



By Dave Pratt

# Ranching For Profit

Healthy Land, Happy Families & Profitable Businesses

## Do I Have A Deal For You. A Crash Course In SALES!

In business, nothing happens until somebody sells something. That's what makes everything go. It could be a calf, a car, a crop or an idea. If there is competition for a pasture you want to lease, you have to sell yourself as a responsible tenant to the owner. If you are looking for a job, you need to sell your time and talent to an employer. We are selling all of the time.

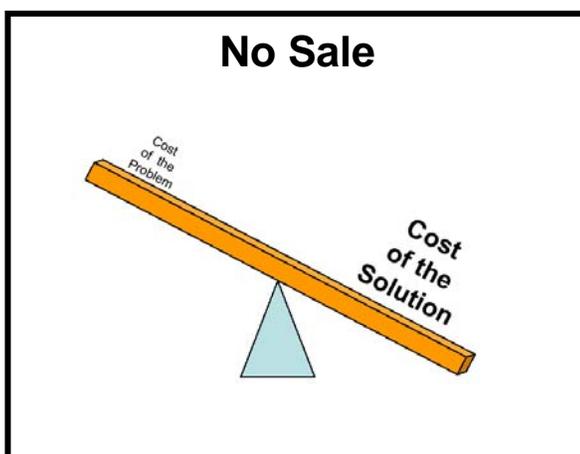
Selling is an essential part of business. In spite of its importance, most of us feel uncomfortable selling. At our last Executive Link meeting I asked members how they felt about selling. Most members told me that selling made them feel nervous, awkward, and uncomfortable. They didn't want to impose on people or be perceived as pushy. At one time I shared these misgivings. I held the stereotypic image of a high pressure salesman...the kind of person who "could sell ice to Eskimos." I didn't want to be that person.

### **Solving Problems**

While most of us don't like selling, we do like helping people. If we can help someone solve a problem, we feel good and so do they. It is the classic win-win.

Selling is simply a process of helping someone solve a problem. The first step in this process is to view the thing you are selling in terms of the problems it solves. For example:

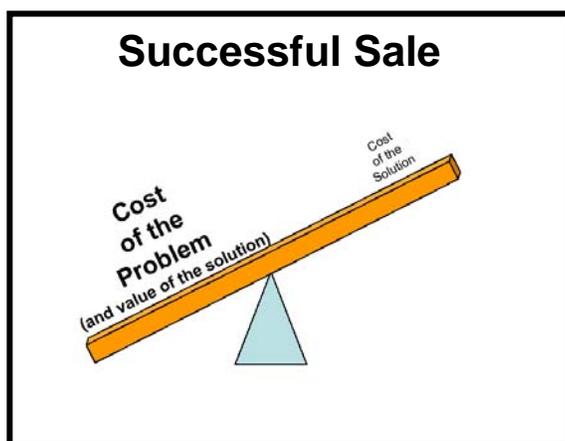
- A truck load of your calves may solve a feedlot owner's problem of excess capacity.
- Renting a pasture from someone may solve the problem they've had of having unreliable tenants that haven't taken care of the place.
- Selling a used piece of equipment may solve the problem of the enormous expense of new machinery for someone who is strapped for cash.
- Selling a different production schedule to the management team might be one way of solving the economic and financial problems the business faces.



### **The Teeter-Totter Theory**

Imagine a Teeter Totter. On one side there's a child. On the other side is a 900 pound gorilla. Obviously the teeter totter is going to tip toward the gorilla.

Selling is the job of tipping the teeter-totter. On one end of the teeter-totter is the cost of someone's problem. At the other end is the cost of your solution. If the cost of the solution is greater than the cost of having the problem, the teeter-totter won't budge and you won't make the sale.



If the cost of having the problem and the value of solving the problem is greater than the cost of your solution you'll make the sale.

### ***Money Isn't The Only Cost***

RFP alumnus and EL member, Tom McGrady, told me he looks at three things when it comes to costs and benefits: Time, Energy and Money. I think it is useful to consider these three things when it comes to our teeter-totter sales model.

People expressing interest in the Ranching For Profit School usually recognize that the financial value of the insights they will gain and the tools they will learn far out weigh the tuition. However, this may not be enough to tip the teeter-totter toward attending. The cost of the solution includes the cost of spending a week away from home and the emotional cost of dealing with the issues they know they will be confronting at the school. To overcome these costs of attending, they must recognize the cost of maintaining the status quo and the value of the solutions in terms of time, money and emotional energy.

### ***Focus on the Buyer's Needs***

In the continuing education program at the last Executive Link meeting, members were given imaginary products to try to sell to one another. One of these products was a high volume, portable, inexpensive pump that can be used to pull water out of creeks and dugouts to fill tanks and troughs. I watched one EL member work as hard as he could to make the sale. He enthusiastically outlined the features and benefits. Five minutes into the sales pitch the potential buyer said, "But I don't have any surface water to pump."

