

PACE

Fourth Edition

Program for Acquiring Competence in Entrepreneurship



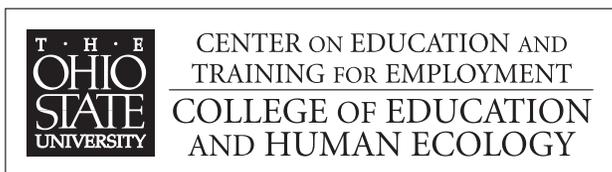
PACE

Fourth Edition

Program for Acquiring Competence in Entrepreneurship



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Foreword

I am pleased to introduce you to the Fourth Edition of the Program for Acquiring Competence in Entrepreneurship (PACE). PACE represents our continuing effort to respond to the needs of the education and business communities. At no other time in history has understanding entrepreneurship been as important. For one thing, promoting entrepreneurship carries the societal imperative as small businesses as a whole contribute much to the growth and renewal of regional and national economies.

When first published in the late 1980s, PACE properly emphasized that entrepreneurship was based as much on sound planning as having products and services that were responsive to the marketplace. Through its various revisions, PACE continued to focus on the general importance of planning and managing the startup of a small business.

The current PACE edition represents a necessary break from past versions in both its format and some content. For one thing, the text format has been substantially changed from paragraphs to a series of related sections with subheadings. This change allows readers to have greater accessibility to the information, whether it is delivered via a printed booklet or a technology-based approach. And the format allows the instructor/facilitator to have greater flexibility in selecting content to accommodate the needs of various audiences and settings.

In terms of the content, PACE continues to emphasize the importance of planning and managing of a small business. But it now includes a renewed emphasis on meeting customer expectations. Any business cannot exist without a comprehensive understanding of who receives its products or services. In this sense, PACE introduces the topic of conducting e-commerce. Until recently, the entrepreneurial horizon may have been limited to serving local customers only. The advent of the Internet offers the promise of serving many more customers, but not without the accompanying challenges.

This edition was supported in part by a grant from OSU Extension and in partnership with OSU South Centers – Piketon. We hope that PACE will provide you with the understandings necessary to help you to achieve your entrepreneurship goals.

Ronald L. Jacobs
Director
Center on Education and Training for Employment

Overview

Introduction

Selling is the process of persuading customers to purchase your product or service. Although the exact process varies among businesses and customers, three basic steps to selling are fundamental – finding your customers, helping with the buying decision, and providing quality customer service after the sale.



Continued on next page

Overview, Continued

Rationale Selling is the cornerstone of any business. Effective selling increases your potential customer base and subsequently the company's revenue.

Objectives By the conclusion of this module, you will be able to:

- State the role of selling and the challenges you might face.
- Describe the selling process including:
 - finding customers
 - helping with the buying decision
 - providing quality customer service.
- Define the successful salesperson in terms of:
 - personal traits
 - skills and knowledge
 - training requirements.
- State the customer buying motives and address:
 - identifying motives
 - factors influencing motives.
- Develop your own sales plan.

Relevant NCSEE standards This module aligns with the following National Contents Standards for Entrepreneurship Education (NCSEE):

- L.42 Establish relationship with client/customer.
- L.43 Determine customer/client needs.
- L.44 Determine customer's buying motives for use in selling.

More information on the NCSEE is available at: http://www.entre-ed.org/Standards_Toolkit.

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Overview, Continued

Topics

The topics in this module are:

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Exhibit

There are no exhibits in this module.

Before you begin

After reviewing the above objectives for this module, determine whether you can already meet those objectives and consult your instructor if you can.

What Is the Role of Selling?

Impact on the economy Selling keeps the American economy thriving. This business activity impacts the economic condition by creating jobs that employ people in:

- the manufacturing of goods
 - the delivery of services
 - the sales of these goods and services.
-

Definition The American Marketing Association defines selling as “the personal or impersonal process of satisfying and persuading a prospective customer to buy a commodity or service, or to act favorably on an idea that has commercial significance to the seller.”

Challenge Most small business owners don’t like to sell or don’t know how to do it. They believe in their product and like to make the goods or perform the services, but often they don’t care for the selling function.

