

NEWDAWN BRIEFING

Some tips for Professional Sellers in dealing with consequences of Covid-19
Be a Sniper—not a Machine-Gunner!!

2020

OK. It's going to be bad. We know that now. But, how bad?

Britain suffered a record collapse in economic output in the second quarter of 2020 when COVID-19 lockdown measures were in full force. The fall was the biggest since the ONS records began in 1955. Other data has suggested Britain is on course for its biggest annual fall since the 1920s.

The prognosis for the recovery is not good either. "The renewed COVID-19 restrictions will probably mean that GDP stagnates in Q4, leaving economic activity marooned 5.5% short of its pre-crisis level," Ruth Gregory of consultancy Capital Economics said.

Apart from a few select business sectors, most have been hit hard. This graph is a little sobering!

COVID-19's historic hit to the UK economy

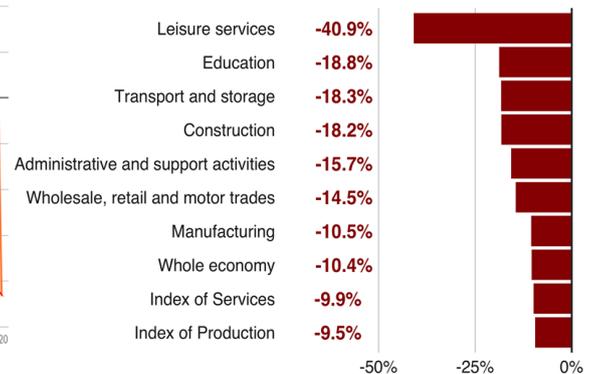
Annual change in quarterly gross domestic product



Note: figures are seasonally adjusted
Source: UK Office for National Statistics

Widespread contractions across the economy

Top 10 sectors by contraction



Source: Office for National Statistics

BBC

Some sectors are being hit very hard, but it will spill-over into all sectors.

We are not out of the woods yet, but it is clear that hospitality, leisure, education, transport and storage, construction, agriculture, wholesale, retail and motor trades, and construction are amongst the worst affected.

That means that very few of us are immune to the fallout from this, and some are going to be catastrophically impacted.

For the rest of us, the absolute need for a bounce-back is abundantly clear. That will create market pressure particularly on cash flow management and rapid cost reduction. The pressure on buyers and sellers in the affected sectors will be immense:

- Buyers will be under remit to find savings (in order to save some companies from going out of business) whilst simultaneously guaranteeing the supplies necessary to fuel the recovery. "Get more for less!" will be the mantra.
- A return to top-line growth is high on the agenda. Sellers will be directed to grow revenues as quickly as possible to backfill the shortages accrued in the last couple of Quarters. "Sell, sell, sell" will be the direction.

What should we expect from Buyers?

Many companies are going to cut spend in order to mitigate losses, prevent layoffs, divert funds to mission critical activities, and in a worse case scenario, avert going out of business. There are going to be casualties along the way – not all businesses will survive and for some it will be a life or death battle. Procurement will have a major part to play. That will drive bad and manipulative behaviour by some individuals and businesses (not all, but some).

We have already seen a backward step towards short term thinking by professional Buyers following the 2007 recession and Brexit worries. Well, it just got a whole lot worse and the pressure on Buyers will drive even more short term tactical behaviours to cut costs, switch suppliers for cheaper alternatives, defer inventory costs, and extend payment terms. Relationships will play second fiddle to commercial outcomes. For a buyer it will be a very tough time. Whilst wise buyers will not force suppliers out of business—opportunists might. Even the smartest Buyers will commoditise supplies and suppliers where possible to drive greater competition and savings.

The temptation will be to rush in and secure rushed deals.

That makes life very tough for the Sellers too! It will not be the best year for sales bonuses – get used to it!

The business needs top-line revenue growth – urgently. But now is also not the time to be a ‘headless chicken’ rushing into new deals, even re-negotiating some risky old ones. Now is the time to turn the radar on and review the landscape very carefully. In a worst case scenario, the amateur Seller will:

- Sign contracts with new customers who cannot or will not pay in the future.
- Commit to unnecessary price cuts and even offer incentives for free (jam tomorrow).
- Compete on price when they did not need to.
- Sign bad deals which will cause more implementation and delivery headaches.
- Open their businesses to scope creep on a massive scale.

Ensuring this does not happen requires the application of both assertive and analytical behaviours combined with rigorous sales processes to determine which deals are really good (or good enough) and, more importantly which are not. ‘No Bid’ might be unpopular, but it might also be the right thing to do.

Our advice—slow down in order to speed it up! Be the sniper.

As attractive and counter-intuitive as it sounds, now is not the time for the impetuous sales person who screams out *‘Just let me get out there and sell!’* Our firm belief is that precision, rigour and intentionality will deliver success more predictably than happenstance. It is the difference between being an enthusiastic amateur or a professional.

Finding and selling to your ideal customer requires time and patience. In comparison, chasing after any prospect with a pulse and a credit card might seem like a quick way to generate sales revenue. But selling to the wrong customers is expensive and any revenue gained from them will eventually be chewed up by their high costs.

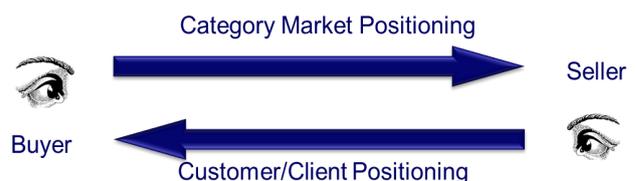
Before it is too late and before all those enthusiastic amateurs rush out, we strongly advise that you check that you have a valid sales strategy framework which covers all the key processes, behaviours and attitudes that will guide you through this minefield. Sales managers need to set a high bar here to ensure that their teams are not paying lip service to the key steps. Do the pre-work and select your targets like a sniper—not a machine-gunner! Then you will hit the target very time, and your business will reap the rewards whilst your competitors deal with the morass of issues that this pandemic will bring with ‘bad’ customers.

4 essential tips for Sellers to protect themselves and their businesses.

1. Do the analysis about your prospects (and customers) before it is too late.

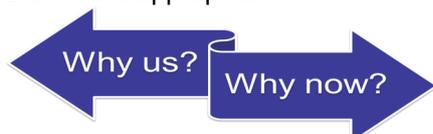


2. Understand the real balance of power.



Positioning models look at **both** sides of the Buyer/Seller relationship and enable us to understand the ‘balance of power’ and control the ‘fear of loss’

3. Rigorously ‘Qualify’ all opportunities and ask the difficult questions before you leap. Be ready to ‘No Bid’ where appropriate



4. Talk to your customers about their ‘Real Business Needs’ - take nothing at face value! “Walk a mile in their shoes”



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