

Episode 2

How to Accelerate your sales Process



NEURAL IMPACT | Podcast

The Neuroscience of Cloud Customer Acquisition

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Mark: Organizations that develop even a basic working knowledge of how neuroscience plays out in the customer acquisition process can make very quick adjustments that completely change outcomes.

Sharka: Thank you for joining us. In today's episode, we're going to explore how the technology buyer has changed and how we can use neuroscience to accelerate and improve our sales process.

Intro: Welcome to the "Neural Impact Podcast." Using the latest discoveries in neuroscience to acquire customers and build your cloud business. With your host Sharka Chobot, a passionate neural marketer, behavioral scientist, and technology industry veteran committed to helping give you a competitive edge.

In this episode, Sharka talks with Neural Impact founder, Mark Stuart. Mark shares his deep understanding of the unconscious buying process, why it's so important to change the traditional sales approach.

Sharka: Mark, you spent the last 30 years working with computer associates, pivotal CRM, PeopleSoft, SAP and others. How have you seen the buyer change over all these years?

Mark: It's a great question. Buyer behavior today is radically different than it was even as short as five years ago. Even for the majority of my own selling career, we always knew that the prospect would be reaching out to sales professionals relatively early in their buying journey. They'd experienced some kind of challenge internally, cobbled together some requirements, and then they were very quickly calling a number of vendors. We will have a long period of time to influence that buyer to shape the scope and shape the decision criteria. And today's buyer is doing the majority of what we used to do in terms of education themselves, and then reaching out near the end of their buying journey is really leading sales professionals with a really short period of time to make an impact.

Sharka: Yeah, you know, I've been in the tech industry for 30 years, too. And I know for us, we used to do demos, and we have to sort of start from scratch when the customer picked up the phone and called us to find out who they are. We'd have to try and explain what the product look like and all those things. So are you seeing the sales process change from what the role of the salesperson is and what they're actually doing too?

Mark: Absolutely. You know, and you bring up the demo. Most sales professionals today have been through if not one, two, or three of these types of training courses and the majority of that was anchored in this demonstration

event. So all of the work that led up to collecting the right information, asking the right questions so that we could configure this demonstration in a way that would have a material impact on the decision making. And what we know today is that for the most part, most products are pretty much equal terms of parity, and quality, and functionality. And the decision is made long before the demonstration ever shows up.

Sharka: Yeah, you know, I'm on the marketing side, and I know Austin, we don't get the customers email or prospects information until they've pretty much self-educated. You know, they've gone online, they've downloaded demos, they've done research. So to your point, I know from a marketing standpoint, it's changed a lot. So how should the company's change as a result of this buyer changing like this?

Mark: Sales organizations of all sizes need to adjust. When we knew as sales professionals that we had a long period of time to influence and educate that buyer, we put the majority of our energy and effort on the back end of that sales cycle, right? And we put a lot of time and energy into educating the prospect on things that, to be quite candid, they couldn't get without us. If you look at business applications, sales professional, for example, they were always two things that they had to come to us to get. There is no way a prospect was going to find out the price of the solution set or be able to watch a demonstration of this product without basically working through the various vendors, sales professionals. And you have to ask yourself in today's market, do I need a salesperson to get a price and to look at a product? Absolutely not.

So as sales professionals, we would barter and negotiate those two items for access to executives and more information about what they were looking for. And then of course, over the course of that sales cycle, we look for opportunities to shape and shift it. And so because they have access to those two things today, they're reaching out again quite late in their buying journey, and sales professionals now have to be able to very quickly determine is this buyer at the end of their sales cycle, or are they at beginning, are they somewhere in the middle? And then what do they know about our organization and about our solution set, and what is it that I should focus on here to change.

Sharka: We used to have control in that cycle and process, and now it sounds like the buyer's in control.

Mark: Absolutely. The buyer is absolutely control of that journey. It's not unusual even when buyers today are looking for a multimillion dollar, multi million euro solution sets to show up with an RFP to half a dozen vendors, and the RFP actually is quite accurate. So there aren't a lot of opportunities for sales

professionals to go in and challenge that to kind of orient the deal towards them. So not only has the control shifted over to the buyer, what I would say is the risk is now also being pushed back onto the vendor.

