



Information Booklet

Sales and Marketing

5

SELLING PRODUCTS AND SERVICES

for SMEs



Introduction

Small and Medium Enterprises Development Authority (SMEDA) works under the Ministry of Industries and Production, Government of Pakistan and was established in 1998 with the objective to propel economic growth through development of SMEs. SMEDA serves as an SME strategy-advisory body for the Government of Pakistan and facilitates partners in meeting their SME development agendas.

SMEDA envisions growth of a globally competitive SME sector (in Pakistan), through creating an enabling environment and support services for increase in the national economy. SMEDA strives to achieve this vision by providing assistance in employment generation and value addition to the national income, through development of the SME Sector, by helping increase the number, scale and competitiveness of SMEs.

National Business Development Program for SMEs (NBDP) is a project of SMEDA which intends to provide hands-on support services to SMEs. The aim of this business development support provided by NBDP is to advance new businesses and improve efficiencies in existing SME value chains to empower them to contend in global market. NBDP expects to facilitate around 314,000 SME beneficiaries over the period of five years.

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Objectives

- To elaborate concepts and importance of a good selling strategy.
- To define different kind of selling techniques.

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a Concept and Significance of Selling

Selling involves the entrepreneurial actions related to exchange of products or services for monetary benefit, between two or more parties. It is a measure of success for commercial ventures. It is important for making revenue which allows a business to continue to function.

Sales is actually a process and the most important part of selling process that consists of “linking the need or want with the product”, performing the art of “persuading the consumer”, that buying the product or service will benefit him or her in fulfilling the need or want and “closing the deal”.

More specifically, the “Selling Concept” as differentiated from marketing, proposes that all customers, whether they are individuals or organizations will buy the business's products only when they are persuaded to do so through selling effort and promotion of the offered products and services.

The most important lesson in managing a small business is understanding the importance of knowing how to sell. It has been stated that people can build anything but if they cannot sell it, none of it matters at all. Sales are everything to a business. Finding what works for generating sales at the business is key to success.

Importance of sales in a small business is such that if it is not the sole arbiter of success, it is the major part of the “Strategy for Success”. People who excel at projecting the need and then follow-up with persuading and closing the deal; are successful salespeople and lead the way in entrepreneurial ventures.

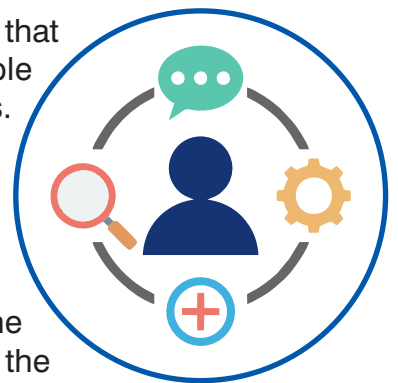


b Difference in Products Selling and Services Marketing

The key difference between product marketing and service marketing is that product marketing is concerned with tangible, storable, and measurable products, whereas, service marketing is concerned with intangible services. However, the difference between the product marketing and service marketing does not merely refer to the physical difference between the product and services, it is also concerned with how the needs of the customers are being perceived to be satisfied.

If the quality of a certain product is not up to the mark, or it does not fulfill the desired requirement, it can be returned to the seller. However, it is impossible in the case of services, because once the services are delivered, they cannot be taken back, only a refund is possible. So, the service marketing should be done keeping the return factor in mind. It is a human tendency, that we respond quickly, to what we see and it is a major problem of product marketing that it grabs our attention, and encourages sales. As against this, a services cannot be seen, it can only be experienced and so the response is a little slow, while marketing services.

When a product is marketed, the company offers value, as it fulfils customer's requirements. However, when a service is marketed by a company, it usually offers a relationship to its clients. Additionally, in product marketing, the company promotes something whose ownership can be transferred/resold to another party. But in the case of service marketing, the company promotes something, whose ownership can neither be transferred nor it can be (usually) resold to the other party.



