

PROFESSIONAL SALESMANSHIP – LECTURE 7

CHAPTER 7 – Strategic Prospecting and Preparing for Sales Dialogue

After completing this module, you should be able to

1. Examine the reasons why prospecting can be a difficult task for a salesperson.
2. Describe what strategic prospecting entails.
3. Identify where salespeople typically discover potential clients.
4. Recognize the significance of collecting and analyzing precall information to prepare for a sales conversation.

PROSPECTING: IMPORTANCE AND CHALLENGES

Despite its significance, many salespeople admit they struggle to dedicate sufficient time to prospecting. The primary reason for this challenge is their fear of rejection. Modern buyers are often busy and hesitant to engage with salespeople.

Salespeople can overcome these prospecting challenges and improve their ability to identify prime sales opportunities by adhering to a strategic sales prospecting process. This involves employing various prospecting methods, creating a strategic prospecting plan, and preparing thoroughly for sales conversations with prospects.

Strategic Prospecting

Strategic prospecting is a process designed to identify, qualify, and prioritize sales opportunities, whether they involve potential new customers or opportunities to expand business with existing clients. The primary goal of strategic prospecting is to enable salespeople to pinpoint the best sales opportunities in the most efficient manner, ensuring they use their valuable selling time productively.

The strategic prospecting process is often referred to as a sales funnel or sales pipeline because it visualizes the trust-based sales process in a vertical funnel shape. As salespeople progress through the strategic prospecting stages and other phases of the trust-based sales process, the funnel narrows. This is because only the most promising sales opportunities are pursued, and not all opportunities result in a sale or new customer relationship. For the most productive

salespeople, the funnel is typically much wider at the bottom, indicating they successfully convert a higher percentage of opportunities into actual sales compared to less productive salespeople. We will now explore each step in the strategic prospecting process.

Generating Sales Leads

The first step in the strategic prospecting process is identifying sales leads. Sales leads, or suspects, are organizations or individuals who might potentially purchase the product or service offered by the salesperson. This constitutes the pool of sales opportunities for a salesperson. For instance, if a salesperson is selling copiers to business markets, any organization that might need a copier would be considered a sales lead. Generally, having more sales leads is advantageous, but the identified organizations vary in the quality of sales opportunities they present. For example, large organizations might offer better sales prospects as they likely require more copiers than smaller ones.

Conversely, some organizations may have recently purchased copiers or are very satisfied with their current ones, making them poor sales opportunities. If salespeople simply generate leads and pursue most of them indiscriminately, they are likely to spend a considerable amount of time with organizations that are unlikely to make a purchase.

Determining Sales Prospects

The most productive salespeople assess sales leads to identify those that are genuine prospects for their product or service. This assessment process, known as qualifying sales leads, involves searching for, collecting, analyzing, and applying various screening procedures to determine if a sales lead is truly a promising prospect.

Prioritizing Sales Prospects

Even after the qualifying process has filtered out the least promising leads, the remaining prospects still vary in their potential. The most effective salespeople create an ideal customer profile and compare their prospects to this profile to identify the best matches. Those that align

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closely with the ideal customer profile are considered the best sales prospects. Another method involves establishing specific criteria, evaluating each prospect against these criteria, and either ranking them or categorizing them into A, B, and C groups, with A representing the top opportunities. The sales funnel narrows further as the most promising opportunities are pursued, while the less promising ones are set aside.

Preparing for Sales Dialogue

The final step in the strategic prospecting process is to prepare for the initial contact with a sales prospect by planning the sales dialogue. While the information gathered thus far is useful, additional data is often needed to enhance the chances of success in the initial conversation.

Various sources and methods for effective strategic prospecting have been developed to suit different selling scenarios. Strong sales organization and successful salespeople will continuously employ multiple prospecting methods. Salespeople must regularly assess these methods to identify which ones yield the best results, while also evaluating and testing new methods for their effectiveness.

Cold Canvassing

Cold canvassing involves salespeople contacting a lead unannounced with little to no prior information about them. Cold calling is the most extreme form of cold canvassing, where salespeople either knock on doors or make phone calls to organizations or individuals without any prior contact. This method is highly inefficient, as only a small percentage of cold calls result in qualified prospects or lead to future sales discussions with them. Due to the high rate of rejection, many salespeople are averse to cold calling. The examples of the Polling Company and Foster's Promotional Goods in this module's opening vignette highlight the challenges associated with cold calling.