Selling ice to Eskimos, or a pump to someone who doesn't have a need for one, violates one of the fundamental tenants of selling. *Diagnose before you prescribe.* (This is also habit #4 in the 7 Habits of Highly Effective people course we teach.) You are wasting your time and the buyers time if you try to sell something to someone who doesn't need what you have.

There are two steps in the diagnosis process: learn to ask questions and listen to the answers. Mastering the second step must come first since it doesn't do any good to ask questions if we don't listen to the answers.

### ***Listening***

Jill Rigney is an Australian colleague of mine who teaches a terrific course called *7/8<sup>th</sup> Selling*. Jill says that while the average person speaks at 150 words/minute the average person has the capacity to listen at 400 words/minute. Meanwhile, our minds can process 1,200 frames of information each second! Is it any wonder we have a hard time staying focused on what someone is saying, and why they have a hard time staying tuned into what we are talking about? Jill says that ten to twelve words into a conversation we are usually starting to form our response or are being distracted by one of the other 1,199 things our mind is picking up on. Either way we have stopped effective listening.

A large part of the 7/8<sup>th</sup> Selling course is devoted to learning to listen more effectively. They teach *empathic listening*. (This is a skill we also teach in our *7 Habits of Highly Effective People* course and in Executive Link.) Empathic listening is listening with the intent to understand rather than respond. When listening empathically, we focus on the message, occasionally reflecting back our understanding without questioning, judging or advising.

We've all had the frustration of feeling misunderstood, or having our problems trivialized when someone says, *You think that's bad? Let me tell you about what happened to me!* When you listen for deep understanding, it gives others *psychological air* (another term we use in the 7 Habits course). In other words, when you can't breathe, all you can think about is getting your next breath. If we don't feel understood, it can feel like we are suffocating. We don't want sympathy. We don't want solutions. We don't want to hear someone else's story. We don't want to be judged. We just want to be understood. When someone finally does understand, it is like finally getting some fresh air. Effective sales people know how to listen to understand.

Only about 45% of communication is verbal, and the actual words we use are only a small fraction of that. Try saying "Great!" enthusiastically. Now say it as though you just found out that your neighbor's bulls got through the fence, the landlord is raising the rent 20% and you just got a notice that you are being audited by the IRS. Do you see how the same word can have two completely different meanings? Equally important, notice how your body involuntarily contributes to the message with raised eyebrows, or an upward eye roll and the shrug of your shoulders. When you listen, listen to the entire message people are delivering, with your ears and your eyes.

The key to learning to listen effectively is simply becoming aware of when you are not listening effectively. When you realize that you are forming a response while the other person is still talking or that you are becoming distracted by something, refocus your energy on listening to understand.

### **Questioning**

Last summer I picked up a copy of *The SPIN Selling Workbook* by Neil Rackham. If you want to improve your sales skills, I highly recommend you get a copy of this book. In it, Rackham describes four types of questions represented by the acronym SPIN:

1. **Situation Questions**
2. **Problem Questions**
3. **Implication Questions**
4. **Needs-Payoff Questions**

#### **1. Situation Questions**

As the name suggests, situation questions help us find out about someone's situation. It is important to ask situation questions to get enough background to know if the person is a potential buyer, but be aware, asking too many situation questions has a negative impact on making a sale. You've probably heard that people like talking about themselves. Rackham disagrees. Busy people don't want to waste their time telling you about themselves. They want to tell you about their problems. Ask only enough situation questions to give you the information you need to be able to ask intelligent questions about someone's problems.

Examples: *What kind of enterprises do you have?*  
*When do you usually wean the calves?*

## 2. Problem Questions

Earlier, I asked you to think of the product you are selling in terms of the problems it solves for a buyer. Problem questions help you determine if the buyer has any of the problems that your product can solve. They are much more powerful than situation questions.

Examples: *Have you had any trouble finding good help?*  
*Have you had any problems getting the H2's bred?*

## 3. Implication Questions

Implication questions explore the ripple effects of problems and the resulting consequences of those ripples. For example, let's say in response to asking a problem question you learned that someone is having a hard time finding reliable help. Some follow-up implication questions might be, *How's that affecting your time? Is that causing you to focus more on the \$10/hour jobs than you'd like? Then, How is that affecting productivity? How's that impacting profit? Is that creating stress? How else is that showing up?* Implication questions help buyers realize the real extent of the problem (understanding the real size of the gorilla on the teeter-totter).

Implication questions tend to be the hardest to ask, but they are also the most powerful questions and effective sales people ask a lot of them.

## 4. Needs-Pay Off Questions

Needs-payoff questions help determine the value or usefulness of a proposed solution. We use these questions to ask prospects to describe the benefits that our solution can offer.

