

Are Your Business Relationships Strong Enough To Survive Hard Times?

BY ED EMDE, EXECUTIVE VICE PRESIDENT, WILSON LEARNING

Whatever your industry, your customers are most likely delaying projects and looking for ways to cut costs. At the same time, it is becoming more challenging to develop new business as companies scale back expenditures and use competitive bidding processes to get better deals from suppliers.

This is a good time to take stock of the relationship-building capabilities of your team. Are current relationships strong enough to withstand the destructive pressures of today's tough economic environment? Do your salespeople know how to leverage personal assets and the assets of your company to "competitor proof" their customer relationships? To build enduring connections with customers requires two distinctive kinds of skills focused on two distinctive kinds of relationships.

THE IMPORTANCE OF "little r" RELATIONSHIPS

The first type of relationship is based on interpersonal connections between members of a sales team and members of a buying team. These relationships might be thought of as "little r" connections. They are founded on a salesperson's ability to demonstrate that he or she is trustworthy, competent, and credible as a business consultant and advisor. Across time, profitable transactions and repeated demonstrations of customer focus forge strong personal relationships that become a valued business asset to individual buyers. They know they are assured of reliability, lowered personal risk, and avoidance of the "hassle" of trying out new suppliers. They also know they can count on their

trusted representative to protect their interests, respond quickly to help meet special needs, and offer reliable business results. Customers become highly averse to risking the loss of these payoffs, and are inclined to resist offers of discounts and price cuts from competing vendors. Even when individual contacts are restrained by budget cuts or other internal issues, they will remember and return to doing business with people they know and trust.

Even one or two little r relationships have value, but the real relationship benefit occurs when sales representatives develop a whole network of connections with the right people in the customer organization. With a wide range of contacts who view the sales representative as a trusted business partner, inside information will be shared, and contacts step up as champions, advocates, and coaches. The salesperson will receive advance notice of opportunities and get critical "heads up" notices when potential decisions could adversely affect a sale.

On the flip side, if these relationships are weak, or have been allowed to erode through neglect or sub-par performance, they offer no protection against competitive encroachment. In the worst cases, where deadlines have been missed, customer concerns left unaddressed, or there have been delays in responding to problems, a poor relationship can actually open the door to competitors. And once gone, the business is usually gone for good.

It may seem elementary, but to build extraordinary “little r” relationships, it’s critical to ensure your sales team knows how to:

- Establish professional credibility.
- Build trust.
- Demonstrate the value of a relationship with every customer, on every call.
- Exercise a high level of skill in identifying the right people to contact.
- Be fully engaged and capable of carrying out “due diligence” in learning about each customer’s personal and business concerns and issues.

THE IMPORTANCE OF “BIG R” RELATIONSHIPS

As important as little r relationships are, they can be vulnerable to promotions, re-organizations, and downsizing, especially during tough economic times like these, when customers are making changes in policies, structure, how decisions are made, and budget allocations. An even more powerful and compelling relationship is the one that exists at the level of business-to-business—a different type of bond we can call “Big R.” A Big R relationship transcends ties with individuals. Big R connections are based on business benefits that are highly valued because they are aligned with the customer’s corporate business strategy, goals, and critical success factors.

For example, a company that provides its customers with complex high-tech solutions may be very concerned about the R&D direction and technical capabilities of the supplier of a critical component of their offering. Because Big R buyers have a long time horizon and higher risks, they want to understand the supplier’s marketing and product strategy, and they depend on the supplier’s stability and predictability. While still interested in inducements such as price and delivery options, companies in Big R relationships are “buying a company,” not just a product.

Though not every customer has the potential for developing a Big R relationship, your sales team needs to know how to identify these highly valuable customers, assess their potential, and position and establish the Big R relationship. This requires business acumen and gathering both internal and external information. Specifically, they must develop the capabilities needed to:



- Fully understand the customer’s solutions.
- Analyze the customer’s marketplace and business strategy.
- Gain a clear understanding of the customer’s business processes.
- Verify and articulate the customer’s long-term goals and the priorities driving decision making from the top of the organization.

“To build enduring connections with customers requires two distinctive kinds of skills focused on two distinctive kinds of relationships.”

The next step is to know how to create alignment between the way these select customers are doing business and the way your company does business with them. Once this alignment is solidly in place, it will take much more than the offer of a 10% discount or a better financing deal to break a Big R connection.

THE BOTTOM LINE

Every company is looking today for an edge or advantage that will open the doors to new business and serve as a protection against erosion of market share. Some are focused on renewed attempts to differentiate a product offering, some are talking about “building the brand,” while others struggle to price-cut their way to a better revenue stream and higher profitability. These strategies can’t work for every company—only one can truly be the lowest-cost provider in its category, and few can achieve sustainable differentiation.

On the other hand, strong and enduring relationships are not dependent on product features others can duplicate or price cuts that can actually hurt the seller’s bottom line. Rather, both little r and Big R relationships offer a unique competitive advantage by delivering real business value deriving from the relationship itself rather than from a product or a price. The ability of a sales team to leverage interpersonal connections and corporate business alignment becomes the best and most reliable resource for maintaining current market share and driving growth, even in an unpredictable and chaotic economic environment.

ABOUT THE AUTHOR

ED EMDE

As Executive Vice President of Wilson Learning Corporation, Ed Emde drives Wilson Learning sales, marketing, and service strategy in the Americas. Emde’s experience includes prior executive and management positions with several of the leading training and organizational development companies in the industry. In his 20-plus years of experience, he has consulted with senior executives in major national and global organizations in linking human resource and organizational development initiatives to strategic imperatives and business outcomes. Instrumental in transforming organizations’ ability to leverage their human performance assets to advance their competitiveness, he is committed to creating powerful new approaches to ensure that retention, application, and behavior improvements are achieved consistently and for an extended period of time.

To learn more about the concepts shared within this article and how Wilson Learning can assist you in addressing these issues, contact Wilson Learning at 1.800.328.7937 or visit www.wilsonlearning.com.

WILSON LEARNING® 

WWW.WILSONLEARNING.COM
© 2009 Wilson Learning Worldwide Inc.
All Rights Reserved

WILSON LEARNING CORPORATION
8000 W. 78th, Suite 200, Edina, MN 55439

1.800.328.7937