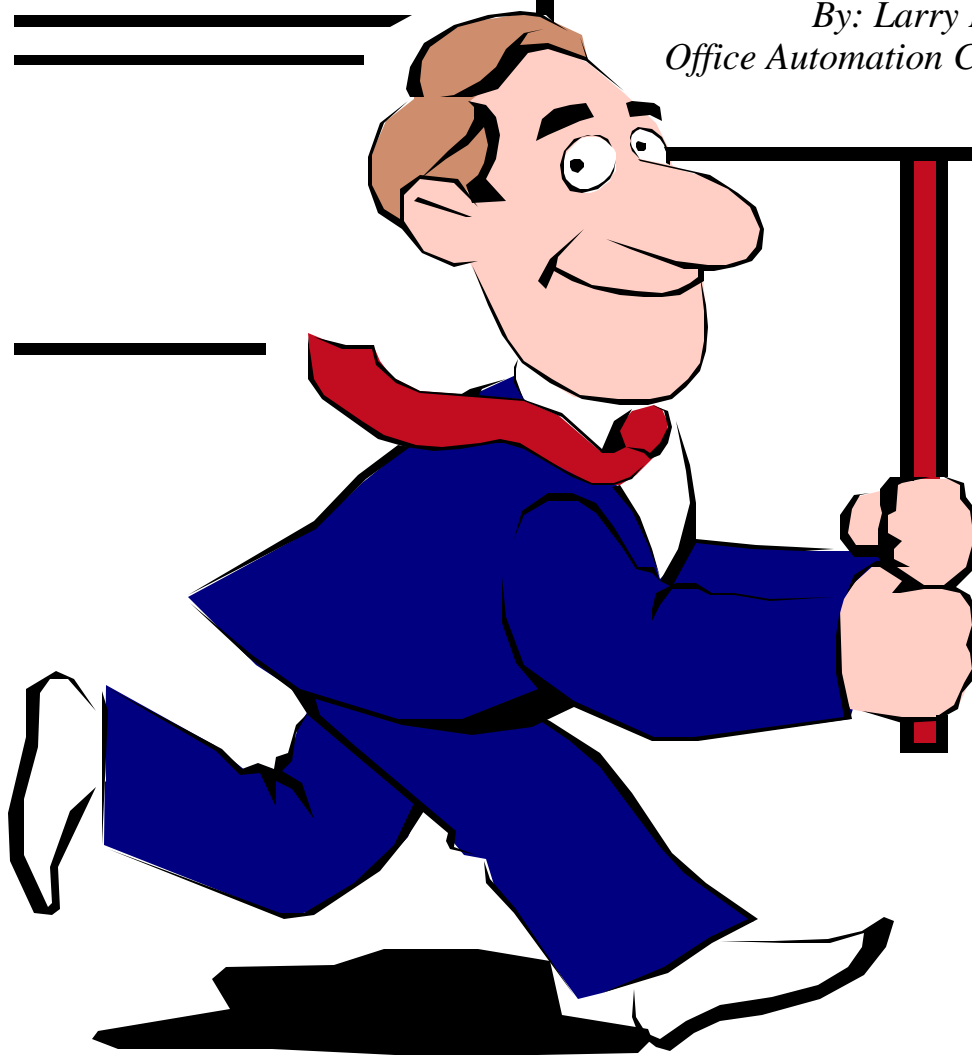


**\$ales Automation
&
Relationship Marketing**

*(Without the Risks, Hassles, High Cost &
Headaches)*

*By: Larry Breed
Office Automation Consultants, Inc.*



Sales Automation & Relationship Marketing

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INTRODUCTION

Common sense tells us that you must be in front of a prospective buyer when he or she is ready to buy, not when you are ready to sell. I believe that successful marketing is based on just that foundation.

A common sales practice, used by many companies to achieve this objective is to buy or create a prospect list, then mail a letter to each prospect on the list. If the prospect responds, a salesperson or telemarketer tries to get an appointment. Basically the seller is saying, *"I'm ready to sell you something. Are you in the 5% of the market segment that has an immediate need?"*

When the prospect says "No," either verbally or by not responding, the seller generally loses interest. The end result is usually a one time mailing, or sporadic mailings, that get poor results. Eventually the company gives up on mass mailing as a marketing technique.

Another approach, favored by many companies, is telemarketing, which is having someone call prospects to gather information and possibly set an appointment. Telemarketing usually generates better results than one-shot or sporadic mailings, but it has drawbacks as well. Telemarketing is disruptive to the prospect's day and can be very intrusive. (Stop and think how you feel when someone you don't know calls you in the middle of an important project or meeting?) If the prospect isn't ready to buy, you get nowhere. Even if you get "buying signals," but the prospect is still not quite ready to make the buying decision, the lead may fall through the crack. How often do your leads slip by? How successful is your lead follow-up system?