Example: *If you could rely on Joe to make good decisions, so that you could pursue that new enterprise, how much more income would you create?*

### ***Implicit & Explicit Needs***

Understanding the difference between *implicit* and *explicit* needs is a crucial part of effective selling. An implicit need describes what someone doesn't want. An explicit need describes what they do want.

Implicit Need: *I don't like the way it is. This is a problem.*

Explicit Need: *I want to do something about this. I need an answer.*

The difference is more than semantics. Explicit needs are much more powerful than implicit needs. People will not buy based only on frustration and dissatisfaction with the way things are (their implicit need). People buy much more readily when they express the way they want things to be (their explicit need).

One of the powerful paradigm shifts people make at the Ranching For Profit School is to focus on creating the things they want (explicit needs) rather than fighting against the things

they don't want (implicit needs). One of the reasons implication and needs-payoff questions are so powerful is that they help turn implicit needs into explicit needs.

### **Closing**

Most people assume that *"the close"* is where effective sales people pullout all of the stops and apply the most pressure. But effective sales people don't have to apply pressure. If we've helped the buyer express their explicit needs the close is simply the logical conclusion to a conversation about the buyer's problems and potential solutions to those problems. An effective close follows these three steps:

1. Invite Other Questions Or Concerns. Address those questions or concerns using the *SPIN* questions to investigate the problems and then listen to the buyer's answers in order to understand the issues.
2. Sum Up. For example, you might say something like, *"It sounds as though this would solve that problem and provide substantial benefits. Do you see it that way?"*
3. Invite the buyer to buy. This may be as simple as saying something like, *"The next step is to sign a contract. I can take care of that right now if you like."*

### **Objections**

If a buyer expresses objections it is because their teeter-totter didn't tip. In fact, most objections are actually created by the seller introducing the solution to the problem (your product) too soon.

Handle objections by asking problem questions to clarify the objection. Then ask implication questions to determine the cost of inaction and needs/pay off questions about solutions. It is best if you can involve the buyer in overcoming the objection. Then go back and close again.

For example, assume a buyer expresses concern over the price of your solution (product). You might want to try something like:

*You are concerned about the price? Is it that you feel that the value you'll get isn't worth the price or that you might have a hard time coming up with the money now?*

Assuming the latter,

*Am I understanding you correctly? You see the value but don't have enough money right now to make the purchase?*

If yes,

*I can see why you are concerned. I have customers who faced a similar problem. If we could find a reasonable payment plan, would you be prepared to commit to the purchase?*

If no,

*What would you have to do to solve this problem? Would you like to hear what others in your situation have tried?*

If the buyer is not prepared to commit, then there are other objections, or this objection is a smoke screen and the buyer has no real intention of buying. Keep searching for the real objection. If you continue to find reasonable solutions and the buyer continues to come up with another objection, you are probably dealing with an unethical buyer. Stop wasting your time and walk away. Five percent of your customers will cause 90% of your headaches. Odds are that if this person buys from you they will be part of that 5%.

### **Follow-Up**

It is ten times harder to get a new customer than to keep an existing customer. Positive word of mouth is great, low-cost advertising. Word of a bad experience will spread ten times farther and faster than word of a good experience. That's why it is critical that you follow-up and take care of your customers after the sale. As a bonus, by following up with your buyers, you see the results people are getting from your product in real situations. That information is crucial to helping you improve.

Gregg Simonds once told me that you can only serve your self through service to others. No where is that more true than in business. *Your business exists to serve your customers*, so take care of them.

### **Pushy Salesmen**

As I've learned more about the sales process, I've come to see similarities to many of Bud Williams' low-stress livestock handling principles. Bud talks about "letting an animal do what you want it to do." By helping a potential buyer see the cost of inaction and the value of a solution relative to the cost of your product, you are pressuring but giving a way for the buyer to release the pressure.

No one wants to be a pushy salesman, but sometimes it is in the potential buyer's best interest to be pressured. Yesterday evening I spoke with someone who is coming back to the family ranch with his young family to help out his aging folks. He said that over the next few years he will be taking on more and more responsibility. He said he really wanted to attend the school but that he thought he should wait until he had a few years of experience under his belt. I told him I understood how he felt, but I didn't stop there. I asked him why he was interested in the school. He said he wanted to deepen his understanding of business, economics and cell grazing. He said he knew the planning and communication tools he would get would be valuable. I asked him why he wanted to wait to get those tools, how he might be able to use those tools in his current situation and what the cost would be over the next few years of not having those tools. Was I being pushy or was I trying to help him avoid the regret that many Ranching For Profit School alumni reveal when they say, "I wish I'd taken this school years ago." If I'd pushed a little harder maybe they would have.

Robert Kiyosaki is right in saying that the most important skill needed in business is to learn how to sell. After all, whether it's a commodity, an experience, your time and skill or an idea, we are all selling something all of the time. It's time we learned how to do it effectively.