

## **Business Performance Improvement: Kissing Frogs**

Key points:

- Fully understand your customer's needs – do the research and ask the questions.
- Ensure your proposition is presented as a clear solution to the needs.
- Ensure your proposition is presented as a value solution.
- Segment your proposition and your market and use the information to carefully target your sales and marketing efforts.
- Avoid reducing prices and discounting as it devalues what you have to offer.

During periods of economic turmoil, we believe that the very best strategy is to be expansive, growing away from the problem, rather than hunkering down hoping that it will pass you by. To grow you need to gain more new customers, more new orders and more repeat business. This is of course a good strategy regardless of the economic environment but it becomes a *must have* strategy when the market is shrinking, putting your business under increased pressure.

We are also of the opinion that the recession is already over – yes over – because what we are dealing with is the “new normal”. Rather than recession, what we see is a regression with all aspects of commercial activity, including buying behaviours, returning to a time when things were more orderly. So, in effect, there will not be a recovery from the recession; most businesses and consumers are already finding a new base line that they can consider as normal. The sooner that we all learn to prosper in the current economic climate, the sooner we will be back on the path to a secure future.

In the previous article we talked a lot about cash flow problems and a guaranteed cause of cash flow problems is falling revenues arising from a falling order book. Falling revenues also quickly filter through to damage your profit and therefore your ability to invest in your business leaving you weakened and ill prepared for the growth opportunities which will appear. So, maintaining or increasing revenue levels at sensible margins is an essential strategy for these difficult times.

A recent survey covering a wide cross section of types and sizes of companies identified that 88% of business is gained by selling existing propositions to existing customers. In

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considering the four possible combinations of new/existing propositions to new/existing markets the existing/existing combination may appear to be the safest strategy leading, perhaps, to the very high 88% figure. However, this is a very limiting strategy even when times are good and when times are tough, this approach will almost certainly lead to shrinkage in your business with all of the problems that will bring. Many businesses are over exposed to too few customers so the existing/existing strategy is very risky indeed.

Our philosophy, during these difficult economic times, is to re-double our business development efforts looking for new customers, new orders and add-on business with existing customers. This is the time to increase all forms of selling and marketing effort not to reduce it. It is even a good time to consider presenting a new proposition to a new market. New/new is often considered to be the most “scary” of the four possible strategies however, doing things that your competitors won’t be expecting is always a good tactic. As always, you will need to carefully do your research but don’t abandon new/new without really considering the potential for growth that it might provide.

Regardless of your chosen strategy, now is the time to ensure you really understand what your customers’ needs are. One of the most significant aspects of the current economic downturn is that individuals and businesses have largely stopped spending on non-essentials. Buying decisions are now almost entirely focused on satisfying needs not wants which is why retail is being hit so hard – for years they have been creating extra demand by supplying products to satisfy the wants.

Therefore, it is very important that you understand the true needs of your customers and prospects. If they have a real need and you can demonstrate how you will satisfy that need then they will want to talk to you. The dictionary defines a need as “.. *essential or very important rather than just desirable*”, so you must use an analytical process to understand the customers’ situation and the real problems which can then be solved by you.

Once you fully understand the problems experienced by specific parts of the market and more importantly individual prospects and customers you will be in a position to decide

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how your proposition must be presented to provide a solution. If you are solving a problem for your customer then you are clearly responding to a need not a want.

In presenting your proposition you must ensure that you clearly demonstrate the value the customer will derive by using your solution. You must therefore understand their business issues and present your solution demonstrating how it solves their problems. Recent times have led a lot of companies to hone their skills in presenting price based arguments whereas what is now required is the presentation of cost and value based arguments which make it clear to the customer what payback they will get and by when.

**Work harder - there will be fewer customers willing to spend so you will have to kiss more frogs to find your prince.**

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