



IIT ROORKEE



NPTEL ONLINE
CERTIFICATION COURSE

STRATEGIC SALES MANAGEMENT

Session 5: Theories (Continued), Miller Heiman Approach and Virtual Framework STRATEGIC SELLING

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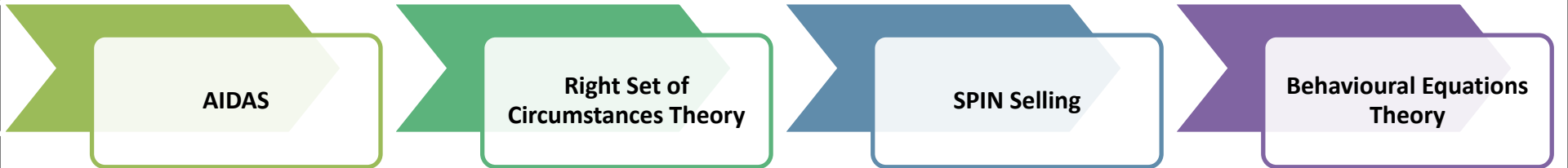


Learning Objectives:

After going through this module, you should be able to:

- Grasp the Theories of Selling (Continued)
- Understand the Practical Relevance of Discussed Selling theories
- Comprehend the Miller-Heiman Approach to Selling
- Strategic Virtual Selling Framework

Theories of Selling



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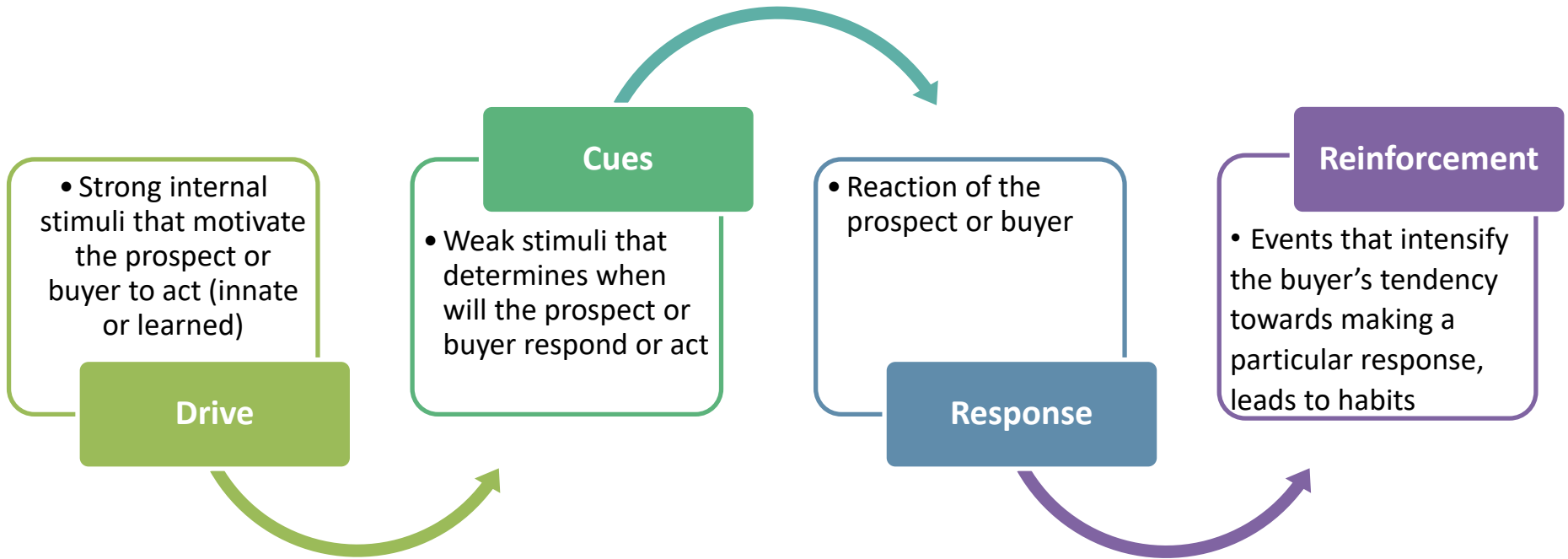
**Right Set of
Circumstances Theory**

