Selling to Senior Executives
How Salespeople Establish Trust and Credibility with Senior Executives

A white paper written by:

- Alston Gardner, Chief Executive Officer, Target Marketing Systems, Inc.
- Stephen J. Bistritz, Ed.D., Director of Development, Target Marketing Systems, Inc.
- Jay E. Klompmaker, Ph.D., Professor of Business Administration, Kenan-Flagler Business School, University of North Carolina

Highlights

- When and why do senior executives get involved in the decision making process for major purchases?
- When and why do executives agree to see a salesperson?
- What is the most effective way for salespeople to gain access to high level executives?
- What are the roadblocks and tests executives use to screen salespeople?
- What has to happen in meetings with salespeople for the executive to feel that it was effective?
- How does a salesperson establish long-term credibility and trust with a high level executive?
- What factors make "like rank" selling necessary?
- What do executives expect from partner level suppliers?

This report presents the most pertinent findings of a special research project sponsored by Target Marketing Systems (TMS) and Hewlett-Packard Corporation. TMS and the Kenan-Flagler Business School at the University of North Carolina conducted the project in the spring of 1995.

We undertook this research project to identify and understand the factors that help professional salespeople establish trust and credibility with senior executives. With this knowledge, we hope to help salespeople establish better relationships with potential customers to close more business.

In addition, we explored why senior executives grant continued access to certain salespeople, while denying access to others. We hope that an understanding of how senior executives block approaches by salespeople will assist in overcoming such selling obstacles.

Approach of the Study

Most academic research and discussion of the executive's role in the buying process is anecdotal. A lack of objective research on the topic gives this study several unique qualities:

- Prior studies on executives' buying roles are from the perspective of successful salespeople. We approached the issue by directly interviewing senior executives.
- Researchers interviewed executives from vice president to chairman of the board. Purchasing agents and managers were excluded from this project.
- Participants in this study were interviewed in person or by phone, each interview lasting between 30 minutes and one hour.
- Participating executives come from diverse industries including transportation, textiles, printing, utilities, financial services, technology, telecommunications, and furniture.

The interviews for this study contained both quantitative and qualitative questions. Senior executives used recent major purchases as a reference for their responses. We investigated specific buying issues with questions limited to listed or numeric responses in order to show the relative importance of identified factors. To solicit free-ranging responses, we asked open-ended questions on general issues. This variable approach helped us to understand a broad spectrum of issues confronting executives in the buying process.

Eighty percent of executives usually or always become involved in purchase decisions early in the buying cycle, when they:

- Need to understand current business issues
- Establish project objectives
- Set overall project strategy.

Executives tend to reduce their involvement during the evaluation phase of a project, delegating decisions to subordinate employees or committees. Eighty percent never or occasionally involve themselves in the middle of the purchase cycle, including:

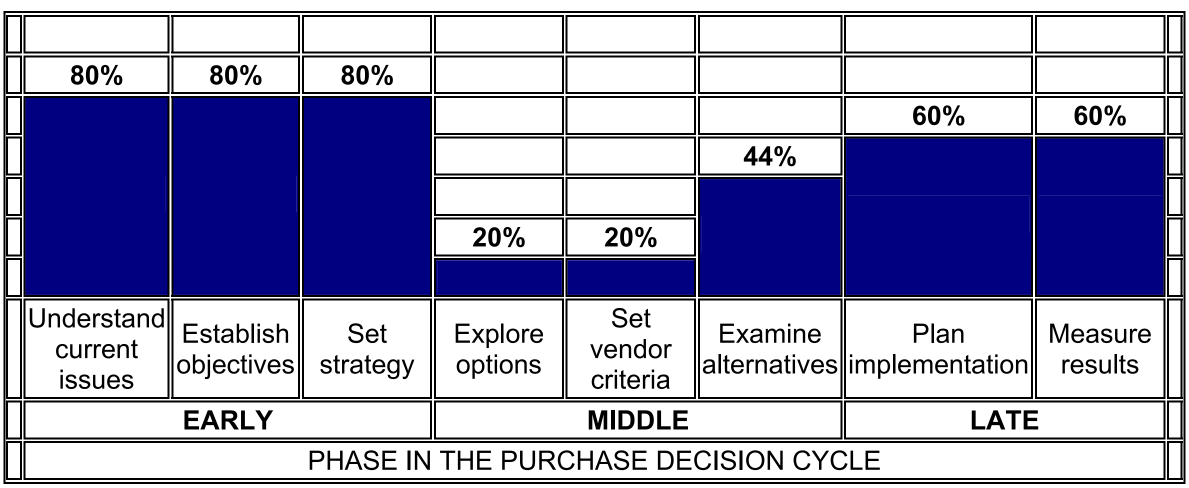
- Exploring options
- Setting criteria for evaluating vendors
- Examining alternative solutions.