Solution By developing realistic sales goals and training employees to be skillful salespeople who close sales, you can strengthen your bottom line.

Sales goals – Plan your sales goals carefully. Once defined, state both long-term goals and short-term objectives in precise, measurable terms. Specify the time period in which the goals will be achieved clearly and realistically.

Salespeople – To be a successful salesperson, you have to be a good communicator, both speaker and listener, with a positive attitude and confidence in both your abilities and the product. The fundamental skills for selling include:

- developing a prospecting plan
 - preparing for the pre-call
 - planning the sales presentation
 - emphasizing benefits over features.
-

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What Is the Role of Selling? Continued

Key elements in selling

Product knowledge – Customers buy a product to address a need or desire. They're not purchasing the product, but its benefit to them. In order to make the sale, effective salespeople emphasize the benefits, not the features, of the product. So train them to convert the features into benefits specific to the customer.

Competitive advantage – Competitive advantage gives you a head start over other companies offering the same goods and services. The following guidelines apply to establishing a competitive advantage:

- Identify your target customer – the customer whose need your product will fill.
- Know the competition – their products, customer service, pricing, marketing program, and the benefits that they already offer your customers.
- Develop your sales strategy to include a bonus that your competitors don't provide. You'll generate sales while increasing customer loyalty.

Key point: Don't just try to keep up with the competition; this attitude puts your business in a reactive position. Set the pace for the competition by advertising aggressively and learning from previous results, both yours and theirs.

Advantage over large businesses

Small businesses keep in touch with their customers through close personal contact that makes it easier to satisfy customers' needs. This fact gives the small business an advantage over larger ones that have to seek customer input through less personal contact like surveys and polls.

Part I

The Selling Process

Introduction

An effective selling process attracts new customers as well as continues to serve old ones. Although there is no single method for successful selling, there are certain tasks common in any productive sales effort.

Stages of the selling process

Three basic stages to selling are fundamental. The table below defines the separate and distinct stages of selling and the tasks involved in each one.

Stage	Description
I	Finding your customers <ul style="list-style-type: none">• Identifying prospects• Preparing for the presale• Approaching the customer
II	Helping with the buying decision <ul style="list-style-type: none">• Determining customer need• Making the sales presentation• Handling objections• Closing the sale
III	Providing quality customer service <ul style="list-style-type: none">• Call back for thank you• Follow up on promises made• Suggestion selling

Finding Your Customers

Obtaining leads Obtaining leads is the process of identifying potential customers. By identifying the people most likely to become customers and listening carefully to what they tell you they need or want, you derive two major benefits:

- You know how to best approach them with your sales presentation.
 - You show them that you care and develop trust and loyalty from them.
-

New customers and current customers Leads are the name, contact information, and available background data for anyone who might become a customer. Potential customers include both new prospects and loyal returning customers.

New customers – Find new customers and create positive relationships with them. You can make contact through sources such as:

- referrals from satisfied customers
- personal acquaintances
- surveying the customer base in a geographic area
- cold calls
- trade shows.

Current customers – Contact regular customers to sell them more or improved goods and services. When calling them back to follow up on a sale, it's a good time to apply suggestion selling techniques for upgrades or extended service.

Key point: Since all customers are different and their needs vary, your salespeople should treat them like individuals. An effective salesperson respects the differences and appeals to each customer with the specific benefit that they need from the product.

Non-example: The shotgun approach to pursuing leads is a random, unorganized exercise that leads to inefficiency and lost revenue. Choose a methodic approach to ensure viable prospects.

Early analysis At the point of obtaining leads, efficient salespeople analyze potential customers according to whether they can actually afford the product and have the authority to buy it.

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Finding Your Customers, Continued

Types of customers

Although customers are of many different types, there are some characteristics that they have in common. The table below presents some ideas for handling different types of customers.

