

ExpertAnswers: Expert Tips for Sales and Customer Loyalty



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Sales are an indispensable part of running a successful small business. Yet many entrepreneurs shy away from the role because of long-held misperceptions, or they simply don't feel comfortable doing it. All it takes is a better understanding of the how and what's of sales to gain a better appreciation of the process. Indeed, many entrepreneurs find that they're better at sales than they thought, and come to enjoy the challenge and experience.

Steve Engelhardt, who has extensive experience in all aspects of sales in a variety of industries, addresses some of the issues associated with sales in the small business environment.

What's the difference between marketing and sales?

Marketing includes responsibility for advertising, market research, literature production, trade show display development, input on new products, etc. On the other hand, sales are a function of marketing—approaching customers and closing sales.

Sales are obviously important. So why do so many entrepreneurs seem to dislike the idea of having to do sales?

Because of some old stereotypes and bad personal experiences, many people just don't want to call themselves salesmen. However, the fact is that every person spends a good portion of their day selling.

One of the first things people need to do is quit calling themselves marketers, account managers, etc. The sooner you stand up and puff your chest out and say "I am a salesman," the better off you will be.

Do you feel most entrepreneurs pay enough attention to sales when laying the groundwork for their small businesses? If not, what are some common elements that get overlooked?

When starting out, you need to realize that *nothing* happens until you sell something and that your prospective customers will not come to you. You have to get out and sell and continually promote yourself to build clientele. That's where we get back to the other marketing functions—Will you need ads and if so, where? How will you distribute discount flyers? If the product needs support people, when do you need to bring them on?

What are the key elements of a sales plan?

A plan must take many things into consideration:

- A realistic estimate of what you can sell each month
- Product cost for those sales
- Sales expenses

Sales plans are good, but they are just that—a plan. And the only way to know if it's working is by developing forecasts based on good data. If a business is working 10 deals, for example, how many will they close, and how long is the sales cycle from first call to signing?

Can you provide an example of how this works?

If your sale cycle is six months, your sales plan has to reflect that there will be only 6 months of potential sales this year. If you close only 30 percent of the deals you propose, your sales plan must show that you need to be proposing at more



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than \$3 million if you want to sell \$1 million. This is where the forecast comes in. If you look at all of your prospects, and they add up to \$2 million, then you know that with a 30% close rate, you cannot sell \$1 million.

Many entrepreneurs and their front-line employees may fear they lack the skills to be effective at sales. What are some techniques to help them feel more comfortable with the role?

- *Sincerity.* Most entrepreneurs have that. They believe in their product and have a passion for it otherwise they would not do it.
- *Relate to the prospect the WIIFM of the deal.* “WIIFM” means “what’s in it for me.” If you can tell prospects what is in it for them—i.e., how they’ll benefit—you will win.
- *Treat each and every sale like what you want the most is the NEXT sale to that customer.* Unless I treat you right on this sale, I won’t get the next sale and that is the easy one; it’s the one I really want. So in the current sale, work to do it all correctly then support the product and get that easy next sale.

OK, so you decide to hire sales professionals for your small business. Are there key skills, experience, or attributes to look for?

- *Look for someone who has excellent training and a verifiable record of success.* Ideally, you want someone who has succeeded at selling a similar product and has established contacts in that arena.
- *An entrepreneurial mindset and the ability to create the support they need.* Maybe they compensate for a lack of literature by making a killer PowerPoint presentation, or integrating other technology to make a case to customers.
- *A good knowledge of the competition and industry.*
- *An interest in business of sales itself.* I call these types students of sales or students of the industry. They regularly read motivational books on sales, participate in industry associations and subscribe to industry publications.

Is there still a place for “cold calls” in the Internet age?

Oh yes! The old methods are still the best, especially those generally related to making a cold lead warm. If you can at least get a name of the decision maker that is a start. In any industry, most businesses know each other via industry associations, etc. A great way to melt the ice is to ask your client at company X if he knows his counterpart at company Y. Then you can call company Y and tell him company X said to call. That’s called reference selling, and it’s a huge way to get your foot in the door.

What are some other tips for getting connected to the right people?

The Internet, specifically company directories, can be a huge help in finding the right name. Also, if you are looking for the CFO, she may be listed in the firm’s online financial statements. If you are looking for the VP of sales, he may be listed in press releases for new products. The head of manufacturing may have spoken at an industry conference.

If I get someone on the phone, and it is the wrong person, I always ask to be transferred; frequently the person will do it. But once I get the new person, I always say “hey I was just talking to X over in manufacturing and he said I should talk to you.” Once again, you’re getting a referral.

What are some simple ways to build customer loyalty so that they’ll keep coming back and hopefully spread the word about your small business?

Most people have a lasting memory for people who treat them well, especially if they went beyond what was necessary. Most people will be very loyal and even pay a premium if the service is well beyond the norm.

It also helps to be responsive. Never let a call or email go more than four business hours before returning it. Even if you don’t know the answer right away, return the message to say you’re working on it. You never know when a customer has his boss breathing down his neck and your tardiness is putting him in a bad light.

Staying in touch with customers is always good for building loyalty and perhaps, finding new ways to serve them. Should you be up front about wanting to do more for them, or is a more subtle approach better?

Yes, be up front about who you are and what you do and that you would like the opportunity to earn their business.

How can you turn a problem or complaint into an opportunity to win over or win back a customer?

I made thousands of dollars in sales from problem clients because I read their mindset and what was needed to make them happy. The old adage that the customer is always right still holds true, as they are the one with the checkbook. If getting that next sale I mentioned earlier means eating some profit or going out of your way on the current sale, do it. What's more, former problem clients make great references because they will say to others that they had a problem and you stepped up to do the right thing. These kinds of references can be invaluable.

In your career and as a SCORE mentor, you've encountered a wide variety of business types and scenarios. Is there one bit of sound advice that all of them can take to heart?

Running a successful business to me is about two things:

- *Have a plan and work it.*
- *Manage by the numbers.* Have a good system of financials and manage with them. Watch your account receivables—these are loans you are making, and you want to get paid; watch the expenses—run lean and mean; and manage for profit—don't get blinded by revenue.

Want more sales and customer loyalty advice? Get **free, confidential mentoring** from **Steve Engelhardt** or other **SCORE experts** today. And get more helpful tips and strategies delivered to your inbox by subscribing to **SCORE newsletters**.