

# Customer Centric Sales approach and the buying cycle

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On my personal web page [www.petercoeckelbergh.be](http://www.petercoeckelbergh.be) you find a number of papers & notes in which I address customer centricity as one of the most important keys in sales development in the 21 st Century.

Customer centricity, as described by professor Ranjay Gulati in Harvard Business Review in 2006, means that your organisation and therefore certainly your commercial staff develops a genuine interest in your customers (and their business). Customer centric organisations really believe that understanding their customers in depth and offering products & services that their customers really want will lead to more and better business.

In one of his video's professor Gulati (Harvard) states: "It will be hard to find a CEO that states that his company is not customer centred. That is exactly where mass dilution starts." Of course we all try to fulfill the needs of the customer. Customer centricity however goes much beyond that. It puts the relationship with each individual customer in the centre. Products, services and sales success only come in the second place. They are the result of the relationship and not vice versa.

Customer centred organisations will focus on the customer life time value from the beginning of the relationship. Account managers do no longer report to business lines and product managers but to a relationship manager. It is not my objective to write an article on customer centricity. For more information on this matter I suggest you look at Gulati's video: <http://bigthink.com/videos/big-think-interview-with-ranjay-gulati>.

Your commercial staff and especially your key account manager, sales manager, consultants and sales people play an extremely important role in this game. Aren't they the interface with your customer?

I refer to my paper "GPIV® an interviewing approach that gives you competitive advantage" in which I explain how your sales people can get more insight in your customer's reality using the GPIV® methodology.

In a nutshell this method states that in order to understand your customer you need to understand in the first place his goals. Customers don't buy products to fulfill their needs. Customers buy products to meet their goals. The more you contribute to these goals the more value you offer your customer.

In essence the customer doesn't want you to realise his goals. He however may encounter difficulties, bottle necks, issues that prevent him from meeting his goals. He may lack of know-how, he may not have solutions for certain problems, he may lack financial strength or have shortage of a resource of whatever type. In this case he will be open for suppliers, consultants, external companies to help him achieve his goals. Identifying these gaps (or Problems) will allow you to understand in which areas your company can contribute to the success of your customer.

Prioritisation of problems to be solved can be done understanding the implications of this problem. Implications tend to have a financial impact and hence lead to your potential value contribution tot your customer. This is discussed more in detail in my paper: GPIV® an interviewing approach that

gives you competitive advantage. The GPIV® is certainly to be advised to anybody who has the ambition to set up a customer centred sales organisation.

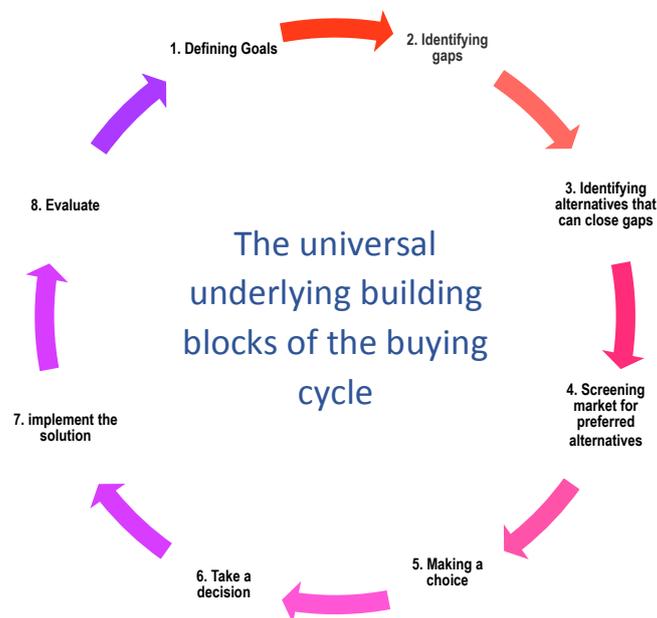
In complex selling or account management GPIV® can become quite comprehensive. In the first place many people at many levels and often in different departments may influence one or another way the decision to acquire your products & services or even to accept you as a supplier.

A second point of view that helps a sales person to develop a customer centred approach is described by Sharon Drew Morgan developer of the concept Buying Facilitation®. She states that the role of the sales person is to facilitate the buying process for the customer. This is for most companies quite a change. Traditionally companies drive sales people from the view point selling cycle. Applying this concept means that sales management will try to understand where the customer is in his buying process and will focus on how to assure the customer makes progress in this process.

