

Sales Management

Prospecting for Customers - Tips and tactics that we can all use to prospect for customers more effectively and efficiently.

Most professional salespeople and sales trainers will tell you that prospecting is the most important piece of the sales process. Never has this been more true than today. I have not talked with a single building supply dealer in years who has not said “ Expenses have been cut to the bone. Now all we need is more sales.” No one can deny the importance of prospecting in today’s market. Without prospects we don’t have new customers or new sales.

This document is intended to be a working document. By that I mean that we each can have a part on improving it. As you review it and complete the worksheets for your company, we encourage you to send comments and suggestions to Lee Resources. As you do, we will make them available to all who are participating in this program.

Characteristics of a Good Customer:

Customers come in all shapes and sizes. Before we can find a ‘good’ customer we have to have a clear definition of what that ‘good’ customer looks like. While there are common traits to a good customer for every company (such as credit worthiness), there are also certain characteristics that may be unique to you individually.

As an owner or sales manager, it is imperative that we give clear direction to our salespeople. Defining what a good customer looks like is not something we want to leave to up to every person involved in our sales efforts. And make no mistake. To most salespeople on commission, almost any customer that generates a commission is a good customer. But generating a commission and being a profitable customer for the company can be two very things.

Credit worthy, pays on time, remodeler, now home builder, commercial builder, structured, etc.. These are just some of the adjectives you may choose to describe a good customer for you.

Take a moment now to deliberate on the characteristics you would use to describe the kind of customer you want to pursue. Here are some things to think about:

- What separates our most profitable customers from the unprofitable ones?
- What are the trends in the market or where will business come from today and in the next five years? (remodeling, new construction, multi-family, etc.)
- What are my best customers from three years ago doing today?
- Who are the up and coming builders and remodelers of tomorrow?
- What products and services are required today?
- What products and services will be required five years from now?

Who do they buy from now?

Will they buy a total house package from us?

Can we sell them higher margin products (Engineered wood, doors, windows, trim)

Use the Prospecting Workbook to list the top ten Characteristics of you are looking for in a “Good” Customer.

Maybe your core customer is the small and medium size homebuilder who builds 5-25 homes a year. Maybe your target customer is the Repair & Remodeling contractor. Whoever your target customer(s) is, focus the efforts of you and your sales staff on the core customer and the ‘strategic plan’ for the company.

Need help with a strategic plan? Contact Lee Resources for Strategic Plan Development Guide.

Now that we have defined the characteristics you are looking for in a good customer, we will apply those characteristics to prospects.

Definition of a prospect

A concise definition that we like is one stated by Zig Ziglar. He describes a prospect as, *“an individual or group capable of making the decision on [buying] the product or service the salesperson is selling.”*

Who do People Buy From?

Before we look at your prospects, let’s take a moment to examine your own buying habits:

Who do you buy from?

Why do you buy from them?

We all like to buy from people and organizations we trust. We trust people we know. The better we know and trust someone, the more we are willing to trust them with our business.

The best place for us to prospect is with our family and friends and other people we know.

Have you ever bought a car from someone you know? Many of us have. Why?

Some typical responses:

- Trusting of the salesperson or the dealer
- Knew I could depend on them to be fair
- Knew I would get a good deal
- Make sure I didn't overpay

We like to buy from people we know and trust.

Prospecting with Family or Friends

One of the greatest sources of potential customers can be family or friends. However, it is not unusual for salespeople to be reluctant to discuss their products and services with their family and friends.

Most often this is because of two things.

1. The Salesperson doesn't want to put pressure on family member or friend and create stress or tension in the relationship.
2. The Salesperson doesn't believe in the product or service s/he's selling.

Neither of these reasons should apply to us.

A typical lumberyard offers more value to their customers than almost any other retail business I know of.

Look at the service we offer, typically for no charge.

- Take-offs and estimates of complete houses or smaller projects.
- A salesperson who calls on you at almost anywhere you are working.
- Credit and credits limits that even banks are reluctant to lend.
- Free delivery of product to their place of business.
- No stocking fee on returns and free pick-up.
- No downpayment on the potentially substantial cost of a special order.

If we are offering such tremendous value to our customers (be they friends, family or Joe Customer off the street), then why shouldn't we offer that value to the people we care most about?

It is understandable not to want to pressure your family and friends. However, it is my experience that my family and friends are not only interested in what I do, they want to help me be successful.

TIP: One way to avoid creating any pressure or stress on the relationship is to offer assistance only once. Tell your family and friends, "I won't bring this up again. The next time we talk about my services it will be because you want to and you begin the conversation."

Then, HONOR that commitment. Do not try to sell them. You've let them know how you can help them. It's up to them to take it to the next step.

This commitment will prevent any stress or pressure from growing in your personal relationship with a potential prospect that is also a family member or friend.

Question: If you have a salesperson that is reluctant to sell to their family and friends, what makes you think they will have the drive to call on complete strangers?