SPIN Selling

**Behavioural Equations
Theory**

Behavioural Equation Theory

- This theory is a sophisticated version of '*Right Set of Circumstances Theory*' and Prof. J.A Howard of Columbia Graduate School of Business stands credited for developing the same
- The theory explains buyer behaviour through elements of learning which are *drives, cues, response and reinforcement* grounded upon the philosophy of *stimulus-organism-response (S-O-R) model*



Drive: Drives actually impel a buyer's behaviour, these create the required intensity that encourages an individual to act

*Drives could be either **innate** or **learned***

Innate: Stemming from physiological needs like hunger, thirst, pain and sex etc.

Learned: These are psychological in nature like social esteem and status etc. In advanced societies, learned drives are found to be more dominant

Cues: These have been identified as weak stimuli that determine when will the buyer act or respond

*Cues have been further classified as **triggering and non-triggering cues***

Triggering: These have the power to initiate or activate the purchase process

Non-Triggering: Influence the decision making process, these could be either product cues (related to product) or informational cues (information from marketers or wom or reference groups etc)

Response: It is the reaction of the prospect, what a buyer does signifies the response

Reinforcement: It is defined as an event that intensifies the buyer's predisposition towards making a particular response, these can be both positive or negative

Howard proposed an equation based on the four elements: $B = P \times D \times K \times V$

B = response (act of purchasing a brand, or a company's product)

P = predisposition or the inward response tendency (habit)

D = present drive level (motivation)

K = incentive potential (value emerging from product; potential satisfaction (Reinforcement))

V = intensity of cues: triggering and non-triggering

The elements in the equation have multiplicative relationship; in case any of the elements is zero, there would be no response

Points to Remember

- If the buyer is **satisfied** after the purchase, it leads to **heightened pre-disposition**, eventually leading to **patronizing or habit formation**
- **Both buyer and seller can reinforce each other:** Buyer by purchasing, through positive word of mouth or by being a regular buyer, seller through value creation, providing extra inducements like discounts and freebies (economic aspects) and by nurturing relationships (social aspects) can reinforce each other

- A seller should also focus on reducing the cognitive dissonance of the buyer after the purchase has been made, and in such cases the role of salesman becomes very crucial
- Cognitive dissonance can be reduced either by talking about the negatives of the forgone alternative or by fostering the confidence over the purchase made in light of its positives over other alternatives

Buying Formula Theory

Underlines the Buyer's Side

Late E.K. Strong, Jr. coined the name "buying formula"

A salesperson's duty is to help the buyer solve his or her problems and find a solution

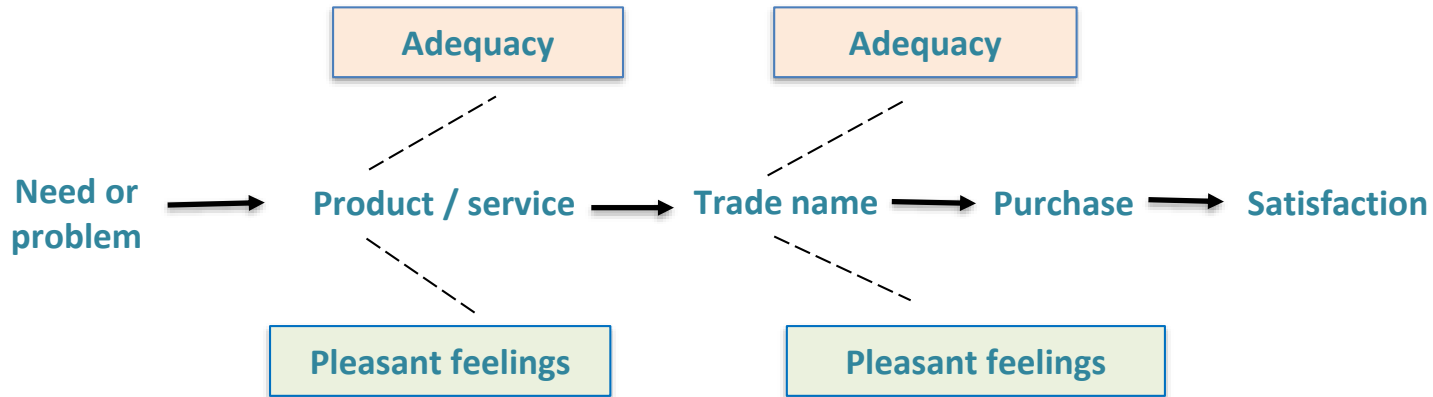
Buying formula represents a buyer responses in a psychological sequence