Type	Characteristics	How to Handle Them
Browsing	<ul style="list-style-type: none"> • Say they're just looking. • Move slowly and touch merchandise. • Move away when approached. 	<ul style="list-style-type: none"> • Be pleasant and welcome them to look. • Don't pressure them. • Invite them back to the store.
Talkative	<ul style="list-style-type: none"> • Are friendly and jovial. • Like to talk and gossip. • Will discuss personal matters. • Will delay other customers. 	<ul style="list-style-type: none"> • Listen to them, but don't get personal or gossip. • Redirect them back to the topic. • Don't get impatient.
Silent	<ul style="list-style-type: none"> • Aren't positive in nature. • Aren't enthusiastic or eager. • Talk very little. 	<ul style="list-style-type: none"> • Don't talk too much. • Watch their actions. • Demonstrate the merchandise. • State selling points slowly. • Ask "Yes" and "No" questions.
Undecided	<ul style="list-style-type: none"> • Continually change their minds. • Are afraid of not getting their money's worth. • Want to go home and think about it. 	<ul style="list-style-type: none"> • Help the customer decide. • Be firm and convincing. • Show a variety of merchandise, one item at a time. • Look for signs of interest.
Decided	<ul style="list-style-type: none"> • Know what they want. • Are businesslike in nature. • Are direct in manner. • Ask for specific merchandise. 	<ul style="list-style-type: none"> • Show the merchandise quickly. • State selling points in a direct, businesslike manner. • Let customer do the talking. • Use caution in suggesting substitutes.
Impatient	<ul style="list-style-type: none"> • Act quickly and abruptly. • Act nervous. • Demand attention right away. • Talk fast and loud. 	<ul style="list-style-type: none"> • Serve them promptly. • Sympathize with their problems. • Be alert and act quickly. • Use caution in suggesting substitutes. • Cover the steps of the sale as soon as possible.

Helping with the Buying Decision

Introduction With the knowledge of what the customer needs or wants, the salesperson can present different lines of goods or services to the prospect.

What the customer goes through Potential buyers go through a decision-making process before making the purchase, which allows opportunities for your sales staff to make a difference by providing information. The phases of the decision-making process that customers experience are:

- recognizing that they have a need
 - searching for information
 - evaluating the alternatives
 - deciding what to buy
 - requesting attention after the sale.
-

Sales approach When the salesperson approaches a customer for the first time, the impression the salesperson make leads to either success or failure. Encourage your sales staff to set themselves up for success by being neat and polite and by projecting a confident and compassionate image. The table below describes ways to ensure that salespeople make a good first impression with customers.

Source of Lead	Suggestion for Initial Contact
Referral	Personal introduction by the person whom the customer and seller have in common.
Retail	Since the customer has chosen the store, the salesperson confirms the value of making that choice by greeting them warmly and offering to help without being pushy.
Cold calls	Be respectful of the customer's time and interest. Introduce yourself and be honest and open about your intention. Be ready to gently address objections.
Trade shows	Since the customer has already expressed an interest in the product featured at the exhibition, be prepared to provide detailed product knowledge and answer probing questions about its benefits.

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Helping with the Buying Decision, Continued

Identifying the customer's expectations

As soon as your sales force has made contact, they should identify the expectations of the potential customer. The following guidelines apply to conducting a needs analysis:

- Avoid close-ended questions that require just a “Yes” or “No” answer. They provide little valuable information.
- Utilize active listening and probing questions to determine how to completely satisfy the customer.
- Ask open-ended questions that require the prospect to better define what they need or want.

Example: “What kind of fence did you have in mind, Mrs. Smith?”

Non-example: “Did you want a wooden privacy fence, Mr. Jones?”

Sales presentation

After identifying the customer's needs, the goal of a sales presentation is to stimulate interest in the good or service and motivate the prospect to make the purchase. The following guidelines apply to making an effective sales presentation:

- The salesperson must initially attract the potential customer, but then the salesperson has to hold the customer's attention.
 - Involve customers in the presentation. Make it as interactive as possible by including them in a demonstration or asking for their opinion.
 - Limit the choices you give potential customers and allow them to focus on the right product for them. If you give them more than three choices, research shows that the chances of making the sale decline.
 - Point out the benefits of the product to the customer, not its features. Turn features into benefits that fill the customer's need.
 - Listen closely and don't do all the talking. Give customers a chance to express themselves, and your salespeople can learn a great deal about what it will take to make the sale.
-

