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## 5 Strategies to Escape Procurement's Vendor Trap

Take Back Control of the Sales Process

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Mark Shonka of IMPAX Corporation shares 5 Strategies to Escape Procurement's Vendor Trap

### Summary

Ever feel like price matters more than value? Procurement departments are increasingly relying on tools and processes that emphasize price. They want to know x, y and z, nothing more, nothing less. There's no room for selling the value of your product. It may seem like your only options are to abandon your commitment to value and lower your price or just walk away — the vendor trap. The good news is that you can use the five strategies in this article to avoid the vendor trap and take back control of the sales process.

### 5 Strategies to Escape Procurement's Vendor Trap

By Mark Shonka and Dan Kosch, co-presidents of [IMPAX Corporation](#).

Internet auctions, RFPs and purchasing consultants are all tools of the increasingly powerful procurement department. When you work with those departments, the rules are well laid out:

1. Here is the information we want you to provide ...
2. Respond to these questions ...
3. Follow this format ...
4. Send in your response by this date ...
5. Don't contact anyone else ...



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## 6. Wait to hear if you made the cut ...

Those tools (and others like them) are designed to level the playing field and boil decisions down to product and price, and they've been very effective, but that is not always good for value-leading sales organizations who can't afford to win by having the lowest price.

Meanwhile, salespeople like you, intent on asking the right questions, probing for needs and aligning solutions with your customers' requirements, are working incredibly hard but still losing control of your own destiny. You are finding that the rules being created by price-oriented procurement departments are being written so that value leaders lose. After all, the business value you can help create doesn't translate well to a vendor grid.

Talk about lose-lose scenarios. You can either abandon your commitment to sell your value and lower your price, or you can walk away. That is the ultimate vendor trap.

The good news is that you can stay out—or fight your way out of—the vendor trap by using these five strategies:

### 1. Make up your mind. Sell value or become a commodity.

Selling value starts with your mindset. Think about it this way. When someone asks what you do for a living, what do you tell them? Are you a "sales rep" or something more? Consider a sales job description recently taken from the internet:

**General Description:** Achieves maximum sales profitability, growth and account penetration within an assigned territory by effectively selling the company's products and related services.

**Skills/Qualifications:** Meeting Sales Goals, Closing Skills, Territory Management, Prospecting Skills, Negotiation, Product Knowledge and Presentation Skills.

There's a lot there, but what's missing? Among other things, the customer is missing. As a result, the job sounds like it is for a "vendor," someone selling commodity products that is likely to get stuck in the vendor trap. That is not what you aspire to, so the next time someone asks you what you do, say something like this:

"My job is to understand my customers' business, including their current situation and their future direction, and to leverage a series of solutions and capabilities that exceed their needs and enhance their ability to drive improved business results."

It's pretty tough to put a person with that type of conviction on a grid!

### 2. Research is key. You have to understand your customer's business.

Most salespeople believe in doing their homework. After all, how else would you figure out the customer's needs and your corresponding product fit? Now, you just have to take it to the next level and understand the customer's business direction as well. Doing so will give you the critical insight you need to sell your value. Effective research can be broken into these four parts:

- **Data.** This refers to publicly available facts and figures about a company. Don't discount the importance of data by saying it's publicly available, therefore it must not be very powerful. You can find some incredibly valuable data out there, including management presentations, analyst calls, LinkedIn profiles and so on that can help you in our selling efforts.
- **Information.** Data is good, but it is not enough. We also want to gather information, which provides us with an "inside perspective." Look beyond needs analysis and uncover the company's profile, business objectives, strategies and issues.
- **The Coach Network.** Coaches are knowledgeable people inside and outside your customer's business who want you to win (and who win when you win). They can be found in many places and are critical to your sales and account management success.
- **The Research Meeting.** Research meetings or interviews are the "how-to" of effective research, where you ask interesting questions, listen actively and gain critical insights by following the "95-5 Rule" which dictates that you listening 95% of the time and ask questions 5% of the time.

