and around people and is a matter of perspective, perception and persuasion, and always in that chronology.

## Psychographic Profiles

Each buyer has his or her own profile, which relates to the buyer's personality, geography, and demographics, and revolves around the process of perspective, perception, trust, and persuasion. It is the relationship of these factors that gives life to the selling situation. To know a prospective buyer,



the seller must not only be aware of these indices but also know how to use them.

Profiling your customer means paying attention to the buyer as a person of a specific cultural orientation and perspective. For example, a person who listens to National Public Radio and is a fan of its classical music, may be a different buyer than a devotee to country western music. Where the buyer lives, the car he or she drives, where he or she shops, and what types of food he or she eats are other clues into who your customers are.

You must table all assumptions and listen for the pattern that develops, as surely it will, if the seller allows the buyer to dominate the conversation. It is the only way the seller can control the sale, and assess the relevance of money and brains in the negotiation.

Not until the buyer is perceived

clearly can the seller assay the prospective buyer's motivation and commitment. Otherwise, the seller and buyer are sliding down a slippery slope of promises impossible to meet.

## Mind and Minding

You cannot pigeonhole buyers by how they look, speak, or even routinely behave. But you can learn how buyers think, by allowing their character to register intuitively. The gut knows long before the head understands.

Understanding does not signify agreement, but puts seller and buyer on the same page to manage differences.

Agreement takes something beyond this matching, and that is expressive arousal. Parting with money is an emotional experience. Buying is never dictated by logic, although justified with it after the fact. No matter how cool and reasonable a buyer may seem, at the moment of commitment, logic is abandoned to enter the area of risk, where trust resides.

Mind and minding start with the seller. The seller's emotions must be suitably neutral to correctly gauge the buyer's. Therefore, the seller has no room for false assumptions. The lone assumption that is germane to the process is the seller has the buyer's best interests at heart. This is not stated but demonstrated.

The reason listening is so critical is that most information is effectively communicated either through the eyes (55 percent) or ears (38 percent) with very little registering with the written word (7 percent).

Mind and minding measure the buyer's responses and translates what is said to what is meant. For example, the buyer says, "I can't afford this luxury car, but maybe someday. That is why I answered the ad." Translation: "Convince me I am wrong." Often, what we say is precisely the opposite of what we mean.

At a time when it appears electronic space is going to eclipse selling, pesky reality defies this in so many ways. Technology changes, fads appear and disappear, but the psychographics of buyers and sellers change very little.

Nothing is more human than selling. While marketing and distribution have become more corporate, impersonal and electronic, people still respond best to the personal touch. **SSE**

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**ACTION:** Assess your customers from the inside out.

# Growth Gamble

Invest more in the core.



by Andrew Campbell

FOR THE LAST 15 YEARS, WE have watched the top companies in the world struggle to develop new business. From Intel's failure to enter the web-hosting business to McDonald's new line of healthy alternatives to fast-food, the failure rate is over 90 percent.

Most authors argue that the cause of the high failure rate is a lack of skill in identifying and developing new businesses. Managers, they argue, need to learn how to cope with the risks and uncertainties of new businesses.

My research suggests differently. Failure is so high because there are few new business opportunities that fit. Intel and McDonald's have made little progress, not because they have been too cautious, but because there have been no significant new business opportunities where their particular strengths and weaknesses have been a winning combination.

If the real explanation for high failure is a lack of opportunities, managers need an alternative way of thinking about new growth. There are four rules of growth that, when put together, suggest a rather different and more selective way forward.

**1. Continue to invest in the Core.** In a Sunday newspaper's business column, Sir Peter Walters, then CEO of British Petroleum, described his company's failed attempts to enter new businesses, from the nutrition market to IT software. His conclusion: "Directors and managers need to be more aware of the dangers of new business. If we had put even half the effort into our core businesses that we put into new businesses, we would have come out ahead."

**2. Don't be seduced by sexy markets.** Managers are looking for the next big thing; but, so are their competitors. Rather than focus on markets that are growing, managers should be focusing on markets where they have an advantage and a better chance of success.

**3. Look for advantage, don't play the numbers game.** The third rule contra-

dicts much of the current literature. Most authors argue that success is a game of statistics. As Kirby Dyess, a former senior Intel executive put it "In order to get a home run, we need to go to bat multiple times."

Not so, you must be selective and invest in opportunities only when the company has a significant advantage. Sometimes this may mean no new initiatives. At other times it may mean two or three. But it should never be 10 or 12 or, the 80 "imagination breakthroughs" that have apparently been launched at GE.

So when does a company have a significant advantage? The answer is when it believes it can serve the market and earn 30 percent better margins than competitors. When the 30 percent challenge is applied, most new busi-

ness ideas fail. Optimists can persuade themselves that they have a 10 to 20 percent advantage, but a 30 percent hurdle requires more than optimism.

**4. Be humble about your skills.** One reason why the advantage hurdle needs to be set at 30 percent or greater is because managers are frequently over-optimistic about their skills. There are learning costs in a new market. In unfamiliar situations, managers make mistakes—they invest too much in marketing, over-design products, and mismanage suppliers. You must account for learning costs. **SSE**

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**ACTION: Assess your growth opportunity.**

## TECHNOLOGY/COMMUNICATION

# Digital Divide

Is technology ruling you?



by Jody Urquhart

IS IT MORE PRODUCTIVE TO send an email than to print and mail a letter? Of course; but recent research that points out that the average email isn't resolved until the sixth reply. Is this really more productive?

Technology comes with some disadvantages that may be hurting your business:

**1. Constantly Connected.** Nothing is sacred anymore. Being constantly connected to work is blurring the line between work and our home life where our personal time is slowing dwindling.

**2. Miscommunication.** Every form of communication has emotion behind it, and often that emotion is masked because of the technological medium used to send it. More than 60 percent of a message comes through non-verbally, none of which can be communicated via e-mail, fax, or pager. When you take away facial expressions, tone of voice, and gestures you lose the overall meaning of the message.

**3. Multitasking Mayhem.** The sight of someone talking on the phone while driving is a familiar one these days. The infiltration of technology in our lives forces us to multitask more

because it makes it much easier and seductive to do so. But multitasking by its nature is an unnatural act. After all, isn't that what time is—it keeps everything from happening all at once? A study by the American Psychological Association suggests that multitasking brings down overall productivity. You can't be really productive in one area when you focus on several things at once.

**4. Technological Chaos.** Greg wanted to send an article to one of his co-workers; and contemplated the best way to do so. He could call him but then there would be no written record,

he could fax it over but then it wouldn't be easy to forward to someone else, he could email it but would have to type it up or scan the article into his computer. He could page him and see if he could meet for lunch later or he could text message him. Finally he just decided to

get out of his chair, walk next door, and hand-deliver the article.

Where do human beings end and machines begin? Many organizations use technology to supervise and control every aspect of every individual's life. Of course technology brings with it other disadvantages like viruses and security concerns, but we need to acknowledge that it's important to have healthy boundaries. **SSE**

*Jody Urquhart speaks on several inspirational healthcare topics including the Joy of Work for Healthcare Professionals. www.idoinspire.com, 877-750-1900*

**ACTION: Emphasize the human side of business.**

