



The Baron
Group, Inc.

**"Let's Talk
Selling"**

About this Issue...

Dear Friends,

This issue of our newsletter focuses on one subject-- a critically important subject-- understanding the customer's needs. Of all the things that salespeople do, we believe that there is nothing more important than determining the needs of the customer. Understanding needs leads to stronger relationships. Understanding needs results in better recommendations and more effective presentations. Understanding needs invariably reduces the number of objections salespeople encounter. And understanding needs leads to *more closed deals*.

As you review these concepts we encourage you to ask yourself how good a job you and your people are doing at understanding your customers' needs. The people who do this best are the ones who truly differentiate themselves. And the ones who do it best usually win the business.

And of course, if you would like to hear more about this, or would like to have a question answered, or want to challenge a point or two, by all means, give us a call. And keep those cards and letters coming in...

Eric R. Baron

June 1, 2002

The Baron Group, Inc.

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& Fred Lamparter

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Why Needs Determination Is So Challenging

For over 20 years we have been asking salespeople a very simple yet important question-- do you understand all of your customers' needs? About 80% of the people we have asked say, yes.

This contrasts significantly with the responses we get when we ask their customers the same question. Buyers tell us that only 20% of the salespeople who call on them truly understand their needs. So, four out of five salespeople think they understand the needs of their customers and four out of five of their customers say they don't. That is a disconcerting disparity. The reality is that salespeople understand many, but *not all* of their customer's needs. And that is the problem, since the needs they miss are often the more important ones. Here are some reasons why this happens.

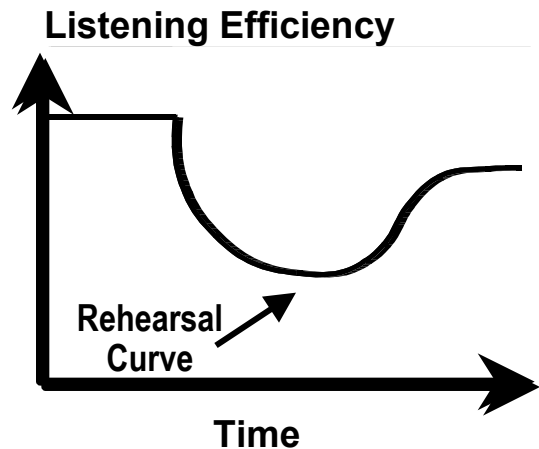
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Why Needs Determination Is So Challenging (cont'd)

1. It's related to listening - Synectics Inc., the highly respected consulting firm in Cambridge, Massachusetts, used Carl Rogers' listening research to derive the concept of the "rehearsal curve."

They determined that in interactive situations people have difficulty staying tuned in. Listeners can maintain full attention for only 30 to 90 seconds before making a connection and dropping out. There are many kinds of connections, but for salespeople the most common is that they hear a need and *start to think about how they will respond*. While "rehearsing" what they plan to say, they miss hearing other needs as the customer keeps talking. And since most people say what is most important *last*, the most important needs are often lost.



2. Needs vs. Solutions - Too many salespeople get confused when differentiating between needs and solutions. As you'll see, being a good problem solver can work *against* your ability to determine needs.

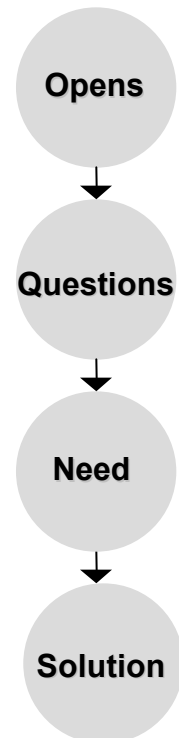
We often conduct a training exercise that highlights this issue. We describe an agitated customer's complaints about the flooded basement in his new home. "The floors are buckling, the furnace is about to short out, the paint is peeling off the walls and, to make things worse, my wife is angry at me for talking her into buying the house in the first place." We then ask the group to identify his needs. Typical answers are a sump pump, wet vac, paint, new flooring and flowers for his wife.

Now these are all appropriate *solutions*-- but they are *not needs*. What need does each solution address? The pump or wet vac will get the water out of the basement. That's the need; getting rid of the water. Other needs are repairing the walls, replacing the floor and making up with his wife. Here's a tip: needs tend to be verbs whereas solutions tend to be nouns. The pump is a solution, it's a noun. Getting the water out is a need, and a verb; making amends with his wife is a need, and a verb, too.

If you tell your customer that he or she needs something and it is expressed as a noun, then you are probably offering a solution. And the customer will know it.

3. It's a matter of patience - We invented a character named "Needs Driven Ned." As a hardworking, conscientious salesperson, Ned does his planning, knows his products and services, and builds good relationships-- but he never does reach his potential. Here is why: as the diagram at right suggests, when Ned visits his customers, he does what only *seems* like Consultative Selling.

He opens up and positions the meeting; he asks good questions; he listens intently. But when that first need appears, he starts selling his socks off! It only looks like Consultative Selling. Because Ned is addressing that first need, *he never hears the other needs*, possibly, the most important ones. So he offers solutions without really understanding the needs. And since *most objections are really unfulfilled needs*, he finds himself meeting heavy resistance because he didn't get all the needs before presenting. This is a trap that most salespeople fall into.