A Better Approach

For the sake of illustration, let's say that sales acquisition is like crop cultivation in farming. Using either one of the two methods just discussed, salespeople float from "prospect field to prospect field;" only harvesting the low hanging "fruit." Fruit that is not quite ripe (ready to buy) is left to wither in the field, or worse yet to be gathered by a competitor.

A better approach, and one with a proven success rate, is to have the prospect in control. Have them call you when they are ready. Making them feel comfortable instead of pressured. To do this, you must find a way to get the prospect to think of you when the time comes to buy. If you have already established such a relationship with a prospect, they are very likely to call you.

But how do you establish a relationship with a prospect without being intrusive or without spending a lot of money? -- In farming, crops are *drip irrigated*. This method supplies the right amount of water and nutrients to allow the crops to grow and ripen naturally. Crops are then harvested as they ripen and none are left to wither. The same results in marketing can be achieved through a "drip irrigation" method involving polite, continual, non-aggressive communication. You can do this by mailing a series of letters at regular intervals to

the prospect. Each letter reminds the prospect that a previous letter was sent, introduces one concept, and promises a subsequent letter on a particular date. The letter should be brief so the reader can quickly grasp their message, while at the same time you are developing your name recognition.

The Effect

In the process a relationship between you and the prospect will begin to develop. If a problem develops between the prospect and their current source, or if the prospect is facing an immediate need, there is a good chance they will call you. Getting the prospect to call you produces a level of commitment by the prospect that you cannot achieve through telemarketing or other forms of advertising. Many marketers try to limit the amount of contact they have with their customers because contacts cost money. If you correspond regularly with a prospect that has almost forgotten who their current source is, you will be the one called when it is time to buy or when a problem needs to be solved.

Drip Irrigation Works!

This marketing technique of polite, continual, non-aggressive communication develops name recognition, makes warm calls instead of cold calls, and will even have prospects calling you. This is not a theory. It works! Many studies, relating the number of contacts to sales success, have found that 80% of sales are made after six or more contacts, and most companies and salespeople give up after four contacts. *Persistence pays off.*

It's Simple - If You Have A Plan

If one-shot mailings and telemarketing are not bringing the results you had hoped, and you are interested in this approach, the question then becomes how can you implement a drip irrigation system for your company? How do you keep all of the letters flowing? How do you know which letter in a series to send to whom and when to send it? How will you measure results? Who is going to design the various marketing campaigns? How are you going to manage the effort? The answer is *Relationship Marketing!*

CONSIDERATIONS & CHALLENGES

Common Sales & Marketing challenges

1. Marketing is either a process or a problem. Most companies do not have an effective strategy of consistent, professional and targeted prospect contact for the specific purpose of building market share. Further, most companies have no systematic method of increasing revenue with the existing customer base.
2. Unsolicited (cold) telephone calls are considered intrusive and unprofessional.
3. Most advertising is un-targeted and does not cause the prospect to take any immediate action.
4. Initial sales calls (primarily to build rapport and probe for interest) are expensive and time consuming. The more remote the territory, the more expense incurred.
5. Sales professionals are difficult to manage. It is much more effective to manage the sales cycle.
6. Conditions within companies are dynamic. This means that the prospect that was not interested last quarter is now interested and qualified. Because the salesperson was not in front of the customer when he

was ready to buy, the business went elsewhere.

7. Statistically:

- 80% of all sales are booked after the 10th call.
- 48% of all sales people make one call and quit.
- 25% of all sales people quit after the second call.
- 12% of all sales people quit after the third call.
- Only 10% of all sales people keep calling.

10% of the sales people make 80% of all sales.

8. Almost all sales training focuses on closing and qualifying techniques. Most sales people are not involved in enough selling opportunities. Success in selling requires being involved in large numbers of selling situations as well as utilization of effective qualifying and closing techniques.

9. Because selling cycles are getting longer, the professional sales person must stay in contact with the prospect over an extended period of time. Management of critical details, dates and follow-up have become very important to the long-term success of a sales organization.

10. As product differentiation becomes more difficult, prospects base buying decisions on relationships with vendors perceived to be the most professional and service oriented.

11. Customers must be nurtured and continually reminded of their importance to the company. A two year study of why customers stopped doing business with a company revealed that:

- 1% - die.
- 3% - move away (relocate).
- 11 % - have other associations.
- 19% - prefer another vendor
- 24% - have had one bad experience.

42% - just felt "no one cares!"