C Key Considerations in Selling Strategy

The primary objective of an effective sales strategy is to identify how any business will get its product or service in front of prospects that have a definite need and ability to purchase. There are some considerations which play a significant part to fulfill this objective, for instance knowing the products and services, knowing the prospects and applying the means to forward the products and services.



i. Know the Products and Services

Knowing the products and services refers to understanding the features, benefits and uses for the potential customers of the products and services. A product or service's features can be spread over following dimensions:



Sellers and marketers are responsible for keeping the business informed about customer's comments and feedback. While product management manages the products, sales needs to understand the product life cycle as well. Each product and service has a pre-adoption, startup, growth, maturity, and decline stage. By understanding this cycle, products and services can be replaced or restructured for sustainability of the organization.

ii. Understand Customers and their Choices

When products or services are being sold, to understand customers' needs and wants and in order to understand their needs and wants, one must to understand them. All customers tend to have similar expectations in terms of friendliness, understanding and empathy, fairness, control on purchases, options and alternatives and information.

Friendliness is the most basic of all customers' needs, usually associated with being greeted graciously and warmly. Some ways to understand the customers better are as follows:



A primary fact about customer needs is that often customers are unaware of what they need. They focus on what they want because of emotional and or social reasons and businesses that give them what they want are better equipped to build profitable and sustainable relationships with customers.

iii. Understand Marketplace and Competition Based on Research

It is important to do market research to avoid wasting time and money. Market research involves collecting and analyzing information about the market size and its determinants, including customers and competitors.

Demonstration of products is one of the most reliable ways to promote them in the market and understanding the competition is also easier.

Whatever product or service is being sold; the business owner needs to compare communications from the competitors of the product or service. The competitors may be few or more, but unless the individual customer is convinced that he or she will benefit from that product or service, it would not sell.



iv. Consider Regulations and Market Norms



Market regulations and industry norms are rules and guidelines to regulate trade and economic activity. SMEs should find out all the regulations which are applicable to their business and take steps to comply with all regulatory requirements. Market regulations are usually covered by legislation and implemented by the local and provincial regulatory authorities.

Daily prices of commodity products like eggs, milk and vegetables etc. are usually established by regulatory committees formed under a law for carrying out commercial activities, at the district, tehsil or municipal corporation level. These committees also include private representatives in addition to government functionaries. Sometimes, market committees by the traders are also encouraged to self-regulate the economic activity. Example of such market committees and their roles can be found in Bazar Unions etc. The Food Control Authority, Local administration (DCs) and EPA are examples of regulatory bodies in Pakistan.



Market norms are customers and other stakeholder's expectations from a particular industry/sector. These expectations may not be formal regulations but usually it is important to either comply with norms or to explicitly explain any deviation that a business decides to make from the set norms.

v. Ways to Promote through Advertisement and Social Media

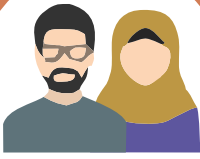
Good sales people find out how to promote their products and services, in the most efficient and effective manner. They are constantly looking for ways to promote products and services by handing out business cards and other promotional materials to get the word out. This includes the use of print and electronic media including emails, website updates, and social media postings so customers can be kept up to date with the latest product or service offerings via social media platforms like Facebook, LinkedIn, Instagram, Snapchat, WhatsApp, Twitter and Pinterest. Developing an effective social media plan for promotion of products and services could be a good investment.



d Art of Selling: What Makes a Successful Salesperson?



The ability to build long-term relationships with customers, one at a time, can be done through promoting the right benefits to the prospects. Most good salespeople think long-term and how they can leverage the current sale into more business in future from the same customer or via referrals. This can happen only if the customers are satisfied with their experience.



The ability to listen and stay in tune with the needs of the customer. Too many salespeople spend most of their time attempting to talk the prospective customer into purchasing the product or service in question, without finding out what the customer actually wants. The customers may not be interested in the product that is being sold but they may have a need for another product or service that the business can fulfill now or in the future.