Networking

Salespeople can employ various networking techniques for effective prospecting. Many join civic and professional organizations, country clubs, or fraternal groups, where they can build relationships with other members. These connections can sometimes turn into prospects. Members might include influential community figures or key individuals in other organizations,

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acting as centers of influence who can help locate potential prospects. Professionals such as accountants, bankers, attorneys, teachers, business owners, politicians, and government workers often serve as valuable centers of influence.

Networking with salespeople from noncompeting firms is another valuable source of prospects. Business Networking International (BNI) is a formal organization where local groups consist of noncompeting salespeople who generate prospects for each other. Additionally, there are other sales and marketing organizations that salespeople can join to network and identify potential prospects.

Company Sources

Many companies possess resources or engage in activities that can aid their salespeople with strategic prospecting. Company records are a valuable source of prospects, as illustrated in this module's opening vignette. For instance, Foster's Promotional Goods uses a company database to generate qualified sales prospects. Salespeople can also review company records to identify previous customers who have not placed orders recently. Reaching out to these customers to understand why they stopped ordering could reveal opportunities to regain their business. Additionally, analyzing the purchasing behavior of existing customers can help identify opportunities to sell additional products.

Advertising inquiries are another potential source of prospects. For example, a manufacturer's representative in the natural gas industry praises his company's advertising strategy, which targets trade magazines likely read by their buyers. The salesperson's territory includes Idaho, Utah, Montana, and Wyoming, with the simple message: "If we can help you with any of your natural gas needs, please give us a call." These leads are then passed on to the salesperson, who manages the territory. Given the size of such territories, extensive coverage by a single salesperson is not feasible.

Published Sources

A variety of print and electronic sources can be highly beneficial for prospecting purposes. Published lists and directories, which are often available in both print and electronic formats, provide a cost-effective and convenient means of identifying leads. Nowadays, telephone books

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typically include a business section listing all the community's businesses, further categorized by business type. For example, one can easily find manufacturers, medical facilities, pharmacies, and grocery stores using the business pages of the phone book.

Directories can be invaluable sources of information if utilized effectively. However, it's crucial for salespeople to bear in mind that these lists start to become outdated from the moment they are published. Sending a letter to a buyer who is no longer employed by the company can reflect poorly on the salesperson. Companies undergo name changes, mergers, and address alterations, further emphasizing the need for vigilance in using directory information.

STRATEGIC PROSPECTING PLAN

A strategic prospecting plan should be tailored to meet the individual needs of the salesperson. Setting formalized goals acts as a roadmap for what needs to be achieved and helps maintain focus. Additionally, the plan should designate specific daily or weekly time slots for prospecting. By allocating dedicated time solely for prospecting, other tasks are less likely to encroach and disrupt prospecting activities.

A robust tracking system should also be integrated into the prospecting plan. This can range from simple methods like using 3- by 5-inch note cards to employing sophisticated computerized or online contact management or customer relationship management software applications.

Just as with other stages of the sales process, salespeople need to exercise judgment and prioritize their prospecting efforts. Time for prospecting is limited, and a deeper understanding of the concepts and techniques outlined in this module can enhance salesperson productivity. Moreover, engaging with genuine prospects who stand to benefit from the salesperson's offering can make the sales process more enjoyable for the salesperson.

PREPARING FOR SALES DIALOGUE: GATHERING AND STUDYING PROSPECT INFORMATION

After identifying potential customers, the salesperson initiates the process of gathering information. In this stage, the salesperson collects relevant details about the prospect to inform future sales interactions. This includes understanding the buyer's needs, motives, and specific circumstances. Some organizations invest significant effort in discerning both the salesperson's and buyer's communication styles. By adeptly sensing and interpreting customers' communication styles, salespeople can adjust their own interaction approaches to facilitate effective buyer-seller communication and foster stronger relationships.

Obtaining Information on the Buyer

Once a company has been identified as a potential client, a salesperson needs to conduct some preliminary research. The initial focus of this information gathering is on the individual prospect. Several key questions must be addressed to understand how the buyer will engage with the salesperson.

It's common for gatekeepers to prevent the salesperson from reaching the buyer over the phone if the buyer's name is mispronounced. Similarly, mail may be discarded unopened if the name is misspelled or the title is incorrect. Precall information serves to establish rapport with the prospect and tailor the presentation to meet the buyer's specific needs. Salespeople can build a relationship with prospects by discussing mutual interests, such as belonging to the same alumni association or supporting the same athletic team.

Gathering Information on the Prospect's Organization

Collecting information about the prospect's company enables salespeople to gain a deeper understanding of the working environment. Is the prospect currently sourcing from a sole supplier? For how long has this arrangement been in place? If the response indicates a long-standing relationship, such as 20 years, and the prospect expresses high satisfaction with the current salesperson, products, and services, then the salesperson should graciously thank the prospect for their time and redirect their focus to other accounts.