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Helping with the Buying Decision, Continued

Canned vs. tailored approaches

Canned sales approaches rarely generate sales. It takes a solid analysis of potential customers to identify their needs and desires in order to develop an effective approach. Your strategy depends on the potential customer's:

- mental agility
 - flexibility and the pace of the industry
 - job knowledge
 - understanding of the details of the product
 - experience and confidence
 - need for the goods or services
 - attitudes at the time of the presentation.
-

Techniques for your sales presentation

Features and benefits selling – Through active listening and probing questions, salespeople can determine the benefits that a customer expects of your product. People buy because of the benefits they gain, not its individual features. Give the potential buyer the information for which they're searching by explaining how each feature translates into a benefit that they will enjoy.

Example A: A customer doesn't choose a landscaping company because of the equipment they own or techniques they apply to your lawn, but because of the beauty of the lawn's appearance that elicits compliments from neighbors.

Example B: The table below presents some examples of features and benefits.

Feature	Benefit
Acrylic paint	Maintains its look like new
Adjustable lumbar support	Provides comfort over long periods
Increased number of flights	Convenience to the airline customer

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Helping with the Buying Decision, Continued

Techniques for your sales presentation (continued)

Suggestion selling – After your salesperson has made the initial sale, he or she can suggest different products to supplement the purchase. This technique to increase sales illustrates to the customer that by purchasing additional goods or services now, he or she can save time and money in the future.

Note: Suggestion selling can be done at the time of the original purchase to expand the sale or during the post-sale follow-up as part of customer service.

Example: The classic example of suggestion selling is in the fast food industry when the server asks, “Would you like fries with that?” The customer often welcomes the suggestion and accepts the offer. Besides the additional item purchased, the customer feels that service is enhanced because of the extra effort in serving them.

Adoption selling – If a product has been on the market for a while, the customer may decide to adopt it. The adoption process is the decision by an individual to become a regular user of the product. Adoption involves the customer gaining an awareness of the need for the good or service and then accepting a trial and evaluation period before actually adopting it.

Key point: Your sales staff can both help the potential customer identify his or her need for the item and provide the information he or she needs to make a purchasing decision.

Example: A college student has used an inexpensive cell phone throughout her college years for convenience and affordability. Once she graduates and get a good job, she is in the market to upgrade. So, she investigates other phone models and adopt one with more features that best satisfies her need.

Counselor selling – This approach is buyer-centered and based on providing a service to customers by fulfilling their needs in a face-to-face situation. The counselor salesperson goes to great lengths to respond to customers’ needs and wants, and the salesperson modifies the sales presentation to be a two-way communication activity that addresses the specific requirements of the customer.

Key point: Counselor selling is planned and personalized communication designed to influence customer buying decisions and satisfy customer needs and wants.

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Helping with the Buying Decision, Continued

Making adjustments

Once motives have been identified, a productive salesperson tailors the sales presentation to appeal to the motive uncovered in the customer's expectations.

Reasons to adjust – Customer buying decisions are strongly influenced by factors that you can't control. It's easier for the sales staff of a small business to modify their plans and strategy in response to the fluctuations, giving small firms an advantage over larger firms. The factors that affect your sales strategy are:

- cultural
- social
- personal
- psychological.

Gauging customer reaction – Another factor in satisfying customers is gauging their reaction to what the salesperson is saying to them. These nonverbal responses serve as cues to the observant salesperson. Facial expressions and body language indicate exactly what the buyer is looking for.

Handling objections

When a prospective customer raises an objection during the sales presentation, resourceful salespeople consider the objection as evidence of a mismatch between what the customer needs and what is offered. Take this opportunity to highlight more benefits or reemphasize the ones already stated.

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Helping with the Buying Decision, Continued

Handling objections (continued)

Common objections – The table below presents some common objections and how to respond to them.