We often forget that there is company that buys what it needs when it needs it. However, helping the buyers to move on to the next stage can help to shorten the buying cycle and consequently the selling cycle. Consequently this has an impact on your costs of sale. Therefore sales people should gain insight in the buying process of their customer.

Despite that every buying cycle is different the framework offered by Acclivus ([www.acclivus.com](http://www.acclivus.com)) is a quite interesting one. Acclivus concluded after a very extensive research that the buying cycle while being specific for every single company and product type shows at the same time a lot of similarity.

They distinguish 8 different stages in the buying cycle. Each step is characterised by a specific task in the decision process. These universal building blocks of the buying process are described hereafter.



This way of looking at the buying process may need some explanation. If in training sessions or workshops I ask sales people what is the first step in the buying process most of the time the answer I get is When the customer starts looking for a product in the market. This corresponds with our step 4. If I am lucky they will answer me that it is the moment that the customer starts looking for a solution to its problems. That corresponds to our step number 3: Identifying alternatives that close the gap.

This perception arises from the fact that most sales people only are getting involved in the process in either step 3 or 4. So you could say instead of telling me when the buying cycle starts they tell me when the sales cycle starts. Freud would say: "What's in a man's mind."

The decision process at the customer side however started much earlier. It starts at a moment that even the customer does not realise that his buying cycle started. In step one a customer decides what the goals for his company, his divisions or his project are. This is an important step because it is here that major management decisions are made. An important point is that the people that take the decisions at this stage are very often the people that take the final decisions about the purchase of the product.

In step 2 the management will try to understand what are the constraints, the bottle necks and the issues to overcome in order to achieve their goals. Other people are involved in this part of the process. They are often internal or external consultants, technicians who will report directly to the final decision makers.

Ideally a selling company should be involved as from step 1 as this would allow them to understand and even influence the outcome of step 1 and step 2. Generally however companies will allow strategic partners in step 1 and step 2. Nevertheless, these steps are extremely important to any sales man. Understanding what happened in these parts of the decision process of the customer gives insights in the Goals, Problems and Implications at an organisational level. Understanding these goals, problems and implications allow you to get insight how important this project is for your customer. It allows you to estimate what would be a justifiable amount of money spent to achieve these goals.

If you have not been involved in that stage of the buying process it is very useful to find out what exactly happened in those stages. One of the things you should find out is who has played which role in this stage. It is very likely that those people will pop up again in later stages of the buying process. The chance is high that, especially who played a role in stage one, will influence strongly the final buying Decision.

One can go even one step further. Applying our GPIV® approach you can find out what the goals, problems, implications of the individual players in this area are. Of course to get this information you do not only need a good questioning technique but you also need to develop trust with your contact person. Often you will need more than one meeting to find out this information.

These comments do not only apply for the first and the second step but for all stages. Especially in complex buying processes or account management these approaches are extremely useful.

Steps 3 to 6 are self-explanatory. The buyers will look at all the alternatives to close the gaps they identified and will evaluate them. Please note that "doing nothing" and not close the gap may also be an alternative. Only after they have decided what are the possible alternative solutions they will start screening the market and ask for quotes. If you are lucky you are already in touch with the customer in step 3 where the customer still finds out which solutions are feasible. If you have not you should find out what exactly happened in that stage, who was involved and what did your customers decide.

One could think that the buying process is finished when the contract is signed and the invoice has been paid. Maybe this is acceptable from a pure sales point of view. From a customer centred point of view this statement is very doubtful especially because in the last stage the customer will evaluate his purchase. Technical buyers may just evaluate the functionality, but managers will tend to evaluate up to what extent this solution has helped them to reach their goals.

From a customer centred point of view this stage is extremely important. First of all your customer may have changed his view on the evaluation criteria in the course of the buying process. Very often the product or service is evaluated on specifications rather than criteria such as “what is the effective return on investment of this product/service?” or “up to what extend did this product or service help us to reach our goals and solve our issues?”.

As you notice we have drawn the buying cycle as a cycle. The evaluation stage will often form the basis for a new phase one. The company will ask itself “what is the next step”. If they don’t you should.

In my white paper on Key Account Management we explore more in detail the process of analysing the buying cyclen the goals, problems and implications of bying influences and how we can create value for both the company and our contacts.

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