Sources of Information

A skilled salesperson utilizes all available information sources to gather valuable insights. Lists and directories contain essential details such as names, addresses, and phone numbers. The internet is also a valuable resource, as companies often provide ample information online. For instance, the Walker Group in Indianapolis assigns a dedicated individual to daily scour the web for critical information about clients and competitors. Salespeople have access to a wealth of current information and should leverage it to gain a competitive advantage. Additionally, secretaries and receptionists can provide helpful information, verifying names, titles, pronunciation, and correct spelling. Furthermore, collaborating with noncompeting salespeople can help fill in information gaps on various accounts.

Determining Other Buyers' Influences

As products become increasingly intricate, there is often a rise in the number of individuals involved in the purchasing process as buying influencers and decision makers. The salesperson should strive to identify these various influencers.

Observation and questioning are essential tools for the salesperson to determine the roles and levels of influence of each member within the buying team. Understanding the specific needs of each member should be prioritized before or during the presentation. For instance, department heads may be interested in how the product benefits their department, while the CFO may focus solely on the price aspect. During group presentations, it's crucial for all members of the buying party to feel engaged. The salesperson should ensure to address questions and comments to all potential decision makers present in the group.

SUMMARY

1. Explain why prospecting poses challenges for salespeople. Prospective buyers may prove elusive to contact due to unfamiliarity with the salesperson's firm and reluctance to engage with a new supplier. Moreover, buyers are inundated with calls from various salespeople, making it difficult for them to accommodate every inquiry. Additionally, gatekeepers, tasked with

screening their bosses' calls, often present barriers to salesperson access and may not always be accommodating.

2. Define strategic prospecting. Strategic prospecting entails identifying qualified potential customers, known as prospects. A prospect is considered qualified if they meet or surpass specific screening criteria established by either the salesperson or the sales organization. These criteria typically encompass financial capability, potential benefit from the product or service, accessibility to the salesperson, and the authority to make or influence purchase decisions.

3. Detail where salespeople typically discover prospects. Effective sales organizations and professionals employ a range of ongoing prospecting methods. These include soliciting referrals from existing customers, collaborating with noncompeting sales peers, purchasing directories or lists, advertising to attract interested companies, utilizing telemarketing, leveraging online resources, such as the web, employing direct mail campaigns, and engaging in observational techniques.

4. Recognize the significance of collecting and analyzing prospect information for sales dialogue preparation. Salespeople must gather comprehensive information about prospects to inform their sales presentations. This entails understanding the buyer's needs, motivations, and specific circumstances. The more insights a salesperson possesses about the buyer, the greater the likelihood of meeting their needs and ultimately securing their commitment.

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Examination

True or False

1. Prospecting can be challenging because prospective buyers may not want to take the time to engage with a potential new supplier.

2. Strategic prospecting involves identifying qualified potential customers who meet established screening criteria.

3. Salespeople can find prospects through various methods such as asking present customers for referrals, working with noncompeting salespeople, and telemarketing.

4. Gathering and studying prospect information is important to prepare for sales dialogue because it helps salespeople meet the buyer's needs and earn their commitment.

5. Gatekeepers are typically friendly and welcoming to salespeople trying to contact their bosses.

6. A prospect is considered qualified if they meet screening criteria such as being financially capable and able to benefit from the product being sold.

7. Advertising is not an effective method for generating leads because it rarely results in interested companies contacting the salesperson.

8. Salespeople should only focus on gathering information about a prospect's financial capability during the preparation stage.

9. Observing potential buyers is not an effective method for generating leads.

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10. The more a salesperson knows about the buyer, the less likely they are to meet the buyer's needs.

11. Prospects who have never heard of the salesperson's firm are typically eager to engage and learn more about their offerings.

12. Salespeople should direct questions and comments to all potential decision-makers present during group presentations.

13. Working with noncompeting salespeople is not a useful method for generating leads.

14. Gatekeepers are trained to allow all calls through to their bosses without screening.

15. Telemarketing is not an effective method for generating leads.

16. Salespeople should only gather information about the buyer's needs during the preparation stage.

17. Prospects who have never heard of the salesperson's firm are usually receptive to calls and eager to learn about their offerings.

18. Directories and lists are not useful sources for finding prospects.

19. Salespeople should avoid working with noncompeting salespeople as it can lead to conflicts of interest.

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Answer Key

1. True
2. True
3. True
4. True
5. False
6. True
7. False
8. False
9. False
10. False
11. False
12. True
13. False
14. False
15. False
16. False
17. False
18. False
19. False