Sharka: The buyer's changed and how they learn and the information they want in that sales cycle. What about the industry, right? We've seen cloud technology accelerating and proliferating in the industry. We've seen our business model be disrupted, right? We've gone from transactions and license revenue from a one time, you know, upfront type of purchase to recurring monthly types of revenue in a SaaS model. How has that all affected how technology companies sell their products and their services? Or, you know, what they should do differently?

Mark: Well, the most fundamental impact of moving from a traditional on-premise perpetual license to a subscription model is there's just simply less revenue and profit that is being generated for the organization. So rather than collecting anywhere from 10,000 to a million dollars in license revenue, you know, within 60 days of selling that original deal. Well, now they're going to collect first of all, fewer licenses in the cloud. Specifically, organizations are stepping into smaller commitments, smaller footprints, so instead of buying 100 or 1000 licenses, what they're doing is they're buying 10 or 50. And then ensuring that that works before they expand the footprint and add new subscriptions, right?

So the average deal size has gone down in many cases, substantially. There's an expectation that people can consume technology out of the box, or at least with your project services than they ever have in the past. That's having a material impact on the business model. And then the third one, which is probably most important, it has to do with sales compensation. So when we collect large license revenue up front, most partners would then use that to pay the sales professionals, pay for the customer acquisition, you know, sort of combination of sales marketing. And now, unfortunately, they're not receiving that so the breakeven point on closing a transaction in the cloud can be anywhere from 18 all the way up to 48 months.

Sharka: So that's interesting. So are you suggesting the length of the sales cycle is changing as well and the decision process is shorter maybe?

Mark: Well, the decision-making cycle has certainly shifted in that you've got more buyers coming in with preconceived ideas about what it is they want to spend, what a solution set can do based on all the research. So it should be a shorter sales cycle, but it can sometimes actually be longer because we have to undo some of the education they've done themselves. Just because someone

self-educates, doesn't necessarily mean what they've interpreted is accurate. So they may be engaging later in their buying cycle, but it still may take a long time for the sales professional to get them to a point where they they've got the right solution set for the problem that they have.

Sharka: Earlier, you mentioned solution selling and some of these other methodologies. Does that approach still work? And if not, how should we change that?

Mark: Now, that's a great question. There's a lot of really good elements to solution selling, and there's many different variants of it. But at its core, solution selling is predicated on two core beliefs. One, I can bring some form of unique solution to the table. So if I ask enough questions and do really good discovery, I'm gonna be able to cobble together some solution set that my competitors can't duplicate. And the second is a belief, and this is the harder one is that the customer actually knows what they're looking for. So solution selling is anchored in, if I really understand what you're trying to accomplish, I'm going to accept that your vision is the right vision and I'm gonna then look at building something that's unique. And I'm gonna argue that it's very challenging today to bring a solution to the table that is significantly different. Certainly, then the rest of your competitors. We're at a point of parody where a lot of what we sell has become a commodity.

Now, if you have an offering that has something unique run with it as long as you can. But for the most part, when you get to a demonstration, all this stuff looks the same and candidly, it all sort of cost the same. But the more important one has to do with us believing that the customer knows exactly what they want. So if they give us an RFP, we complete the RFP, we get the work, we're gonna then build what they've asked for, but the truth is that today's, you know, the technology companies and the vendors, they know more about what that customer needs, if they're a manufacturer or if they're a retailer, or if they're professional services firm, than the customer does.

Sharka: So do you think the skills that a salesperson needs to have today who's selling cloud solutions needs to be quite different as well? Not just the methodology?

Mark: Completely different. The sales professionals that I see succeeding in the market today bring content to the table. Plain and simple. If you're not teaching that prospect, something new, something that fundamentally shifts or changes, something in their project, you got to really ask yourself, what's your purpose in being there? So the most successful sales professionals that I see globally are the ones that have deep or rich content domain knowledge in a certain segment

and they bring that knowledge to the prospect and teach them something new that results in a significant change in how that prospect approaches the project.

Sharka: I'm always hearing that instead of just having technology industry expertise in selling skills, they also need to have industry domain expertise to add value to that selling process.

