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A PARTNERSHIP FOR THE AGES

The government is taking a positive step
towards economic diversification by focusing
on public private partnership projects

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Show me the money

Customers want value

“A skilled global negotiator will always connect at an emotional and rational level in the negotiation and will always be on the lookout for the unexpected to occur.”

— Stephen Kozicki

It is clear that 2017 will be a year of enormous change and challenge for all executives and managers. The key to thrive and grow is to ensure that any change you make internally with your team, or externally with your customers is fully understood.

In 2017, put yourself in your best customers' shoes—customers in a B2B world want more value now than ever before.

Moving from a product focus to a value-added approach requires a significant mind-shift in your team: replace customer-focused with customer-results-focused.

If you want to make your relationship with your best customers even more 'sticky', competitor-proof and price-defendable, then you need to make it broader, deeper and more valuable – to your customer. For that, you need to understand their business and the measures they use to quantify financial success. You need to show them how value makes them successful.

The purchasing team at your best customers want to make you and your product into a commodity offering, a transactional exchange. Putting you and





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your competitors to war on price suits the purchasing department as their success is largely measured (and rewarded) on price reductions won: getting more for less is the mantra, and why not if a product is a commodity?

Apart from the obvious mindset shift required from your team, they will need to acquire some new financial and business skills. By far, the most difficult of these is accounting literacy. The accounting language informs much of the success measurements used in business. Frankly, if you are not accounting literate, you are excluding yourself from the financial conversation that you need to have with your best customers.

Only by understanding which financial metrics matter to your key accounts, can you begin to have strategic dialogue. Your business presentations must include the financial metrics that matter to them, underpinned by a sound understanding of the reasons. You can effectively create the financial case in support of your strategic relationship.

One of the most common mistakes companies make is delivering great value, but failing to monitor and report this value. It is critical to implement processes that regularly capture this calculation of value. Remember, it's not your best customers' responsibility to understand your full value; it's your responsibility to make sure they understand. To make sure they understand, you must have financial acumen.

Let's deal with a couple of likely objection-clusters right here on explaining things in financial terms.

1. Accounting is a specialised skill set and should be left to the accountants. Accounting is difficult and hard to learn. I've tried to become accounting literate before, and it didn't work. My customer will know that I'm bluffing. This is not my role as a manager or sales professional. I didn't sign up for this.

Get over yourself. All professional jobs have become much more business-centric in recent years. Accounting literacy is a core skill for any professional. It used to be difficult and hard to learn for many people – that's no longer the case. Accounting literacy means being able to have a business conversation, not preparing financial statements.

2. My clients will think it's weird if I start trying to consult with them on business solutions. They'll probably tell me to mind my own business. What would I know about running their business – that's their job anyway?

Hopefully, they will see a difference, for the better. A properly implemented strategic approach to managing your best customers (key accounts) needs a robust and proven system applied to your organisation. You will be part of a greater team whose sole purpose is to help your best customers to improve their business results. Your aim is to connect at the hip organisationally with your best customers, rather than at the fingertips: sales to procurement.

Understanding how your best customers achieve their profit, and how revenue and expenses combine to produce that profit helps in two ways. First, it helps you prioritise your activities to focus on those that will make the biggest difference to them. Second, it helps you be more persuasive when you are arguing against the incessant demands to drop your prices.

While the demands will not disappear quickly, understanding their financial drivers can help you understand how you can improve their bottom line, without sacrificing yours.

The major benefit for you is if you can logically explain the financial benefit to them in a clear and persuasive way. If you can't do this then you will fight on price with their purchasing team and the cheapest supplier wins! ■