Elements of a Successful Marketing Strategy

1. Sales efforts must be targeted at a specific market that is "predisposed" to investing in your product or service. Mass marketing through non-directed advertising is both ineffective and expensive.
2. The strategy must clearly state a unique selling proposition. This means that a unique and customer oriented benefit must be effectively and persuasively presented to the prospect. This benefit must state clearly why the product or service is superior to all others in the market and what benefit(s) the customer should expect to receive as a result of investing in your products or services.
3. All communication must be personalized and directed specifically to the decision makers.
4. Any successful strategy must be methodical. It is a basic premise of all successful marketing that a provider must be in front of the customer when they are ready to buy, not just when the company is ready to sell. While that may sound like *common sense*, it is not always *common practice* as to how most companies market. Most customer and prospect contact is sporadic, poorly timed and inconsistent. "One

shot" advertisements, sales letters and telephone calls do not provide the necessary consistency for any effective sales effort.

5. All successful marketing campaigns require that follow up be systematic, organized and provide management with necessary reports to monitor sales performance. "*You cannot manage what you cannot see*", is especially true in sales and marketing management.

Should You Automate Your Sales People or Your Sales Process...or Both?

I'm not suggesting that sales people don't need computers. I believe that a professional salesperson without a computer is at a severe disadvantage. Professional salespeople can use laptops for contact management, proposal generation, sales presentations, etc. The question is not if sales automation is a good idea, that's a given. The real question is, what's the best way to use sales automation to your advantage? I don't think it's the best use of your salespeople's time to be making cold calls on un-qualified suspects. I believe the best use of their time is in front of qualified decision makers.

Some Questions to Consider About the Traditional Approach to Sales Force Automation

1. How much does it cost to give every salesperson a laptop and contact management software?
2. How much time does basic computer training cost if your sales people are not computer literate?
3. What is the learning curve for implementing the new contact management software in addition to the basic computer training required? (This cost should also include the reduction of production during "start-up" time.)
4. What is the cost for network hardware, software, cabling, installation, training and maintenance?
5. What happens when the salesperson leaves the company? To the hardware? But most importantly - to your leads??
6. How can you build sales management into a contact manager? How many calls are the salespeople making per day? What about account history in the territory? Where are the prospects and clients in the sales cycle?
7. Will contact management help protect your customer database as a corporate asset?
8. Where do you want your sales people spending their time? (in front of qualified and interested prospects or in front of a computer screen entering data?)

How Relationship Marketing Is Different From Traditional Sales Automation

1. Relationship Marketing focuses the effort of salespeople on prospects that are qualified and interested.
2. Relationship Marketing does not require sales people to be computer literate and there is no computer hardware or software training required.

3. Relationship Marketing does not require capital expenditures for network workstations or laptops for sales people.
4. Relationship Marketing automates the entire selling cycle. There is no operator or sales intervention required. All pre-planned marketing campaign steps proceed without a sales person's involvement.
5. Management is informed about breakdowns in the selling cycle on a real time basis. Corrective actions can be taken as needed.
6. Because the sales administrator is the focal point for information, "turnover crisis" is eliminated. Damage control can go into effect overnight and notify customers immediately of any changes in their account rep.
7. Management approves all letters, steps and marketing strategies and oversees all phases of the sales and marketing system. This assures a team effort and a consistent message regardless of the messengers. It also ensures compliance to your overall selling strategy.

With Relationship Marketing, corporate management maintains control over the prospect/customer database and marketing campaign and sales cycle. Information becomes a protected corporate asset.

Automating the Sales Process with Automated Marketing Plans

An Automated Marketing Plan is a powerful new approach to sales automation designed with one purpose in mind... To help you increase sales and grow long-term, mutually beneficial relationships with your customers! To understand how the AMP works, it is first necessary to understand the underlying philosophy of this approach.

All selling efforts can be simplified into the following steps:

1. Identify a prospect.
2. Introduce prospects to your products and services.
3. Cultivate the prospect through follow up activities.
4. Close the sale when the prospect is ready to buy.
5. Service the account and grow the business.

While the sales effort can break down at any step, in many organizations the most common point of failure is in step 3. Marketing research on this subject has determined the following:

- 80% of all sales are made after the 10th sales contact.
- 48% of all salespeople give up after the initial sales call.
- 25% more give up after the second call.
- 12% more give up after the third call.
- 5% more give up after the fourth call.

Only 10% of all salespeople continue past this point. If this is true, it means that:

The persistent 10% of all salespeople, are making 80% of all sales.