Not promising what cannot be delivered. Nothing turns off a customer faster than broken sales promises. A good person ensures that he remains truthful while selling the products and services.



Tenacity. A good salesperson knows that it may take several attempts to make a sale and never gives up on a potential customer. Somewhere down the lane an email or phone call reminder might close the deal. A good salesperson also knows where to draw the line between pursuing a potential sale and pestering the customer.



Self-motivation and a positive attitude. Successful salespeople have a high level of initiative and do not need to be reminded. They constantly look for new opportunities and view setbacks as learning experiences. They hold themselves accountable for their performance and do not blame others or current economic conditions for lack of success. They are focused on results and achievements.

Types of Selling

If one is interested in improving their sales skills, they will. Here are some of the most common approaches:



Aggressive Selling High-Pressure Sales

The bottom line in this type of selling is that if the prospect walks, the sale is lost. The style is hard driving; this is the salesperson who would not take "no" for an answer.



Transactional Selling

This approach focuses on making quick sales; there is no attempt to form a long-term relationship with the customer. While transactional selling tends to be looked down on today, it does have its place. Looking at it from the customer's point of view, sometimes a simple transaction is all the customer wants.



Consultative Selling/Relationship Selling

Consultative selling depends on developing a long-term relationship with the customer. The salesperson's goal is to get to know the customer's needs and wants so he or she can do the best job of giving the customer what they want.



Collaborative Selling

Collaborative selling takes relationship selling one step further; this sales approach depends on a partnership mentality between buyer and seller.

The type of selling approach one should use depends on their personality, their industry and the customer. As a salesperson, one will be more comfortable with some styles of selling rather than others, and probably more successful in a particular type of industry as a result. Used car salespeople, for example, are infamous for using aggressive selling techniques.

The best-selling approach is the one that results in a satisfied customer which is why the best salespeople are able to retain their customers over long periods of time. Very few salesmen are able to successfully use different types of selling techniques, depending on who their customer is but the ones who are able to do it, are the most successful ones.

e Handling Complaints and Objection and Dealing with Sales Returns

Like any other process, sales may also suffer from temporary hurdles and hence, the need for setting up of a response. In an event of sales objection, the most important thing is to understand the set of expectations customer has and then as part of follow through and follow up. It is important to listen to customer objections because these often turn into opportunities. Allow the customer to clearly define their thoughts, mutually agree on a course of action and keep them in the loop throughout the Customer Response Process.

Objections can be generally classified into four types:

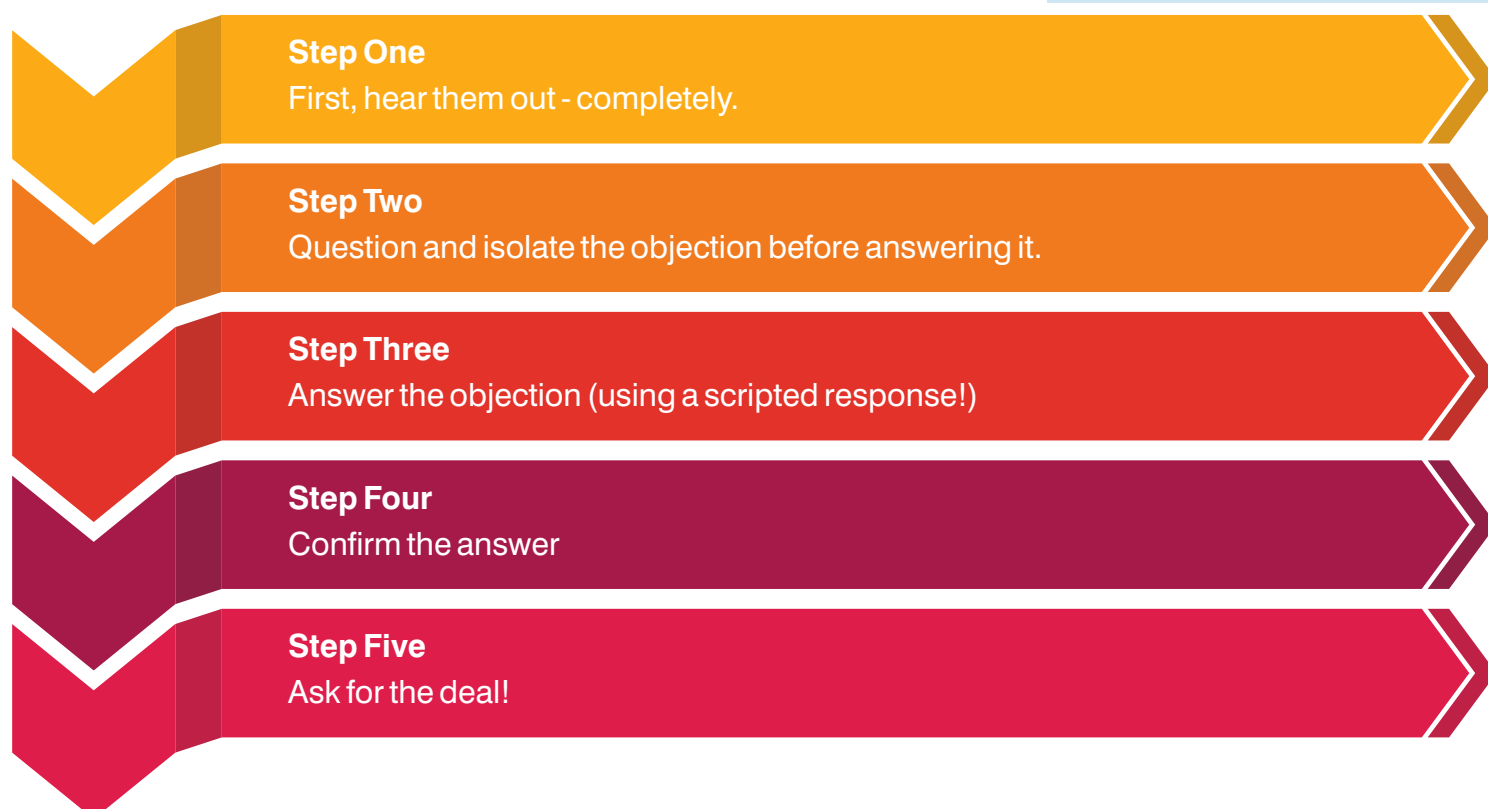


There are various ways and means to address the complaints or grievance handling process. Overcome objections in sales by actively listening, repeating what has been heard, asking follow up questions, and responding appropriately. Avoid reacting impulsively to prospect objections. Instead, listen to them, validate their concern, ask qualifying questions, and respond in a thoughtful and reconciliatory way. An example of such a process could be as follows:



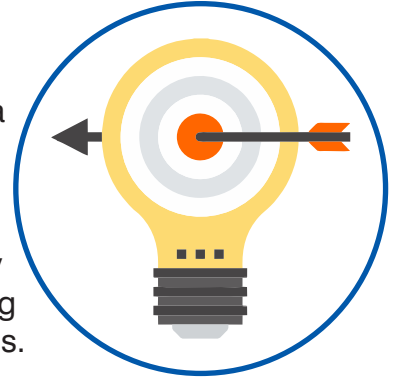
Remember!

An effective grievance handling process needs to be structured and replicable one for the benefit of the organization.



f Template for Selling Strategy or Sales Plan - Annex

Creation of a sales plan is not merely an administrative requirement, but a powerful tool that enables a sales person or small business owner to consistently make good decisions about the most important aspects of business i.e., how to generate the highest ROI (Return on investment) possible utilizing the limited amount of time to invest? Creating and continually readjusting a well-thought-out plan, dramatically increases odds of exceeding the sales goals. A good sales plan should comprise of these five primary sections.