### 3. Business fit is crucial to selling value.

What is business fit? First, let's look at what it's not. It's not product fit, where you learn about the customer's application and find out what they need in a solution. You use product fit statements like this to tell customers you have what they need:

"You said that you need a state of the art technology that is platform independent, and we have a technology that has been heralded as leading edge and has been proven to work with the top five industry accepted platforms."

Product fit statements are typically used when dealing with evaluators, who care about the specifications and prices of products and solutions.

So what is business fit? It's a series of statements that describe how, working together, your relationship with the customer can help the customer to attain some critical objectives, implement key strategies and address important issues. It's based completely on research; you take what you've learned about the

customer's business, and you figure out how you can leverage your solutions, people, knowledge and experience to help them drive results. Here is an example of a business fit statement:

"Our relationship will support one of your critical objectives—the expansion into new markets—as our combined market coverage would result in the ability to reach new prospective customers in Latin America."

You would then back that statement up with details and examples that would bring your point to life.

Business fit statements are critical when trying to build a value-based relationship with senior-level decision makers who care about the success of their business.

#### **4. You can only sell value to someone who can buy it.**

That statement is as true today as it has ever been. There are so many people who want to block your access, including product evaluators, procurement and even outside consultants who are under contract to guide customer buying decisions. Those people's job is to evaluate solutions, drive down costs and make recommendations. Yet there are still real decision makers out there—people who can say "Yes" when everyone else says "No."

If you want to sell your value and rise above the focus on price, you need to get to real decision makers directly and make your case for the impact you can have on their business.

There are many ways to get to senior-level decision makers; ask a coach to help, utilize your own senior executives or ask the executive directly. When armed with the right customer knowledge, any access strategy is more likely to be successful.

#### **5. It's not enough to get a presentation to a senior-level decision maker. You have to be so good you get invited back.**

You've done your research and have your meeting scheduled with the decision maker. Now you need to make such a strong impression on the executive that he or she would actually pay more for your value and the results you can help him or her drive. So how can you do that?

First, enough with the "show up and throw up" pitches and the endless slide decks that drone on forever about your capabilities. Executives don't like them, and you don't care much for them either.

Deliver a truly customer focused presentation that follows the IMPAX "Them-Us-Fit-Action" flow:

- **Them.** Focus first on what you've learned about the customer—succinctly and in a humble manner.
- **Us.** Now shift gears and present your company as a strategic and timely resource.
- **Fit.** Present your compelling business fit, showing how your relationship can help them drive results.
- **Action.** Share the action steps that you think will lead to a successful win-win experience.

Now, sit down, join the roundtable discussion, and ask the decision maker a concise closing question like "Those are my suggestions. How would you like to proceed?"

You are now in prime position to move forward. You have done your homework, gained access to the real decision maker, developed and delivered a compelling and customer-focused presentation and asked the decision maker a strong closing question. That is exactly where you want to be. That is where you shine.

The selling environment is really is tough out there. Aggressive competition, challenging economic conditions and tough procurement departments are conspiring to force you into the vendor trap where decisions are based primarily on price. Happily, you are not a victim. Break the rules and see where it takes you. Instead of waiting for the customer to determine the rules of engagement, take charge and develop the right mindset –

You sell value and deserve to sell it to people who can buy it.

Then do your research, figure out the business fit, get to the real decision makers and blow them away with your presentation.

Success is all up to you. You just have to have the courage and conviction to take back control and blaze your own trails. After all, if the rules are made so that you lose, you better not follow them. You better make new rules.

Mark Shonka and Dan Kosch are co-presidents of [IMPAX Corporation](#), a leading sales performance improvement company. Their expertise has been compiled in the business bestsellers [Beyond Selling Value, A Proven Process to Avoid the Vendor Trap](#) and

[Breaking the Rules: 111 Tips for Selling Value in the Era of Procurement.](#)

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