Consider carefully continuing to employ a person who doesn't believe in your product or service. If they don't, they could be using you as a springboard to build a client base and then take it to someone else. And, when hiring a new salesperson, do everything you can to ascertain whether or not they see the value that they and your company bring to your customer. Remember, your salesperson is your face to your customer and your community. They are either building you up or tearing you down in front of others. Call Lee Resources if you would like some potential interview questions or information on behavioral surveys that will give you great insight into a new hire (or your existing employees)

Prospecting through Community Involvement

Another great place to prospect is your local community and through your community involvement and local Industry Associations & Organizations

Who is on the same softball team? Who has children on your child's soccer team? These are the great places to develop a prospect list.

What local trade associations are available? Involvement in the Home Builders Association is a good start but what about other groups. Many communities now have lead sharing groups made up of bankers, tradespeople and others. Our local Chamber of Commerce has several builders who attend regularly.

Prospecting through Professional Referrals

Professional referrals are often the most overlooked in our industry. Many times we make assumptions that our customers won't refer us to anyone else because s/he competes with them. That's not necessarily true.

Be sure to ask existing customers who they know that might also benefit from your services. Get names and then ask for details about the potential prospect.

Be careful not to take too much of your customer's time at one sitting!

Prospecting through the Internet

The Internet as a marketing medium has been slow to mature. Why? I believe it is because that until recently most of the decision makers and buyers of our product have been baby boomers or other people who did not depend on the internet on a daily basis. This is changing quickly. Every person leaving the industry through retirement or other reasons is being replaced by someone who depends on the internet.

How do we position ourselves to take advantage of this trend?

- A fresh and relevant website
- A Facebook Fan Page
- Blog that is updated regularly
- Twitter

A large percentage of people are not making buying decisions today without investigating what is available online.

One of my favorite questions is, "How do people know what you have to offer?"

Good information on the Internet is one of the easiest ways to answer that question.

Prospecting When Driving

A typical salesperson spends a lot of time in the car. Every trip is an opportunity to find another prospect. From driving by Lowe's or Home Depot to visiting job sites in your market, make notes of which builders are doing business where and with whom. Look for new jobs you were unaware of. Look for builders, remodelers or framers you don't recognize. Pay Attention to the people and activity that can lead to you to another customer.

Closing Rates

Referral prospects close 40-60% of the time. Non-referral prospects close on average 10% of the time. Use your contacts for prospect referrals.

This is one area of feedback that is rarely taken advantage of. At some point, you will end up with an opportunity to quote a job for a customer. I know of very few dealers who track open quotes on a regular basis. Much less information about the source of the quote. Without knowing how many quotes you are successfully turning into orders, it is hard to measure the success of your sales and prospecting programs. Someone in management should be tracking open quotes and following up with the salespeople regularly to find out the status of quotes and why or why not did you convert the quote to an order.

Developing your Prospect List

Now that we have reviewed information about prospect, it is time to develop our prospect list. The number of names on this list will vary. If a salesperson is very busy, they may not need more than a couple of names on the list to replace any customers they may lose. This was an issue in the past. Not so much today.

If this is a relatively new salesperson, the prospect list will be much longer.

Once the list is developed, a strategy is needed for each customer, and this strategy may evolve over time. A good list of questions is worth its weight in gold. The answers to these questions will help you develop your strategy for turning these prospects into customers.

Paying attention to detail will yield surprising results. The more you know – about your customer and the competition - the better prepared you are.

Involvement of Other People in Prospecting

One mistake we see is allowing the salesperson to be the sole contact with both customers and prospects. If there is a good match between the two, this may be OK. But, once you start to get answers to your prospects questions, it could be good to get other people with expertise in those areas involved. For instance, if delivery is a concern set up a meeting with the operations manager and yard foreman or dispatcher. A meeting with a key manager or especially an owner can often times be of great importance.

Remember. Landing new customers should not fall solely on the back of a single salesperson. You likely have good people in your company who will impress your prospects. Use them!

Three Rules of Prospecting

1. Be diligent!
2. Stay customer-focused!
3. Be excited!

Diligence here means to simply incorporate prospecting into your routine on a daily basis. Prospecting should be done daily to ensure the pipeline remains full.

Prospecting isn't about meeting your "quota" or sales goal. It's all about helping your customers. When your focus stays centered on your customer's needs – what your customer needs to be successful – then value will result. Afterall, we want to sell customers we can genuinely help. Conveying a sincere interest in them and their business is key.

Excitement. It conveys that you sincerely believe you, your products and your services can help your customer. It tells the customer you're confident in the value you and your products and services can provide.

Keep these three rules in mind when prospecting and your success will be unlimited.

Using the Workbook:

Take a look at Worksheet 3. This is a prospect log. Keep track of your prospects over the next month. Record their name and company and how you got the prospect. Was it a referral? Was it from an association directory? Etc.

If the prospect was referred to you, record when you followed up with the referring party. For example, if Joe Contractor sent you a referral for Jim Painter, record when you phoned Joe Contractor to say thank you and update him on the status of your contact with Jim Painter.

Make as many photocopies of this sheet as you need. Keep track of your new prospects for the next month and where the prospect lead came from. Compare your sources with the avenues we've just discussed. Look for areas where you can increase your concentration to collect more prospects.

Bring this log with you to our next sales meeting.

Summary

Taking the time to prospect for customers will ensure that we always have a supply of customers. Without prospects in the pipeline, our sales will dry up.

Prospecting is key to long term success and should and can be done everyday.

Diligent and effective prospecting is the first key to sales success.