Objection	Response
The customer is not convinced that he or she needs the product.	Provide additional information about the product, emphasizing the benefits and how it fills the void.
The customer has insufficient information to make a decision.	Provide more details on the benefits of the product. Review any details that may have become lost in the process.
The price is too high.	State the value of the product and how it justifies the price. If that doesn't resolve the issue, suggest a less expensive alternative. (You can offer a payment plan if available.)
The customer has false information.	Provide accurate and complete information. If you don't have an answer, tell the customer you'll find out and get back to him or her with the details.
The customer wants to think it over.	Don't be pushy. Encourage the customer to take his or her time and welcome him or her back when ready. If appropriate, review the product's benefits.

Hard and fast rules – Two rules that should always be followed are:

- Never argue when overcoming objections. Putting up an argument is the best way to lose the sale.
- Never magnify an objection. The longer you discuss an objection, the more significant it seems.

Methods in answering objections – Use these methods to answer objections during sales presentations:

- With the “yes-but” method, the salesperson agrees with the customer, but points out an advantage equal to or greater than the objection.

Example: “Yes, I understand how you feel about traveling during the off-season. But air travel and lodging prices are significantly lower during the off-season.”

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Helping with the Buying Decision, Continued

Handling objections (continued)

- With the “boomerang” method, the salesperson attempts to turn the objection around and direct it back at the prospect in the form of a reason to buy the product.

Example: A carpet cleaning company representative is selling the steam cleaning method.

Customer: “You mean you aren’t going to use soap to clean my carpet? I can’t believe that you can get it clean.”

Salesperson: “We’ve found that soap residue resulting from conventional carpet cleaning is the main cause of new soiling. With steam cleaning, we clean your carpet without leaving soap residue so your carpet stays clean much longer.”

- With the “direct question” method, the customer isn’t ready to buy but hasn’t raised any objections about why they won’t buy the product. These objections are hidden or unexpressed. The salesperson asks direct questions such as who, what, where, and when.

Examples: “What color did you buy the last time?”
“When did you start to think you needed a tune-up?”
“Where did you buy your last car?”

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Helping with the Buying Decision, Continued

Closing the sale Closing the sale is getting the customer to agree to make a purchase. The only sure way to get an order for a good or service is to ASK FOR IT. This step sounds easy, but many sales have been lost simply by failing to ask for the order. Closing the sale can be very natural if the salesperson has suggested the right product to meet the customer's need or desire. The table below describes formulas for some of the most successful closing techniques.

Technique	Description						
Puppy dog close	<p>The salesperson encourages the potential buyer to enjoy an opportunity to try the product at home with no obligation to buy it.</p> <table border="1" data-bbox="537 720 1386 835"> <thead> <tr> <th data-bbox="537 720 979 756">If the product is a...</th> <th data-bbox="979 720 1386 756">Then offer the prospect a...</th> </tr> </thead> <tbody> <tr> <td data-bbox="537 756 979 793">good</td> <td data-bbox="979 756 1386 793">free sample.</td> </tr> <tr> <td data-bbox="537 793 979 835">service</td> <td data-bbox="979 793 1386 835">free trial period.</td> </tr> </tbody> </table>	If the product is a...	Then offer the prospect a...	good	free sample.	service	free trial period.
If the product is a...	Then offer the prospect a...						
good	free sample.						
service	free trial period.						
Closing on a minor point	<p>Highlight a feature of the product that you know appeals to the prospective customer.</p> <p><u>Example</u>: "Would you like leather or cloth interior in the car?"</p>						
Offering special incentives	<p>Entice the prospect to make the purchase by adding an incentive to the offer.</p> <p><u>Example</u>: "If you schedule a service visit today, we'll give you a portable TV free with the first appointment."</p>						

Formula vs. counselor approaches

The above closing techniques are formulaic. They contrast with counselor selling, an approach tailored to specifically address the customer's expressed needs and desires. The above methods apply a pre-selected technique.

Continued on next page

Helping with the Buying Decision, Continued

Industrial vs. retail selling

Small businesses that sell to industrial users must have a thorough technical knowledge of the product. Because the product must fit the exact buyer specifications, there is more research and planning than in retail sales. In retail, the customer often walks in off the street and buys off the rack.

