

CHAPTER THREE

THE CUSTOMER COMPASS

Monday morning, the first day Sally was to start working with her new sales coach, she came into the branch to find a small toy compass on her desk. Accompanying the compass was a handwritten note:

*Before you know which direction
to take your customers, you
need to know where they come
from and how they got here.*

Dave



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Sally picked up the compass and studied it for a short while before reading the note again. I wonder what it means, she thought. More specifically, she wondered how it related to sales. She knew she didn't need to wait too long, as Dave was scheduled to meet with her within the hour. Skeptical at first, now she was anxious to get her sales coaching started.

“Good morning, Sally,” greeted Dave, “I think today is going to be a great day. Did you get the present I left for you?”

“I did” said Sally as she held out the small compass. “I've been curious about what it meant from the moment I read your note. Luckily we were meeting this morning. I don't know if I could have waited all day!”

“Today we begin to understand your customers,” Dave explained. “Understanding your customers is the key to sales. Do you know the biggest mistakes salespeople make?”

Sally shook her head.

“The biggest mistake is that they treat all customers like their needs are the same. We know that everyone is different in their own way, and we need to understand how our customers have different interests, goals, and expectations. What is important to one person may not be important to another. There are different reasons that drive customers to do business with any company, and a bank is no different. Not only do we treat customers like their needs are the

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same, we subconsciously do something even worse; we treat them like their needs are the same as *our* needs. This brings us to my third rule of sales:

**FOCUS ON WHAT'S IMPORTANT
TO THE CUSTOMER,
NOT WHAT'S IMPORTANT TO YOU**

“I once received a phone call from an insurance company trying to get me to switch homeowner’s coverage. Their entire sales pitch focused on how much cheaper their premiums were compared to what I was currently paying. The person on the other end of the phone thought the most important thing to me was saving money. Now I’m sure a lot of people would be interested in saving as much money as they could on insurance, and I like to save money as much as the next person. But a few years ago there was a really bad storm which knocked down a lot of trees in the area. One fell on my roof and another on my neighbor’s across the street. When I called my insurance agent, she was really helpful. The tree was cut down, the roof repaired, and the check received in no time. It took my neighbor almost three times as long to get his situation rectified after countless calls to his insurance company. I know I may pay a little more for my insurance, but the peace of mind is worth it. When a salesperson is more focused on his or her needs instead of the customer’s, a sales opportunity is lost before it even begins. That’s why we need to focus less on what’s

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important to us and more on what's important to our customers. That's where the compass comes in. You need to understand what direction the customer is coming from and how they got there to determine which direction they need to go."

Dave asked Sally to take out a blank piece of paper, draw a compass, and label the four points **N**, **S**, **E**, and **W**.

"Did you ever notice the points of the compass spell out the word *news*?" asked Dave.

"What is the news, but a way to present information? The information you learn from the news can help you prepare for your days ahead and to make better decisions. If you hear that it's going to rain tomorrow afternoon, you know to bring an umbrella to work. If you hear it's going to be sunny and pleasant, you plan to take a walk in the park or let your kids outside to play. If you hear there is an accident on the freeway, you plan on taking a different route to work. So let's look at what type of information the NEWS provides us about our customers, and learn how it will make us more successful salespeople. The letter **N** stands for **Needs**. These are bear-minimum, non-negotiable. Your customers can't function without them. Needs are almost never products; they are issues or concerns which are addressed by certain products. A customer has bills, and needs a way to pay them. A checking account provides a solution to that need.

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An individual has a cold and needs to get better, so he or she goes to a pharmacy to buy cold medicine.”

“The letter **W** stands for **Wants**. These are the customer’s goals, aspirations, and dreams. A customer wants a new pool in the backyard or to take a cruise. Wants are different from needs; be careful not to confuse the two. While both are important, they are quite different. I need transportation to get to work or to go other places. There isn’t any public transportation I can rely on, so I need a car. But I don’t need a brand-new car, and definitely don’t need a luxury car. That type of car is a want, not a need.”

“Some businesses sell more needs than wants. Banks are typically a business that sells needs-based products and services. Most people don’t *want* a checking account; they need it. I’m not going to invite my friends over to look at my new checking account like I would a big-screen TV. Customers need a way to pay their bills; therefore, they need a checking account. Customers also need our accounts to help secure their wants. A customer who wants a new car may need a car loan to pay for it. Another customer who wants to retire at 55 needs an investment account and budgetary services to afford to do so. Other businesses sell needs-based products as well, such as a pharmacies and gas stations.”