For activities that occur late in the purchase decision cycle, over half of senior executives are involved in:

- Planning the implementation of the project
- Supervising the measurement of project results.

In short, most senior executives become involved in key purchase decisions early, are less involved in the middle, and reassert themselves at the end of the buying process.

Senior Executive Involvement in the Purchase Decision



Because senior executives are concerned with their organization’s business needs they are most likely to meet with a salesperson early in a sales cycle to assess the potential business value of the proposed sale. To gain a spot on our respondent’s calendars, salespeople must show that a meeting will provide valuable information.

A salesperson with no control of the sales cycle will not gain executive access until late in the cycle when their impact is significantly reduced, for two reasons: executives are hesitant to rule against the decision of an internal group appointed to make recommendations, and the final phase is where purchase decisions, in general, have already been made. As shown in the chart above, salespeople who want to build executive level relationships must become involved early in the cycle.

How can salespeople gain high level access?

The most common reasons for granting a meeting are:

- Existing relationship
- Company reputation
- Product/service
- Internal referral
- Strategic vendor

Of the methods employed by salespeople to gain audience with senior executives, study participants ranked all but one as ineffective. Cold calls are least successful. Eighty percent of respondents said they would never or only occasionally grant interviews to salespeople making cold calls. Moreover, a letter sent before a call is not likely to improve the odds of a meeting.

More than half of the executives interviewed prefer not to be introduced to salespeople through referrals from outside the executive's organization. In contrast, eight percent answered that they would always meet with a salesperson if the suggestion originated from an industry peer.

But by far the most effective means of getting on an executive's calendar is an inside recommendation. Eighty-four percent of respondents indicated they would usually or always grant a meeting with a salesperson based on a recommendation from someone inside their firm.

Effectiveness of Methods Used to Gain a Meeting with Senior Executives

	Always	Usually	Occasionally	Never
A recommendation from someone inside your company	16%	68%	16%	0%
A referral from outside the company	8	36	44	12
A letter from a salesperson followed by a direct call	4	20	40	36
A contact at an off-site meeting	0	44	32	24
A direct telephone call from a salesperson	0	20	36	44

What roadblocks do executives use to screen salespeople?

Senior executives employ a variety of methods to screen or block salespeople. Most respondents use all three of the following blocking methods:

- Secretary
- Schedule/priorities
- Deferral to someone else in the organization

Salespeople, however, can develop creative ways to leap these hurdles. Common methods include calling during lunch when the secretary might be out, or calling early in the morning or after business hours when an executive is likely to answer their own phone.

How do executives test salespeople?

Once around an executive roadblock, a salesperson will be quickly tested. Our respondents said cold-calling salespeople get five minutes to show they can add value to their business. Salespeople can use three primary means to provide value to a senior executive in this initial contact:

- Speak from a business perspective and don’t get caught up in the "bells and whistles" of product features
- Raise relevant questions and share business perspectives new to the executive
- Point out the potential limitations of products or services, thus enhancing credibility.

Executives use the first personal meeting with a salesperson to answer these specific questions:

- Does the salesperson understand our needs? Have they done their homework (i.e. on our industry, our strategies)? Do they understand our key business drivers?
- Have they been able to convey how their product/service applies to me? Why it is better than their competitor’s?
- Is this individual an empowered decision maker, or will they have to consult their manager before making decisions?
- Is the salesperson’s approach:
  - professional?
  - confident?
  - sharp (thinks on feet, doesn’t use canned speech)?
  - honest (acknowledges potential shortcomings)?
  - reflective (listens rather than telling)?
  - flexible (has an unstructured agenda rather than a pre-determined one)?

What must salespeople do to provide an effective meeting?

To better understand executives’ perceptions of initial sales meetings, we asked our survey respondents to assess fourteen behaviors common to professional salespeople. Respondents used a one-to-five scale, five being most important and one the least.

The leading criterion in gauging the effectiveness of a sales meeting is a salesperson’s ability to demonstrate accountability and responsibility. Every executive surveyed rated this issue at level four or higher, yielding an overall average of 4.48.

The second highest rated criterion is a salesperson’s understanding of the customer's business goals, objectives and challenges. The average score is 4.4 with a 92% rating of four or higher. Other behaviors assigned high values by our respondents are good listening skills, industry expertise, and knowledge of the executive’s business.

The lowest rated criterion, a salesperson as a "source of information about competitors," gleaned a 2.72 average. Only 32% rated this sales behavior three or higher. Respondents said their trust is eroded if a salesperson reveals information about competitors. "If they do it to them, they could do it to us!"