There are many reasons why salespeople don't follow up well with all prospects, the most common are:

1. ***They don't like to:*** There are many salespeople who are great at prospecting, presenting and closing, but who don't like writing letters and other paperwork.
2. ***They are too busy:*** Many salespeople are focused on short-term opportunities, contests and quotas, and feel that they can't spend the time to cultivate long-term prospects. Their pay plan dictates their sales efforts.
3. ***They are not well organized, and lose track of when to follow up:*** Some salespeople allow things to simply "pile up", and have no system to remind them when it is time to get back in touch with someone.
4. ***They leave the territory and no one else continues their efforts:*** When a new salesperson takes over a territory, a transition is usually made with the "good" customers. Any prospects which the prior salesperson was cultivating are frequently dropped. Sometimes, if the old salesperson leaves the company he or she continues to cultivate the prospects, but for your competitor.
5. ***There is no formal plan as to how prospects are to be cultivated:*** Most organizations have never developed a plan for follow up, or if they have, it is not managed. The results are:
 - Few prospects are well cultivated, according to the individual salesperson's strategy.
 - Most prospects are poorly cultivated also, according to the individual salesperson's strategy.
 - Only a small percentage of the organization's prospects ever result in a sale or achieve their potential volume.

In an attempt to address this, many organizations are automating their sales force with computers and contact management software. While this may help a few salespeople become more productive, it cannot achieve the desired results alone. These systems do not directly address the basic problems listed above. Implementing traditional Sales Force Automation still leaves the following problems:

1. *Salespeople, who don't like to write letters, still don't write letters.*
2. *Salespeople who let things "pile up", still let things "pile up".*
3. *When a salesperson leaves the company, the new salesperson loses continuity with the prospects. In many cases, the prior salesperson may actually take their "contact database" with them.*
4. *There is still no formal plan to be followed.* Each salesperson is in control of their own prospects, in the way that they see fit, not as management plans it.
5. *Organized salespeople will be better organized and will save time. Poorly organized salespeople will be automated, but still poorly organized.*

To achieve the desired results, a selling system must address each of the problems listed earlier by meeting the following two design objectives:

The system must have a formal plan: Automate the Sales Process, not just the Sales People.

Management must design a plan of how, when and what prospect follow up is to occur. The system must automatically manage the activities for each prospect, assuring that nothing and no one "falls through the cracks". The letters and reports for all salespeople must be automatically produced without intervention by the individual salespeople. The salesperson's only involvement should be to sign letters, to take action based upon follow up reports and to indicate the future course of events to be taken for each prospect according to the plan.

The system must be centralized:

By being centralized, one person can be responsible to manage the system, providing consistency to all prospects regardless of which salesperson is working with them. By being centralized, prospecting activities are also protected against disruption occurring during transition to a new salesperson. All contact with the prospect will automatically continue.

A Sample Automated Marketing Plan (AMP) for Suspects/Prospects

1. The SALES CALL: While each sales call and each prospect are different, the general sales process is relatively predictable and therefore can be automated. For example: When a salesperson makes a sales call, assuming they make contact with the prospect, the prospect will usually respond in one of 3 ways:

- A. "I am not interested".
- B. "I am not interested now".
- C. "I am interested".

After the call, the sales person would make some general notes, classify the account according to the response received and call, fax or personally deliver the information to the sales administrator.

2. The RESPONSE & RELATED ACTIONS:

- A. Not interested now - Send a letter to thank them for their time, acknowledge their lack of need or interest at this time and let them know that you will keep in touch just in case their situation changes. Put them on an Automated Marketing Plan (AMP) that will send them a series of letters every 30 days for 3 months and then place a To Do on the appropriate sales person's calendar to follow up with a personal call. Based on the outcome of the follow up call, (once again, you will should receive one of the same three responses), you can continue on the same track or activate a different track.
- B. Not interested - Send a letter thanking them for their time, acknowledging their lack of need/interest at this time and wishing them success in the future. Put them on an AMP to send them a letter, fax, email, etc. every 90 days just in case their needs or their responsibilities change. Call them every 6 months. Depending on their response, assign them to the appropriate AMP to continue to stay in touch in a polite, non-intrusive manner.
- C. Interested now - Send a letter, fax or email thanking them for their time and confirming your next step, i.e, send information package, set appointment, etc. After the follow up, determine the most logical next step and activate the next appropriate AMP.

If you want to automate your sales force, there are hundreds of good programs to choose from ranging in price from \$free-\$3,000 per user. However, if .

1. You want to automate your sales process
2. Keep sales people busy following up on good, qualified leads with prospects that are ready to buy.
3. Protect your corporate database
4. Your sales automation budget is limited . . .

Relationship Marketing with Automated Marketing Plans might be the answer!

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