Industrial approach – Selecting the best approach depends on how well you’ve researched prospective buyers and their needs. The following guidelines apply to developing an effective industrial approach:

- On your first call, make the conversation product-oriented. You’ll learn a lot about the company and its culture during this interaction.
- On your second call, use the information you gathered during the first call to tailor your presentation to fit the customer’s expressed and perceived need.
- Open the visit with a friendly handshake and personal greeting using the customer’s name.
- Make an opening statement of a nature that breaks the ice.
- Begin your presentation by introducing your company and emphasizing its ability to deliver the goods or services needed.
- Present referrals from other satisfied customers as appropriate.
- Offer your thoughts and ideas on the product that you have to offer.

Retail approach – The merchandise approach is commonly used in retail selling. Begin by making a comment or asking a question about the item of interest to the customer. This directs the customer’s attention to the product’s features and benefits.

Example: A salesperson approaches a customer looking at a sweater.

Salesperson: “Did you know that this sweater is 80% wool and 20% Dacron? It’s wrinkle-free and the wool provides great warmth while still being washable.

Customer: “It’s washable? No ironing? Great! What colors do you have in my size?”

Providing Quality Customer Service

Introduction Make your sales program comprehensive by including exceptional customer service AFTER the sale has been made. This post-sale attention creates positive feelings of trust and loyalty and lays the groundwork for future sales.

Rationale A quality customer service program increases the likelihood of repeat business and referrals by satisfied customers. Each satisfied customer becomes a center of influence, eagerly referring friends and associates to your company.

Purpose A good salesperson follows up on after the sale to make sure that the customer is totally satisfied. Post-sale activity includes calling back to:

- ensure that all promises made were kept
 - say “Thanks” for making the purchase
 - apply suggestion selling techniques to expand the sale.
-

Part II

Profile of the Successful Salesperson

Introduction	Customers are usually hesitant when making purchasing decisions, even if the purchase is in their best interest. A salesperson with the right stuff has the ability to communicate the benefits of their product to potential customers and interact in a way that promotes trust and good will.
Rationale	Customers respond to competent salespeople by continuing to buy and by referring new business to them and their company.
Matching need and product	Selling is essentially your salesperson matching the customer's needs with the goods or services available. The more skillfully the salesperson listens and responds to what customer say they need or want, the better the salesperson is at making the match and closing the sale.
Preparing for each sale	Your sales staff needs to be willing and eager to prepare for each sale. Selling is based on the organized presentation of facts in a coherent and appealing way. This objective is best achieved when the salesperson has prepared by listening to and understanding the needs and wants of customers.

Personal Traits

Introduction Salespeople are a different breed. They possess a very specific set of traits required to be effective. The main characteristics of good salespeople are described below.

Pride Effective salespeople take pride in their work and accomplishments. Serving people by meeting their needs is rewarding and satisfying, and it gives the salesperson pride.

Dependability Customers rely on your sales staff to locate the product, have the goods delivered or services arranged, and then answer questions about the product. By being there to fill these requirements, your salespeople fill a very important role for the customers.

Proactivity Being a good salesperson means anticipating the customer demand and addressing it. It requires drive and ambition, initiative and enthusiasm. Working with customers to fill that need is what selling is about.

Integrity and honesty Your salespeople are challenged with the duty of gaining the respect of customers. In order to accomplish this goal, they have to be honest and open when dealing with customers. Their reputation reflects directly on yours, and their honesty is the cornerstone for a good position within the community.

Personality The effectiveness of your sales staff depends on how they interact with customers on a personal level. Personality is viewed in three ways, each one having an impact on sales.

- The first perspective is your own impression of your personality. This outlook may or may not be accurate. Listen to how others react to you and decide whether you really project the type of person you want to be.
- The second viewpoint is the personality that you want to develop. Successful salespeople continually strive to improve their personality.
- The third view of your personality is the one that you reflect to others. People tend to see only what they want to see in themselves. The view of others may require you to conduct a self-assessment of the personality that you project outwardly.

Skills and Knowledge

Introduction Just like with personal traits, salespeople possess a very specific set of skills and body of knowledge that enable them to be successful. The basic skills of good salespeople are described below.