Mark: It's table stakes, you have to know the functionality that is inherently built into your technology solution. It's table stakes, to understand the business processes that, you know, those solution sets are going to impact in terms of ordered cash, or procured to pay, or security, and compliance, and field service. But the most successful sales professionals today take that up one notch and they can tell you how it's going to impact that organizations business. And you cannot understand how a solution is going to impact an organization's business without deeply understanding the industry you're selling into.

Sharka: This whole podcast is really focusing on applying neuroscience. You're an expert in neuroscience and in the customer acquisition cycle, and process, and applying that and you've been doing that for a number of years with a lot of different vendors and companies around the world. What does that actually mean and how can our listeners benefit or try that themselves?

Mark: Organizations that develop even a basic working knowledge of how neuroscience plays out in the customer acquisition process can make very quick adjustments that completely change outcomes. Now, I'll give you a couple of example.

Sharka: Yeah, please.

Mark: Our brains are hardwired to conserve energy. It's that simple. And one of the tactics that the brain uses to conserve energy, is it take shortcuts, right? Heuristics, mental heuristics. And there's a number of these mental heuristics or shortcuts that unfold in every single sale cycle in the minds and the brains of the buyer. And one of the most important ones is what's called primacy and recency. Our brains are hardwired to pay attention to beginnings, and our brains are hardwired to pay very close attention to endings and to forget most of the middle. Now, you take that and you apply that to the beginning and the ending of a telephone call. The beginning and the ending of a meeting. The beginning and the ending of a whiteboarding session. The beginning and the ending of a presentation or a demonstration of a meeting with the business decision-maker. The beginning and the ending of an entire sales cycle and it will radically shift and change. What it is that you say and how you present it. So I'll give you a couple practical examples of what that means. So one of the most important

things that I encourage sales professionals to do is not show up at a prospect site with a PowerPoint and talk about yourself for the first 20 minutes which is what the majority of them do. You know, so... so

Sharka: Yeah. Hi, here's our company, here's how great we are, here's what we're selling, and here's why you should buy from us.

Mark: [inaudible 00:13:34] very similar, right? Company to company, so showing up and talking about yourself in the first time you physically meet with a prospect for the first time, their brain is gonna be forming, you know, a number of very strong opinions about you forming biases. And so what we want to do is okay, let's understand that. Let's turn that around, and let's spend the first 20 minutes talking exclusively about our understanding of what it is that we've learned from them so far in our discovery calls. And then how our organization has helped other organizations address issues similar to what they're talking about. So it's about just pivoting things, you're still gonna talk about the same content, but you're gonna do it in a different order. And as a result, they're gonna pay close attention.

Sharka: You know, in marketing, we've got used to talk about features and functionality. And now we're starting to talk about emotions and things people care about, you know, fear of going out of business or losing customers and things like that. Are you seeing a similar change in terms of the vocabulary, and the language, and how salespeople should present the solution?

Mark: Absolutely. In almost every sale cycle, for example, you're gonna run into a minimum of three archetypes or personas. There's gonna be the what people who care deeply about the features, and the functions, and the technical aspects of your solution and they have an emotional connection to certain things. There's the how people that are responsible for, you know, the business process is within the organization that this new solution is going to impact. But the most important people in that decision team is are they gonna be the white people? This is the business sponsor, the individual that is going to have to argue for the capital for this project. They own the business outcomes. And so they only really speak three languages and their emotional languages. And that's the language of money, and that's the language of risk, and that's the language of control.

Sharka: And would you say also that a lot of technology companies have traditionally focused on the white person and sell it to the features and functionalities and logical kind of what the demos and things would all target that persona? They do and it's a common mistake. And any sales professional that I work with knows what it feels like to take a what conversation to a how

person. And even worse they know what it feels like to take a how conversation to a why person because their eyes glaze over. They're not following the conversation, they're not engaged. So it's a bit of an evolution in every sales professional, we all have to learn the what, that's generally the early part of our sales career, we then have to understand the how, and then ultimately, we wanna get to the point where we can talk about the why so that we can have an emotional conversation with a senior business executive where we can clearly articulate in language that they understand which is money, risk, and control, why this is an important project to fund.

Sharka: And I think, you know, I think about technology today in purchases, it used to be the IT department that had a lot of those decision-making control, and influence, and understood the technology. And I think a lot of business people have increasing needs, you know, so I think the buyer's changing that way too in terms of who we're selling to.