“Some businesses sell mainly want-based products and services. These businesses deal with discretionary-spending

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items such as jewelry, artwork, vacations, and entertainment. Some businesses offer a combination of both. The grocery store is a great example of this. Everyone needs food to survive, and the grocery store sells food. But it also sells want-based foods such as snacks, desserts, and ready-made meals. Have you ever seen employees offering free samples at the grocery store? They are almost always for want types of products. That's why they say you should never go grocery shopping when you're hungry, Sally!"

Sally took frantic notes as Dave described the difference between needs and wants. She had never really thought about it until today's conversation.

"The **E** stands for **Emotions**. Customers make buying decisions based on emotions all the time, some bad and some good. I've always heard you should never go shopping when you are upset, and you should never go to the food store when you're hungry. In both instances, emotions cloud your judgment and you end up spending more than you wanted or needed to spend. Emotions can also prevent a sale from happening. When people make a big purchase, oftentimes they are worried about spending too much money. The same is true in banking when customers are concerned with investing money or taking out a loan."

The **S** stands for **Sacrifices**. What is it your customers are willing to sacrifice in order to attain their needs and wants? Investing is all about sacrifice. Some people will

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sacrifice income because they *need* the safety of an insured savings account. Other people are willing to *sacrifice* security because they *want* high returns. Outside of banking, many people are willing to pay for convenience. Tell me, Sally, if you needed to pick up a gallon of milk, would you be more likely to stop at a convenience store on the way home, knowing you are going to pay an extra dollar or so, or would you save the money and go to the big grocery store further down the road?”

“I would pay the extra money at the convenience store,” rationalized Sally, “because it’s much more convenient than parking my car, walking through the grocery store, and waiting in line”

“Exactly,” said Dave. “In this case you are willing to sacrifice money for convenience. But maybe someone else couldn’t afford the extra money and thought it was better to go to the grocery store. That person is willing to sacrifice their time to save money. Or maybe next time, you have some free time to kill. The point is, people are willing to make some sacrifices for wants and needs, but those sacrifices change from person to person, and may even change for the same person depending on the situation. “Remember a few minutes ago when I talked about the traffic report on the news?”

“I do,” said Sally.

“The people in those cars all came from different starting points and they all end up someplace different. They

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traveled in different cars and took different routes. But they all have a destination in mind, a goal. Sales are like that, Sally. It's our job to assist customers on their journey to reach their goal. We don't know where they're going and we don't know where they came from unless we find out. That's why we need to learn the customer compass. I can't give everyone on the road the same directions, because it's not going to take everyone where they want to be. That's why I said earlier that salespeople often make a big mistake by assuming customers share the same needs and wants. They end up trying to sell the same products and services to the same customers. They don't know to understand what brought the customers in and where they're going. Have you ever gone into that big sporting goods store in the mall?"

"Yes, I have," replied Sally. "My son plays baseball for his high school. We go to that store a lot."

"Have you ever noticed how each time you go in, they always tell you that socks are on sale, two packs for \$10?"

"Yes!" said Sally. "Every time I purchase something, or if we're just looking around in the aisles, someone is trying to sell us socks. Socks may make sense if we're buying new sneakers, but why would I be interested in socks if we're buying a new baseball glove?"

"Exactly," replied Dave. "The salespeople there are taking part in what we call *pushing product*. No matter what you come in for, they're going to talk to you about socks. It

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doesn't take a really astute customer to realize he or she is being 'sold', and that will start to turn off the customers to *other* sales. You see, Sally, customers don't mind that you are *selling*, they just don't want to be *sold*."

Sally nodded her head in agreement. "This is the main reason why I was always hesitant to sell," she said. "I never wanted to force anything on customers that they didn't want or need. I guess that's why it's important to learn the customer compass so you can understand their needs and wants, along with their emotions and sacrifices."

"Now you're starting to get it!" exclaimed Dave. "Everybody is a good fit for some product, and every product is a good fit for somebody, but every product isn't a fit for everybody. When you make the right connection based on the customer compass, sales starts to be easy. This is only the beginning, Sally. Tomorrow we'll learn more."

Sally couldn't wait. With a coach like Dave, maybe she could learn to like the new sales culture.

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Sally's Notebook

- Focus on what's important to the customer, not what's important to you.
- Understand the NEWS about the customer: Needs, Emotions, Wants, and Sacrifices.
- Customers don't mind that you're selling, but they don't want to be sold.