A seller's job is to make the need felt

A seller should further focus on associating the need or problem with his or her offering and its adequacy

A seller should make sure that tradename becomes synonymous to trust for the prospect and occupies a share of his mind, heart and wallet

A sale should not end with closing, role of follow-up should not be undermined



Source: Sales and Distribution Management: Decisions, Strategies and Cases, Still, Cundiff, Govoni and Puri, Pearson, pp. 31.

Discussion over the practical relevance of discussed selling theories?



References:

- The New Strategic Selling, Heiman, Sanchez and Tuleja, Hachette Book Group
- Selling and Sales Management, Jobber and Lancaster, Pearson
- Sales and Distribution Management: Decisions, Strategies and Cases, Still, Cundiff, Govoni and Puri, Pearson
- Sales and Distribution Management: Text and Cases, Havaladar and Cavale, Mc Graw Hill
- Sales and Distribution Management: An Integrative Approach, Venugopal P, Sage.

*References for online and other resources have been provided as footnotes in the respective slides.



Thank You



STRATEGIC SALES MANAGEMENT

Session 5: Miller Heiman Approach and Virtual Framework (Remaining Part) STRATEGIC SELLING

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Learning Objectives:

After going through this module, you should be able to:

- Comprehend the Miller-Heiman Approach to Selling
- Strategic Virtual Selling Framework
- Deciding on the Virtual Selling

Miller-Heiman Approach to Strategic Selling

Essence of Strategic Selling

“An individual order is never enough: True selling success rests on such beyond the order achievements as repeat business, solid referrals, and long-term relationships”

“Manage every sales objective as a joint venture - a mutually beneficial transaction where both buyer and seller: **Win**”

Source: The New Strategic Selling, Heiman, Sanchez and Tuleja, Hachette Book Group, In, pp. 15



Miller-Heiman Approach to Strategic Selling

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Also, strategic selling certainly involves handling complex sale(s) but what exactly is a complex sale?

“A Complex Sale is one in which a number of people must give their approval or input before the buying decision can be made”

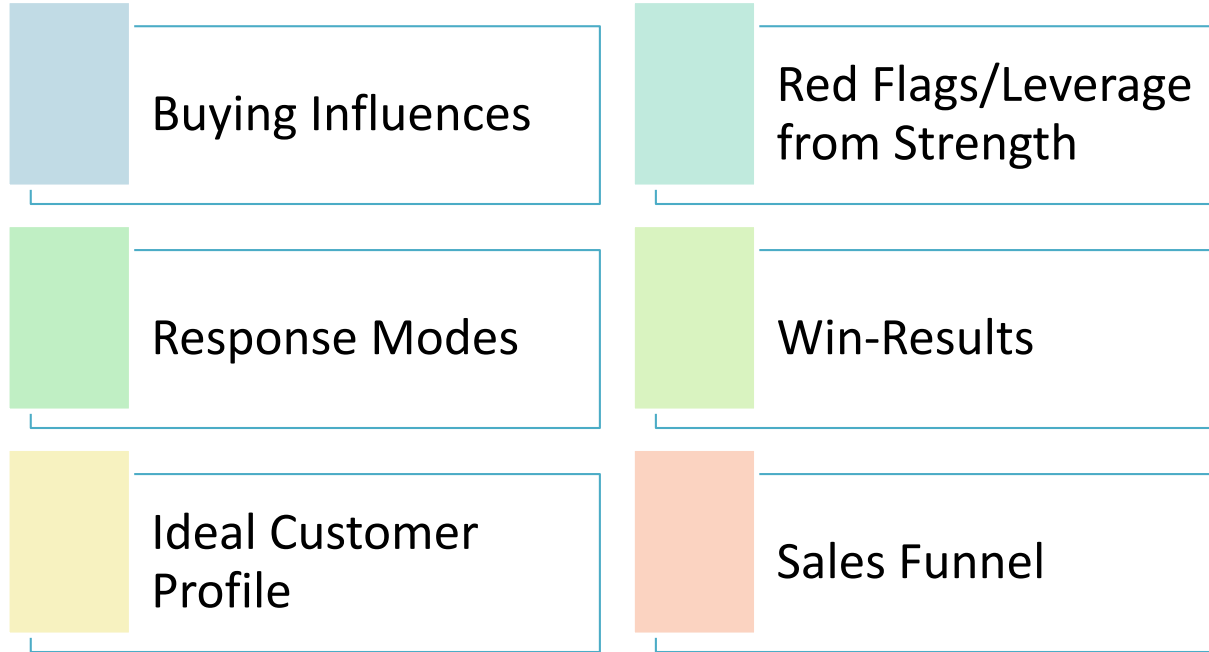
In other words, it can be said that the seller needs to satisfy or fulfill the desirability criteria of all or majority of the members of a buying organization.