Section 1: Current Situation

In this section, the business owner will provide an analysis of the general trends, challenges and opportunities affecting industry and business/products and services within the local marketplace. Special emphasis should be placed on the exact factors and trends that are currently affecting the top products and services. (In this section also cite individual sales figures for this year in comparison to last year).



Section 2: Competitive Analysis

The first step in delivering a competitive analysis is to identify the specific competitors one individually loses business to. Next, review how prices and services compare with the top 3-5 competitors. When writing this section, one must focus on where competitors are the most effective and where they are competitively vulnerable. The sample chart below will help in getting started.

Provide the best estimate as to the business/product's market share, for each of the top products and services. This is frequently called share of wallet. For example, one may estimate that the product receives 75% of the total "spend" from business XYZ within the market.

Next, provide an overview of these competitors' sales, marketing, e-commerce and pricing strategies. Finally review the specific offensive and defensive sales strategies to attract market share away from these competitors in the year.

Factor	The Business	Competitor 1	Competitor 2	Competitor 3	Competitor 4	Competitor 5
Reputation						
Customer Service						
Delivery						
Price						
Location						
Social Media						
Web						
Factor	The Business	Competitor 1	Competitor 2	Competitor 3	Competitor 4	Competitor 5
Easy to Deal with						
Marketing						



Section 3: Sales Goals and Objectives

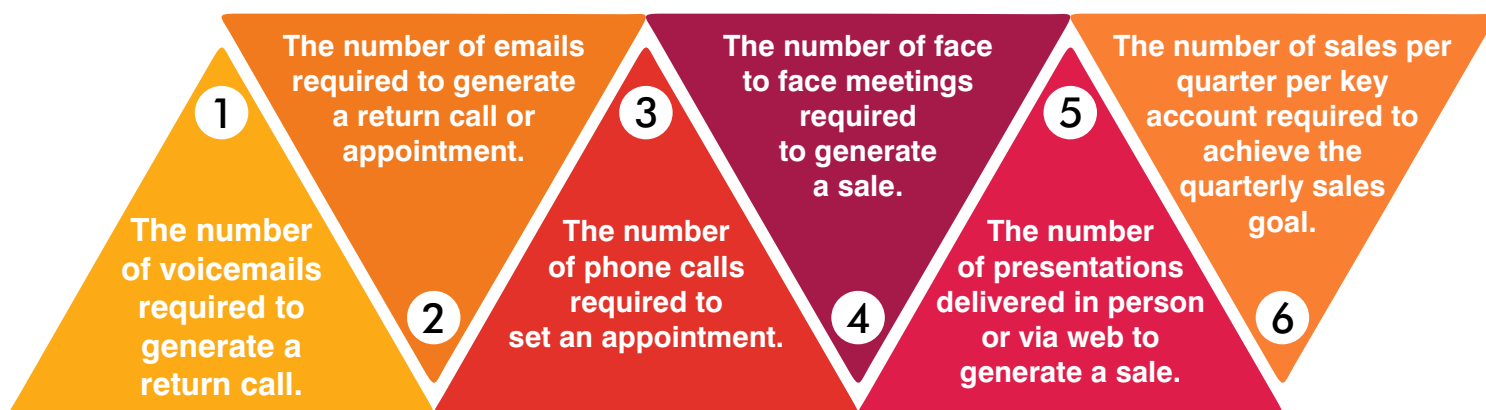
The foundation of an individual sales plan is built upon the proposed sales and net profit goals. A total sales revenue goal should be reported in this section for the entire group of product and services which are being personally sold. Also add any additional goals/metrics that one is responsible for achieving (first time sales, net profit etc.). Next, define total revenue goal for each of the top products and services. Finally, one will be able to cite a revenue goal for both new (first time) and dormant products and services.

