Selling in A Pandemic Economy

Experienced executives all know that markets are cyclical. Downturns are followed by upturns, which then eventually lead to another slowing of business.

During a down economy - typically, when revenues decline by 10 percent over the previous year for two quarters in a row -- sales organizations tend to hunker down. Managers implement a hiring freeze and might even lay off staff. Moreover, they cut back resources, for instance, reducing sales training or eliminating it altogether. All this seems natural and sensible. As that old saying goes, you need to tighten your belt when times are lean. It all makes such good sense, right? Wrong!

In fact, I believe that cutting back in a down economy is the worst thing that sales organizations can do because it often just makes them all the more vulnerable to the competition -- and it leaves them woefully unprepared for when the market picks up. Instead, a business that doubles down on its sales resources will be better able to weather the storm and emerge from the tough times as a far stronger and more competitive organization. Indeed, a careful analysis of data from numerous studies show that top sales organizations tend to use such a counterintuitive approach, redoubling their efforts to handle economic downturns.

The hard truth is that no company has ever been able to achieve long-term success based on budget cuts. Instead, every business that succeeds *over* the long haul knows that it needs to invest in order to grow. As the saying goes, you have to spend money in order to make money. And that's why top sales organizations take advantage of a slow economy by hiring people while the competition is handing out pink slips. After all, more feet on the street will land more sales. But ramping up resources is only part of the solution. Companies also need to be smarter and more efficient about how they deploy those resources.

In a down economy, everyone needs to get out and sell. and this includes first-line, district, and area managers. Those individuals all need to have quotas, and they should be spending more time with customers and less time in the office, even though that might mean fewer meetings and less involvement with reporting. A good practice is to have your operations or production department (or whichever group is responsible for implementation after a sale) involved earlier in order to get salespeople away from a deal as soon as it closes (so that they can concentrate on signing other customers). Moreover, sales activities should be prioritized in the following way.

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1. **Secure existing customers.** In a slow economy, competitors who are desperate for new business will offer big discounts to poach customers from you. That's why you need to pre-empt such maneuvers by strengthening all relationships with your existing accounts. Emphasize with customers that you're in the same boat together and that you are going to help them weather the storm. They'll appreciate the concern and the attention - and they'll be more likely to reward you with their loyalty. You need to be in contact with the economic buyers (that is, those individuals who have final approval) at your existing accounts. You don't want to be blindsided in the future by their defecting to a competitor, and one way to avoid that is to regularly ask them the following question: "What could we be doing better in our relationship with you?"

2. **Re-visit accounts that got away.** Again, it is usually easier and more efficient to sell to people you already know than to try to forge new relationships. That is why, in any recessionary period, it's smart to seek out former customers or to reach out to previous prospects who ended up choosing a different product or service. After all, in a downturn, your competitors might be going out of business, laying off employees, cutting back on customer service or otherwise putting into practice a number of actions that are annoying or alienating their customers. Why not take advantage of that? In times like that, face- to-face visits could win back old customers or persuade former prospects to give you another shot at their business -especially if they 're feeling ignored by your competition.

3. **Prospect for new business.** Because your competitionon might be making poor tactical decisions in an economic slowdown (cutting back services, letting go of salespeople, and so on), you might be able not only to reclaim former customers and prospects but also to pick up completely new business. In any recession, an account that previously seemed locked up by the competition could often be up for grabs, particularly by a company that better understands how to help that customer not only weather the slowdown but even prosper during it.

Managing Your Funnel

You may have noticed that I was very specific in my priority of sales activities: 1) secure existing customers, 2) re-visit accounts that got away, and 3) prospect for new business. There is a very good reason for that. According to past research, the general odds of making a sale tends to vary widely according to the type of deal involved:

- Selling an established product to a current customer: 1 in 2,
- Selling a new product to a current customer: 1 in 4,
- Selling an established product to a new customer: 1 in 8,
- Selling a new product to a new customer: 1 in 24.

In other words, your odds range from 50-50 (for selling something proven to an existing account) all the way to essentially a dice roll (for selling something new to a stranger). And that's why existing customers should always be your top priority. Keep in mind that nobody, especially customers, likes the feeling that they are being taken for granted.

Although I advocate that sales organizations make certain investments in a down economy, I am hardly advising that they spend frivolously. On the contrary, they need to be prudent, spending in areas that will give them a big return on investment all the while examining every line item in the budget with a fine- tooth comb.

In a market slump, it is always tempting to try to take shortcuts, and many sales professional will revert to bad habits. But slowdowns are when it is most important to remember the basics. In boom times, you can often get away with sloppy selling because of the abundance of business. In market downturns, you will pay dearly for every mistake you make. Consequently, when the economy heads south, it is even more crucial that you:

- Do not try to rush a sale
- Focus on customer results
- Remain disciplined and conduct regular reviews with your strategic accounts
- Fight to maintain your resources
- Hold firm on pricing

None of the measures on my list above is easy, and all are particularly difficult in a down market. But when times are bad, senior executives need to be especially vigilant about avoiding any shortcut s that might reap quick benefits yet be extremely harmful in the long term.

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