And that too.. profitably...

Source: The New Strategic Selling, Heiman, Sanchez and Tuleja, Hachette Book Group, In, pp. 44



Six Elements of the Strategic Selling



Six Elements of Strategic Selling

1. Buying Influences

You certainly need the sanction of more than one person in the sales process because of buying center being at the fulcrum of purchase processes

The emphasis must be on understanding the members of a buying organization and the role they might play in accomplishment of your sales objectives

As per Miller and Heiman, there are four types of buying Influences:

Economic Buyer: This is the one who gives the final approval. Rather, economic buyer holds the authority to say 'yes' despite others have said 'no' and vice versa.

User Buyer: These are the ones who will judge the seller's offering on the basis of its impact on their performance. Their efficiency on the job is tied to your offering.

Technical Buyer: These screen out the possible providers and check for the technical fit between what is required (technical specifications) and what is being offered. These do not have the authority to say yes but their no matters.

Coach: A coach is someone who helps you get the sale by providing you all the required information which you might not get access to in normal circumstances. In other words, a coach's focus is on helping you achieve your sales objective.

A coach could be someone who could belong to both; your as well as the buyer's organization.

2. Red Flags/Leverage from Strength:

Red flags indicate the points of concern, where immediate attention must be directed for solutions. In case of red flags, finding out a sound alternative position is of crucial importance. Red flags should be seen as hazards that can jeopardize the sale.

Examples of Red flags: *Missing information, Uncertainty over information, Any uncontacted buying influence, Any new buying influence, Reorganization (Role shifts)*

As regards leverage from strength, it is an area that provides an upper hand to an organization as regards competitors.

Alternate positions should either eliminate a red flag or leverage from strength.

Strengths lie in the area of differentiation, Strengths that can be used to improve position, Minimize importance of price wars

3. Response modes:

This element is all about gauging how buying influences feel about your proposal/offering, and how ready are they to implement changes regarding leaving their current solutions and adopting your offerings.

No buyer would be open to change until and unless he or she realizes a gap between their current position and desired position.

Possible response modes

Growth: In this case, the buyer feels that if your proposal is executed, it will improve their performance in terms of either quantity or quality or both. Precisely saying, your offering will help the buyer organization do more and better.

Trouble: If the offering helps the buyer diminish risk or avoid the problem at hands, they would be interested in the offering and they would qualify to be a good candidate for sale.

Even-Kneel/Confident: No gap is found between actual position and desired position. Making the sale is difficult at this stage as the buyer prefers status-quo.

Over-Confident: Buyer perceives the present situation to be far better. In case the buyer moves from over-confident to trouble mode on account of any uncertainty or turbulence in the environment, a sale might occur.