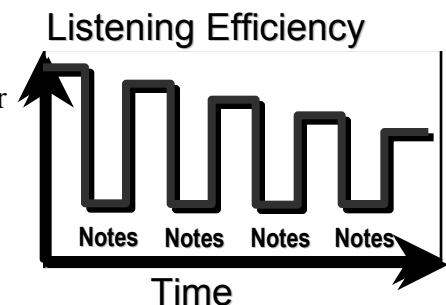




So What Do We Do About It?

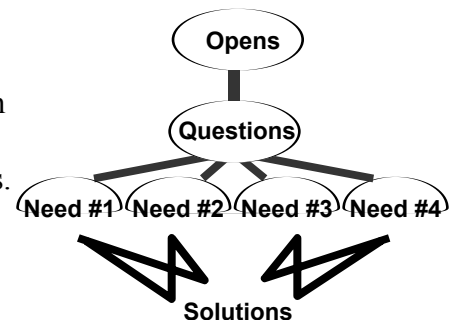
1. Listen for Needs - The most successful salespeople are the ones who try to *hear needs in everything the customer says*. And they continue to listen well after they hear the first few needs. Falling into the rehearsal curve trap doesn't happen to them. Listening for needs is a discipline; the resulting listening curve looks something like the figure at right.

Every time you hear a need, drop out of the conversation for a second or two and write it down. If an idea or product recommendation comes to you write a word or two (a "keyword note") that captures that thought. Once it is on a piece of paper you can forget about it for now, knowing you will remember it later. The result is a pad loaded with notes about the customer's needs, which you will be able to address later.



2. Don't present prematurely - Presenting against the first need is courting disaster. Don't be like Ned; instead, try the approach illustrated at right:

By getting all the needs on the table you will be in a stronger position to offer thoughtful, comprehensive and creative solutions. You will run into less resistance. And you will close more deals because you have shown your customers how your offering does fully address their needs.



3. Realize that needs come in different shapes and sizes - Some customers will tell you their needs outright; we call those *obvious* needs. Everybody hears them. But not all needs are obvious; some are hinted or *implied*. Others are *unconscious*; the customers don't even know they have them. Astute salespeople often learn their customers' needs more from what they *don't* say than what they do say.

Sometimes people buy for reasons that address *personal* needs; others buy for *business* reasons. Still others buy for *financial* reasons. Some are driven by the job; others are driven by the family. Again, the person who uncovers the most needs wins. Listen for *all* the needs, no matter what they are or how they're said.

4. Review your understanding of the customer's needs - We believe that the most important step in Needs Development is reviewing your understanding of the customer's needs. Some people believe that *the inclination to buy begins at this time-- before you present anything*. Show the customer that you understand his/her needs thoroughly and you are well on your way to being successful. Here are some guidelines:

1. Tell the customer what *you heard* (an "I message"), not what *they said*; don't put words in their mouths.
2. Start with the obvious needs. These are easier, safer and it's a great place to begin the dialogue.
3. Be sensitive when discussing implied or unconscious needs to avoid appearing self-serving or omniscient.
4. Ask for priorities. It actually helps the customer when he/she tells you which needs are most important.
5. Ask for confirmation. Check to make sure that you got it right and got it all. Is there another need there?

So there you have it: some reasons why it is challenging to uncover needs and some thoughts about how to do it better. Try it-- you will be amazed at how these simple yet practical approaches will increase your ability to do what is the most important part of the sales process-- truly understand the customer's needs.



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Who We Are:

The Baron Group is a consulting firm that researches and teaches the skills involved in the sales process, the sales management process and problem solving. Our primary focus is on the role of the salesperson as a problem solving resource to his or her customers. The salesperson who can help his or her customers solve their business problems by combining industry and product knowledge with proven problem solving skills will clearly become a valued-added resource to the customer.

We develop programs customized to your needs-- creating a uniquely effective sales process for your organization. We then provide the required training for your salespeople, sales managers and colleagues.

The Baron Group and the Graduate School of Business, Columbia University-- Eric Baron teaches *Consultative Selling Skills, Coaching Skills* and *Sales Action Planning* as part of Columbia Business School's one-week "Sales Management Program." It is offered in June and November at historic Arden House in Harriman, New York. For the past three years, Columbia Executive Education Programs have been ranked #1 worldwide by the Financial Times of London. For more information, contact Liz Schultz at: Columbia Executive Education, 212-854-7613

◆ OPEN REGISTRATION PROGRAMS IN 2002 ◆

The Baron Group offers an Open Registration Program in *Consultative Selling Skills* to individual participants on a first come, first served basis. The diversity of the companies and industries represented in these programs greatly broadens perspectives gained in the learning situation.

We define **Consultative Selling** as the ability to work with clients and prospects to solve their business problems. True consultative salespeople understand how to *transform a sales call into a problem solving opportunity*. They know **how to listen** for ideas, for perspectives and for client needs during the salesperson/client dialogue. They understand the value of **offering solutions**, not just products and services. And they know how to **manage the resistance** they'll inevitably encounter when presenting ideas. This program teaches sales people all these "consultative" skills. Our facilitative, highly interactive training approach uses live videotaping extensively in extremely **realistic simulated "sales call" role-play exercises**.

Six 2-day programs are offered in 2002:

January 10-11 ◆ March 21-22 ◆ May 30 - 31 ◆ July 25-26 ◆ October 10-11 ◆ December 5-6

For more information, fill out the form below and fax this page to: 203-221-8411, or email us at: tbg@barongroup.com

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Consultative Selling Needs Driven Selling Problem Solving Selling

Innovative Team Selling Sales Action Planning Coaching Negotiation