In this section, the business owner will also be asked to report personal sales objectives for the year. Objectives specifically define what one intends to achieve and by when, in pursuit of the portfolio's revenue goal. Objectives are also referred to as performance goals as they provide a blueprint for an individual account management plan.

Example:

- Increase by 25% vs. last year the face to face time I spent with the final decision makers for the top 15 products and services.
- Aggressively target 10 accounts currently serviced by Brand X or Company Y.
- Increase my average net profit per sale by 27% in the first quarter of the year.
- Reactivate a minimum of 3 dormant accounts each month during all of the year.
- To set objectives, one must have a clear understanding of the tasks which are currently undertaken and the number of times one executes them to generate a sale.

Among the Most Impactful



Worksheets allow to begin easily tracking the personal sales metrics. Once the metrics have been defined and starting to be tracked, one can create and incorporate a specific quarterly action calendar for the year.



Section 4: Key Accounts

In this section, one will have the opportunity to describe in detail the goals, tactics, and strategies for each of the key accounts.

Write about one key account at a time. Begin by providing an overview of the accounts' sales and net profit figure in comparison to last year. Next, cite the expected revenue and net profit goal set for this account, both yearly and quarterly.

As part of each key account review, address the following:

The type of account—corporate, meeting, SMRF or government.

What is the current decision-making process?

Are there any other divisions, departments or competitors that one should target in the year?

Finally, provide an overview of the account specific sales objectives one has committed to in the year.

Example:

- Obtain three internal referrals from Mr. Asif, HR Director.
- Increase market share with Allied Insurance by 25%.
- Expand my account penetration through XYZ business by targeting the marketing and training divisions.

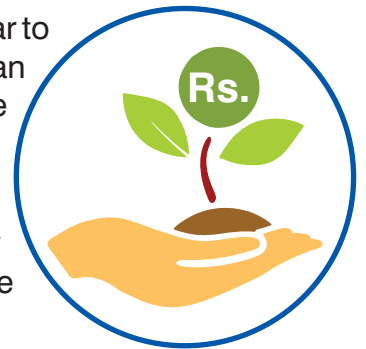


Section 5: Business Development

New Business

In this section report on the objectives and tactics that will be undertaken in the year to generate new business. In short, all sales professionals should conservatively plan to replace a minimum of 10 to 15% of the last year decision makers, who were laggards with fresh prospects.

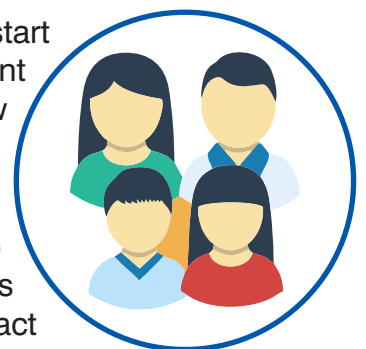
Business development is the first thing that must happen in order to significantly increase future sales and net profits. Experts agree that every minute of every day that a business is not servicing an existing account or writing an order, it should be looking for and cultivating new customers.



Dormant Clients

Single out 5-10 dormant accounts. Next highlight the overall strategy to jump-start these accounts and the specific sales tactics which will be employed. Recent studies have concluded that it usually takes 7.6 times longer to win a new customer then to jumpstart a dormant account.

According to American Express Travel, the best source of new revenue is lapsed customers. The American Express approach is simple; ask customers to come back and then give them a very good reason to come back. It generates results rapidly! Because the business knows exactly who they are and has their contact information. More importantly, it knows what they have bought in the past.





Conclusion

The “Selling Concept” as differentiated from marketing, proposes that all customers, whether they are individuals or organizations will buy the products/services only when they are persuaded to do so through selling effort and promotion of the products and services being sold. The primary objective of an effective sales strategy is to identify how the business will get its products or services in front of prospects that have a definite need and the ability to purchase.

Considerations which play a significant part to fulfill this objective are knowing the products and services, knowing the prospects and applying the means to forward the products and services.



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