4. Win/Results

You need to look beyond one-time sale and focus on creating a *win-win situation* than it simply being a win or a lose for either one of the parties

A seller should always strive for long-term profitable relationships as these not only bring heightened revenue but also amplify convertible leads and positive word of mouth

To sum up we can say that response in simplistic ways is determined on the basis of these factors:

- Buyer's perception of existing situation
 - Buyer's perception of how your proposal is likely to change their position
 - Whether if executed, proposal will close the gap between actual and desired position or not
- (TO BE REMOVED)

Four possible outcomes of buyer-seller encounters:

WIN-WIN: Both buyer and seller win, its profitable for both or at least both have no regrets as regards the sale

WIN-LOSE: You win but buyer is at loss, short-term orientation, most likely buyer will not do any business in future with the seller

LOSE-WIN: Buyer wins but you lose, not profitable for the organization

LOSE-LOSE: Sale is made but neither party feels good about it

5. Ideal Customer Profile

Prepare a checklist summing up the qualities of your best or most profitable accounts, and use the same for preparing how would your ideal customer look like

This certainly will help you filter out the customers who don't match the ideal persona, and this subsequently helps you focus on the profitable ones

Outcomes of going beyond ideal customers: Losses, Difficulty in managing relationship, No referrals, Frustration, Bad word of mouth

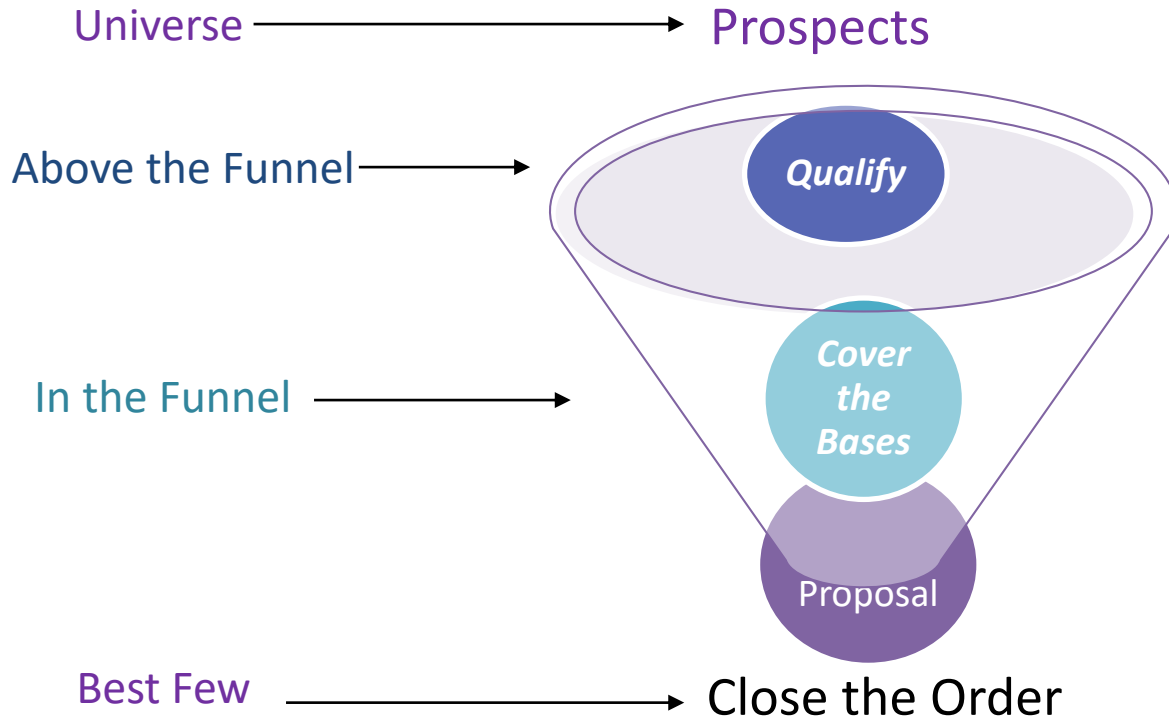
6. Sales-Funnel

Understanding the Roller Coaster Effect, ups and downs in sales numbers in different quarters

How can that be minimized?