Relative Importance of Factors for Sales Meetings with Senior Executives
(1 = least important, 5 = most important)

CRITERIA	Average
Demonstrated accountability/responsibility	4.48
Understood business goals/objectives	4.40
Listened before proposing solutions	4.36
Demonstrated knowledge of industry/firm	4.36
Willingness to be held accountable	4.32
Constructed game plan for events to follow	4.20
Demonstrated ability to solve problems	4.00
Ensured meeting accomplished objectives	4.00
Communicated value	3.96
Proposed alternative solutions	3.88
Thinking beyond current sale	3.84
Worked well with your staff	3.76
Structured agenda for meeting	3.48
Source of information about competitors	2.72

How do salespeople establish trust and credibility with executives?

Using the same one-to-five scale, executives rated the relative importance of various factors for building credibility. A salesperson’s ability to marshal resources from within their organization was rated the most important factor in building a trusted advisor relationship.

Executives gave high marks to a salesperson’s understanding of the customer’s business goals, objectives and challenges. Other highly rated factors include "responsiveness to [the customer's] requests" and demonstrating a "willingness to be held accountable."

The lowest rated criterion is a salesperson’s length of service in the job. And, again, acting as a source of information about a customer's competitors proves detrimental to building trust with executives.

Relative Importance of Factors for Building Credibility with Senior Executives
(1 = least important, 5 = most important)

Works well with your staff	3.96
Knowledge of your industry	3.88
Knowledge of their own industry	3.76
Track record of accomplishments	3.60
Understands your personal issues	3.32
Source of information about competitors	2.84
Length of service in the job	2.48

Executives value decisiveness and confidence in salespeople. One respondent, for example, told us he appreciates a salesperson who "speaks with authority, but without arrogance." Moreover, our subjects are most impressed by salespeople who express genuine interest in their buying needs, who are knowledgeable of their industry, and who think strategically. High-ranking executives also prefer salespeople who are responsive, who will listen more than talk, and not pressure the buyer with "hard sell" tactics.

We also learned that executives are much more likely to remember a sales meeting that went badly than one that went well, albeit bad experiences with salespeople are rare. The worst impression a sales person can leave is wasted time. Other negatives include lack of focus, poor attention to detail, being a "know it all," and focusing on the product being sold rather than the customer’s need.

What factors make "like rank" selling necessary?

Meeting with executives from a selling company proved important to buying executives. Sixty-eight percent of our respondents rated such a meeting four or five. Only four percent rated it least important. In a joint meeting, buyer executives expect seller executives to know the buyer’s business, industry and current key project, as well as the significance of the relationship in dollars and percentage of business.

Buyer executives do not want a "glad hand" meeting. A "like rank" sales meeting must reaffirm the seller's commitment and highlight the two companies’ strategic fit. Executives favor suppliers with a similar business philosophy and culture, and prefer to meet with "like rank" executives to affirm the value of the relationship.

On the other hand, more than one executive said, "If I need to meet with the salesperson’s executive management, then something is wrong!" In fact, sometimes the only reason a buying executive wants to meet with a seller’s "like rank" is to address a problem.

What do executives expect from "partner" suppliers?

High level "partnership" relationships with at least one key supplier were found among 83% of the executives in this study. Certain benefits are expected from such relationships, but many executives are disappointed with the results. Twenty-eight percent of the respondents always expect to reduce lead time for product development with partner suppliers, but only six percent feel they always receive such a benefit. Thirty-three percent expect a competitive advantage yet only six percent feel they always receive it.

Other expectations include a commitment of dedicated personnel from the seller, integrated information systems, sharing of price and cost risks, and insight into the supplier’s product plans. The gap between expectations and reality is great — nearly half of those with expectations were disappointed by "partner" suppliers.

Summary and Conclusions

This study provides several key insights into executives' involvement in buying decisions, and what professional salespeople can do to gain and maintain access to senior executives:

- Most senior executives become involved in key purchases early in the decision cycle, are less involved in the middle, and reassert themselves at the end of the process.
- Senior executives will meet with salespeople early in the purchase decision cycle, but only to identify and learn about business issues related to the purchase decision.
- Executives are reluctant to rule against the consensus decision of the internal group appointed to make recommendations during the evaluation phase of the decision process.
- By far the most effective means of gaining an appointment with a senior executive is through a recommendation from inside the executive's firm. Strong existing relationships within an organization proved crucial to gaining executive access.
- Senior executives consciously block salespeople from seeing them. Once a salesperson overcomes these obstacles, executives quickly test salespeople to see if they can provide value to the executive.
- During the initial sales meeting with a senior executive, salespeople must convey their accountability, and listen to and understand the customer's business goals, objectives and challenges.
- Maintaining a trusted advisor relationship with a senior customer executive depends on the salesperson's ability to demonstrate:

    - Understanding of key business drivers
    - Accountability/responsibility
    - The ability to marshal resources

- Many senior executives appreciate meeting with "like rank" executives from the selling firm, but these meetings must be substantive, not merely a "glad hand" encounter.
- Many companies have formed high level "partnership" relationships with key suppliers, but most of these relationships have not met executives' expectations.