

## Distributors face Hard Times!

This month's Sales Clinic column deals with three interrelated topics, and the first of them is both a business and personal concern... *the state of the economy*.

Depending on who you're listening to, we're either heading for a recession, or we're already in one. In fact the lead article in the October issue of *First of the Month News*, a sub-publication of *Business Forms Labels and Systems*, states in a bold headline that **Distributors Face Hard Times!**

I don't disagree with that headline, I know all too well that many forms distributors are struggling right now, but I disagree that it's all the economy's fault! These struggling formsellers planted the seeds of their own problems a long time ago. If anything I believe that a lousy economy *creates* as much opportunity as it takes away.

### A Head-On Look

Let's take a head-on look at the negative effects of a slowdown in the economy on business forms usage. I won't kid you, overall usage goes down. General Motors sells fewer cars, General Electric sells fewer appliances, and the General Store sells less of almost everything too. All through the economy, there are fewer *transactions*, and therefore, fewer business forms required to communicate the information attendant with every business transaction.

But take it a step farther. If GM's sales go down by 10%, will their forms usage go down by 10% to? No way! I'll bet the total number of purchase orders they issue will only go down by a couple of percent. They still have to buy supplies, raw materials, and component parts, they just order less on each order! The same will hold true for checks. GM won't cut all that many fewer checks, just checks for smaller amounts.

It will work exactly the same way with your customers. Small business, medium, or large, *a reduction in overall business does not cause an equal reduction in ink on paper*.

What it does do is make people question their costs to a greater degree. With less money coming in, your customers must find ways to reduce the amount of money going out. If they can do that, they get through the recession. If they can't, maybe not!

I don't think half of the people in the forms industry really understand the current marketplace. I keep hearing the complaint that "my customers won't let me make any money." Understand this, it's not your customers that set reduced price levels, it's your competitors! And there has always been an element of the competition that sells on price alone.

The reality of the recessionary market is in many buyers are more inclined to—and maybe even forced to—consider these low prices, even if there is risk attached. Your job is to keep from losing your customers on the basis of price.

### Consultative Selling

Ideally, you want to do that *and* continue to get your price. There are only two ways to make that happen. One is to convince your customers that the risks in using the lower-priced supplier outweigh the gains. That will work with some people, but the more sophisticated buyer may know that printing of the type you sell really is a commodity product. In other words, the forms he can buy from your competitor will probably work just fine.

The other way—and I say the far better way—is to work with your customer and help him/her get some *cost* out of the business. This is what *consultative selling* is all about. And *consultative selling* is the second of the interrelated topics I want to talk about today.

It's when business is bad that the expertise of suppliers is most important to their customers. That's especially true of small businesses, and less sophisticated business people. If they knew how to solve their problems, they wouldn't still have those problems!

Those of you who attended my recent seminars will remember the "magic words" for the customer or prospect who tells you that things are not going well: "How can I help out?"

The answer you might expect would be, "Well, you could lower your prices on the stuff I'm buying from you." OK, here's how I think I'd handle that situation. I'd say, "I might be able to do that, but I'd like to save that as a last resort, because I have to deal with this economy too. Let's talk about some other things first, and see if I can help you take some *cost* out of your business."

Where you go from there might depend on what you're already selling to this customer, or on things you already know about his or her needs. The beauty of a consultative approach to existing customers is that it doesn't always

have to result in a sale to reinforce the value of continuing to do business with you. In other words, a consultative selling *attempt* will often eliminate most of the pressure to reduce your prices on what you're already selling to a customer.

And, the beauty of a consultative approach to potential new customers is that it's simply a better way to sell. It is *the best way* to establish trust and confidence, and that is what buyers are looking for more than anything else.

### **Gaining New Customers**

New customers. Now we've reached the third of the topics I want to discuss with you. There is no economic condition where gaining new customers is more important to you. And there is no easier time to get them than in a lousy economy.

Remember all of those forms distributors facing hard times? Some of them are on the verge of joining the statistics on business failures. When that happens, all of their customers will be up for grabs. The people who invest in a sales effort right now are the ones will come out of the recession in even better shape than they went into it in.

What do I mean by investment? If nothing else, I mean invest your own time in more outside selling, both to prospects and existing customers. Get out face-to-face with your existing customers to make sure that you don't lose them to the guys with the low prices. And get out face-to-face with your prospects, whose current forms guys may be the next cash flow casualties.

I strongly encourage you to take the investment even a step farther. I want to tell you about two things I've recently read. I just finished "Father, Son & Co.," Thomas J. Watson's book about IBM. Watson mentions a couple of times how his father, IBM's founder and legendary leader, responded to any sluggishness in the economy. He hired more salespeople! Watson Sr. clearly understood that bringing in sales dollars—maintaining the top line—is the best way to make it through a recession. If there's less business per customer, then you need more customers. And if you need more salespeople to get them, so be it.

I read that same philosophy expressed as very expensive advice in the Kiplinger Newsletter a few weeks back: "Put out the effort to bring in new business, and give strong consideration to bringing on new salespeople." There have been times when I've quarreled with Kiplinger's analysis of a situation, but this isn't one of them. And I've always had a hard time arguing with IBM.

The way that you sell and the effort you put in can be critical in the lousy economy. Your number one priority had better be getting through whatever's coming. But when it comes and goes—and it will go, this is just another part of the business cycle—if you've done the right things in the bad times, you'll be repaid manyfold in the good. Hard work and consultative selling will never go out of style!

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I would imagine that some of what you've just read has you puzzled. "What the hell is he writing about? We're quick printers, not forms distributors or manufacturers." This may explain—with the exception of the first five words and these closing paragraphs, I wrote all the rest for a forms industry publication in October 1990, even before I became a regular columnist for *Quick Printing!*

The point was not just to save me some writing time, it was to remind you that this down-cycle *will* end, just like the one in 1990 did, and to remind you of what you have to do to come out healthy on the other side. In good times, we all think about prosperity; in bad times, we tend to think about survival. Right now, you have an opportunity to do things that will ensure both.

Please don't just sit around and complain. There are going to be casualties, but you don't have to be one of them!