Salesperson should know how much time should be devoted to which prospect and remaining answers lie in the sales funnel concept proposed by Miller and Heiman

Sales-Funnel



Source: The New Strategic Selling, Heiman, Sanchez and Tuleja, Hachette Book Group, In, pp. 277

Universe: Limitless selling opportunities (not literally) but in terms of what one can handle at any give point of time

Prospects: Search for the fit, Check against *Ideal customer profile fit*

Qualify: Look for data that suggests a *fit between your offerings and prospect's immediate needs*, Contact buying influences to verify the fit and identify growth or trouble discrepancy

Cover the base: Identify all buying influences and their objectives, check for response mode, Check for Win-lose situations, Assess Red flags and areas where you can leverage from Strength

The Sales Funnel helps salespersons to:

- Delineate where they are in the selling process in line with these four objectives:
Prospect • Qualify • Cover the bases • Close the order
- Helps them track sales objectives progress down the funnel
- Helps them set priorities
- Forecast future income on the basis of prospective target achievement or closures

Virtual Selling

According to Gartner the *definition of Virtual Selling* is:

"the collection of processes and technologies by which salespeople engage with customer remotely with both synchronous and asynchronous communications."

Virtual selling is simply leveraging virtual communication channels in place of physical, face-to-face interaction (Virtual Selling, Jeb Blount, pp.19)

Source: Gartner, Gartner Virtual Selling Framework, <https://www.gartner.com/en/sales/trends/effective-remote-selling-framework>



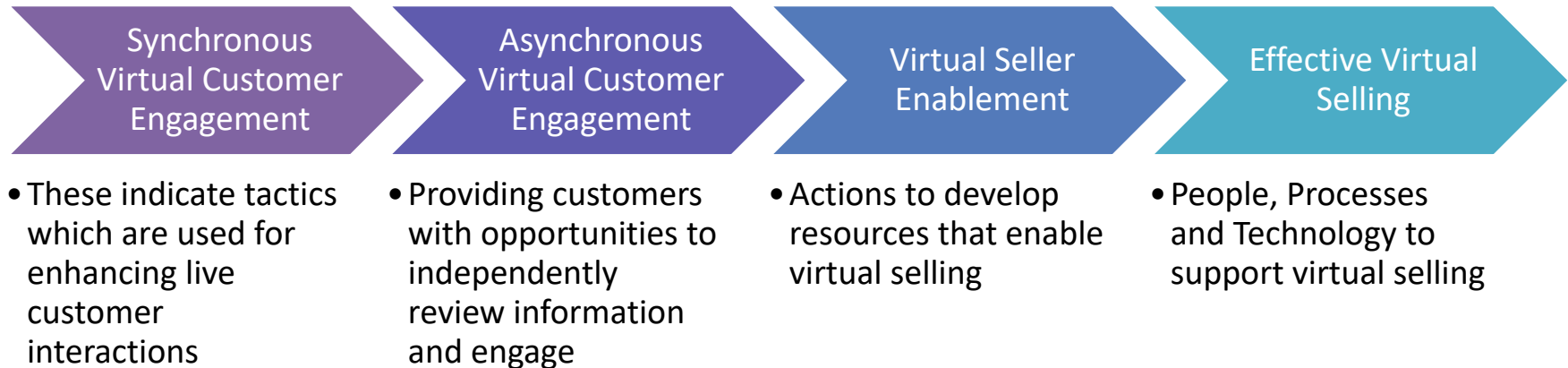
Synchronous (talking with people): Dynamic, require both parties to be available at the same time and calls for engagement. Eg. Face to face (not virtual), Video calls, Phone calls etc.

Asynchronous (talking at people): Do not require parties to be engaging or present at the same time. Eg. Interactions over email, voice mail, social media posting etc.

Source: Virtual Selling, Jeb Blount, Wiley



Strategic Virtual Selling Framework



Source: Gartner, Gartner Virtual Selling Framework, <https://www.gartner.com/en/sales/trends/effective-remote-selling-framework>

Extra Fodder for Thought : Deciding to Invest in Virtual Sales



<https://blogs.gartner.com/michael-horney/2021/06/29/four-key-factors-for-investing-in-a-virtual-sales-strategy/>

Source: Gartner.com

References:

- The New Strategic Selling, Heiman, Sanchez and Tuleja, Hachette Book Group
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