Mark: It is. Now, there's certainly still some technology solutions that are the domain of the IT organization for sure. You know, and so if they're buying, you know, security software or they're buying, you know, storage in the cloud, or, you know, they're buying virtual machines like that still, for the most part is the domain of, we'll call it the CIO. But business applications or anything that the business community benefits from, is the domain of the business people, right? So one of the most common mistakes, again, I see today is we've got extremely skilled, you know, business application sales professionals trying to sell their solutions to technology people who do not have the ability to say yes, because they don't own the business problems.

Sharka: Right. Now, Mark, as the buyer's changed, you know, the sales process is changing or should align to the change in the buyer. What do you say are some of the obstacles or why aren't vendors realigning their process to be more effective in the cloud with this core buyer?

Mark: Well, the core of that problem really is anchored in, again, I'll go back to solution selling. And so if we think about the buyer, the cloud buyer that wants a very simple easy to use, you know, limited risk solution set. One of the key shortcuts that the brain uses, one of these heuristics is it punishes anything that really drains the brain's energy, right? Your brain is 3% of your body mass, it consumes almost 24% of your energy. So it's looking for ways to allow more of that energy to be used for other purposes. And so when it's presented with a lot of complexity, it actually punishes it. It develops a resistance to it. So the brain rewards simplicity, it rewards ease, it rewards safety, and it punishes the opposite. So when you bring a complicated tell me all about your business, let me show you all of my features approach to an individual that just wants a

simple solution that they can buy today, what you do is you end up talking yourself out of the opportunity.

Sharka: Interesting. What would you recommend to our listeners as a first step or something they could try to start to realign their sales process?

Mark: So the one piece of advice that I probably give out more than any other has to do with where you put your energy and effort in a sales cycle. So regardless of whether you're selling something for the hundred dollars on the phone or a million dollars over the course of a six to nine month sales cycle, the brain pays close attention to beginnings, and then it forms very, very quick judgments. It anchors on information that it collects quite early, and it forms what's called a premature cognitive commitment. Which means I've made up my mind because it's quite efficient based on the limited amount of information, and then it moves into confirmation bias, which means now, I'm gonna collect all the evidence that suggests I'm brilliant and I'm gonna ignore all the evidence that suggests I might make a mistake.

Sharka: That sounds like reference checking. I remember I had a job when I was in my 20s, and I wanted the job badly, but then, you know, I did my due diligence and I phoned everybody in the industry and they warned me that was not the best place to go. And then I went anyway and I listened to all the good things. It turned out to be an amazing opportunity, but I think I made up my decisions, made up my mind and made a decision before I got everyone's input. And then I just filtered out what I wanted to hear and not what I didn't wanna hear.

Mark: Yeah, and that experience unfolds in every single sale and so if you have a sales professional, or you have a sales team that believes the decision is going to be made near the end, whether it's at the demonstration phase and proof, or the proposal presentation phase and close, then we unconsciously put our energy and effort to align with that. So kind of slow at the beginning, not enough research learning on site with the prospect, but if we know that they're probably going to make their decision which they will coming out of the second or first phase in the selling cycle, well, then what you want to do is do your best work upfront. I call it front end load. You spend your cost of sale upfront where it's gonna make an impact rather than at the end.

Sharka: That's really helpful. Thank you for that tip. I think that's something our listeners could really implement. This is a really big topic and I feel like we could talk about this all day and there's so much to learn. Are there any books or resources that you would recommend to our listeners to learn more about neuroscience and selling?

Mark: There are in fact, I get asked so much about, "What can I read?" We put together a top 10 recommended reading list, and what I'll do is I'll send you a copy of that.

Sharka: Fantastic, and I'll put a link in the show notes for our listeners. We learned so much today, I think. And Mark, I really wanted to thank you for joining us. If our listeners wanted to reach you, where would they do that?

Mark: Well, best place to find us, of course, is neuralimpact.ca, where we'll talk a little bit more in depth about some of the things that we touched on briefly here. We've got some videos and some content that will give a little bit more color to some of the things that we just covered.

Sharka: Excellent. And you're mark@neuralimpact.ca. Is that right?

Mark: That's correct.

Sharka: Great. Thank you so much for being here with us today.

Mark: You're welcome. Happy to be here.

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