Interpersonal skills Like the trait of personality, interpersonal skills allow the salesperson to earn the customer's trust and loyalty. If salespeople connect with customers on a personal level, they can determine what customers really need and then present the right solution to fill that void.

Communication skills Since communication is the bridge between buyer and seller, the salesperson relies on both expressive and receptive communication skills to help the customer make a buying decision. It's vital to speak and listen well, to speak confidently and listen intently.

Product knowledge Product knowledge is very important to the successful salesperson. The salesperson needs to know what he or she is talking about in order to appear both confident and competent.

Preparation – When gaining product knowledge, your salespeople should prepare by studying the product they're offering in great detail. A lack of knowledge has a negative impact, whereas a thorough knowledge impresses the customer and gives the salesperson a definite advantage.

Example: When offering banking services, the bank associate needs a complete and accurate knowledge of types of savings accounts in order to help the customer compare benefits such as rates, convenience, etc.

Content – The product knowledge that salespeople need to have includes:

- proper name of the product
 - background on the manufacturer or service provider
 - details about the product (composition, description, etc.)
 - uses and purpose
 - processes and procedures involved
 - guarantees and/or warranties.
-

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Skills and Knowledge, Continued

**Product
knowledge
(continued)**

Sources – Your salespeople can find the relevant information in a variety of sources including:

- printed material (manufacturer literature, brochures, training manuals)
 - advertisements
 - peers and supplier representatives
 - industry literature (magazines, newsletters, books)
 - established customers
 - personal experience.
-

Training Salespeople

Introduction	Sales training includes a wide range of instructional activities. Each method gives salespeople a specific type of knowledge or particular skill that enhances their performance as a member of your sales team.
Basic selling skills	Developing a basic selling skills training program will enable your salespeople to improve their personal skill set. The delivery method for selling skill training can be classroom, self-study, or on-the-job. Many training organizations offer canned programs that you can buy and then tailor to suit your own need.
Role-playing	Role-playing is excellent for developing the salespeople's skills in identifying a customer's needs and giving them confidence. In this method, the salesperson acts out the customer-salesperson relationship. It enables the seller to see the sales experience from the customer's point of view.
Product knowledge	This area can always be enhanced by the salesperson studying the good or service they're selling. This information can be conveyed during sales meetings where you can discuss new benefits and features, or it can be done during slow periods by having the salesperson research any reference material on the product.
Your role as manager	<p>Recruiting and hiring – Before training even begins, you have to recruit and hire the right people. Certain types of people are more likely to succeed in sales, and a carefully crafted job description and interview script will assist you in making sure that you hire qualified candidates.</p> <p><u>Key point</u>: Once the interview is over, the training begins and your steep investment in human resources will start paying off if you've chosen the correct person for the sales job.</p> <p>Motivating – Your leadership and rewards system can be very motivating to the sales team. Find the most effective motivators and adapt your reward system to reinforce positive sales results. You'll be well on your way to a successful sales program.</p>

Part III

Customer Buying Motives

Definition Buying motives are the needs, desires, and impulses that convince a customer to purchase a particular good or service from a company. Buying motives explain why customers buy certain products and how they choose between vendors.

Basic needs People have basic needs that affect their buying decisions. The list of needs that they seek to satisfy for themselves and loved one includes:

- physiological needs – food, water, shelter, clothing, rest, and exercise
 - safety and protection – comfort, health, security (physical and job)
 - love and belonging – affection and acceptance
 - self-esteem – respect from self and others, achievement, and recognition
 - self-actualization – fulfillment of personal goals and potential.
-

Learned wants In addition to basic needs, people have learned wants that are acquired as they mature. These motives are largely a result of the environment in which we live and work. Some of the learned wants are:

- convenience
 - efficiency
 - dependability
 - bargain price
 - construction
 - design (style and beauty).
-

Identifying Motives

Introduction

Learning how to appeal to basic needs and learned wants helps the salesperson capitalize on buying motives and sell more. Some common buying motives are explained below.

Rational vs. emotional

Determine whether the customer is thinking rationally or reacting emotionally. The customer's state of mind at the time of the sale can be a clue to what he or she is motivated to buy.

Itch cycle

A customer may make a particular purchase because he or she has entered an itch cycle. Every product has its own itch cycle, or the point in time that the customer is eager to buy the newest style or latest version of the good or service. An alert salesperson tracks these cycles and follows up accordingly.

Example: After driving the same car for five years, most customers are ready to buy the newest model. The itch cycle for clothing is much shorter; people enter this itch cycle every year.

Factors Influencing Motives

Factors influencing motives There are a number of factors that combine to influence buying motives. Many cannot be impacted by the salesperson, but they are useful information in identifying customers. The table below describes some of these conditions.

Factor	Description
Environmental	
Culture	Culture is the largest of the groups to which we each belong. Culture is the most formative element in customer buying habits. Human behavior is mostly learned and what we desire from goods and services is based on the culture in which we live as we develop as customers.
Subculture	Each culture contains smaller subcultures, or groups of people, with shared values based on common life experience. Subcultures are based on nationality, religion, race, and geographic areas.
Social class	Every society has some form of social class structure based on income, education, occupation, etc. Social classes are relatively permanent and structured divisions in the community. Class members share similar values, interests, and behaviors, including buying habits.
Reference groups	Behavior is affected by many reference groups. These groups have direct face-to-face or indirect influences on a person's attitudes and behavior.
Family members	A person's family can be a strong influence on his or her behavior and values. The American family has been heavily researched for a variety of reasons, and buying motives is one of those reasons.
Roles and status	People belong to many groups – family, clubs, organizations, etc. The individual's position in each group can be defined in terms of role and status, each reflecting the general esteem given to it by society.
Personal	
Age and life stage	Age can be classified as groups – Baby Boomers, Gen X, Gen Y, and so forth.
Occupation	Occupations can be grouped as professional, technical, manual; or they can even more specific, like welder, car salesperson, or small business owner.
Economic situation	Economic situation is based on income levels (low and high) and current employment situation (employed or unemployed).
Lifestyle	Lifestyle is the way a person lives, based on patterns of consumption, relationships, entertainment, and way of dress. Examples include achievement-oriented and socially or environmentally conscious.
Self-concept	These are attributes of self-image and self-esteem.

Continued on next page

Factors Influencing Motives, Continued

**Factors
influencing
motives
(continued)**

There are a number of factors that combine to influence buying motives. Many cannot be impacted by the salesperson, but they are useful information in identifying customers. The table below describes some of these conditions.

Psychological	
Motivation	Motivation is the reason behind every purchase a person makes.
Perception	Perception is the taking in of sensory data, the receiving of information and impressions, which may then go on to generate feelings about a particular good or service.
Learning	Once a prospective buyer has learned about a product's benefits, his or her perception can change.
Beliefs/attitudes	Beliefs and attitudes can be impacted by a knowledgeable salesperson who promotes learning to change perception and ultimately motivate the buyer to make a purchase.

Part IV

Developing Your Sales Plan

Introduction

A sales plan is important because from the moment you conceive the idea for your business, you are competing for a share of the market. A detailed, long-range sales plan will guide you through each phase of business development.

Basic components

The basic components of your sales plan are:

- establishing revenue goals for the company
 - determining how to get a competitive advantage
 - developing a strategic action plan including:
 - identifying your target market
 - defining sales territories
 - setting sales quotas
 - developing a sales training program
 - creating a post-sale strategy.
-

Sales forecasts

After forming your sales plan, develop a sales forecast to predict the volume of product that you expect for a given time period. To estimate sales dollars, you need the following data:

- long-term sales trend report reflective of normal growth rates
 - conditions outside the business that may affect sales
 - conditions within the business that may affect sales
 - past sales figures
 - projected changes in population and demographics.
-

Negative consequences

If you don't draft a realistic sales plan, your sales strategy will become driven by external factors.

Crisis-driven – Without a plan, you react impulsively when a change occurs like you lose a key customer or there is a shift in the marketplace.

Competitor-driven – The other possibility is that without a plan, your business becomes driven by your competition. When they make a change – product, price or marketing strategy – you have to react without deliberation.

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