The Stevens Company Limited is the largest distributor of supplies to physicians, hospitals, and nursing homes in Canada. Its sales representatives sell more than 500,000 medical supplies and equipment products from Ontario to British Columbia. It also employs inside telesales people to service inactive accounts, smaller accounts, and new accounts that are not sufficiently large to justify the time of a field sales representative. Inside telesales staff use ACT! contact software, with which, Jeff Stevens says, the company maintains a detailed profile of customers, prospects, and all support personnel. With a single computer keystroke, staff can bring up detailed information on any of more than 8,000 contacts in the database. Customer service has been improved because the ACT! software reminds the sales representatives when it’s time to make a follow-up call and shows them important account information at a glance.¹

The makers of ACT! and other software vendors such as Epicor, EDSI, and ActiveSales are helping companies develop effective customer relationship management systems. These systems are at the heart of every successful one-to-one marketing initiative. Success in selling depends on one’s ability to identify prospects, gain insight into the prospect’s needs, and develop an accurate picture of a prospect’s importance to your business.²

### LEARNING OBJECTIVES

After studying this chapter, you should be able to:

1. **Discuss the importance of developing a prospect base**
2. **Identify and assess important sources of prospects**
3. **Describe criteria for qualifying prospects**
4. **Explain common methods of organizing prospect information**
5. **Name some characteristics that are important to learn about customers as individuals and as business representatives**
6. **Describe the steps in developing a prospecting and sales forecasting plan**
Prospecting—an Introduction

Gerhard Gschwandtner, editor of Selling Power, says, “The main purpose of a salesperson is not to make sales, but to create customers.” Identifying potential customers is an important aspect of the customer strategy. In the terminology of personal selling, this process is called prospecting, as a potential customer—one who meets the qualification criteria established by you or your company—is referred to as a prospect.

Finding prospects who can make the decision to purchase is not an easy process. This is especially true in business-to-business sales. In many situations, the salesperson must make the sales presentation to many people involved in the purchase decision. This group of people is referred to as the buying centre. One member of the buying centre might be the technical influencer who can influence the purchase by getting a positive answer to the question “Does the product meet the company’s specifications?” Another member might be the user influencer, or the person who will actually use the product. This person is usually in the best position to assess the product or service features that are important, so that the purchase can do the job that needs to be done. Of course, there is generally a financial influencer. This is the person who controls the "purse strings" and may want answers to the questions “What is our initial cost?” and “What will be our longer-term operating costs?”

Any or all of these people may be involved in a purchase decision, and a salesperson must be able to identify all of them and ensure that their needs are satisfied. During periods of economic uncertainty, or when the importance of the purchase decision increases for the company, the decision-making process typically moves upward in the organization. It is sometimes difficult for salespeople to make connections with upper-level executives. One solution is to plan a joint sales call involving a higher-level executive from your own company.

The goal of prospecting is to build a prospect base made up of current customers and potential customers. Many successful companies find that current customers account for a large percentage of their sales. Every effort is made to keep these clients satisfied because they provide the repeat business that is necessary to maintain profitability.

THE IMPORTANCE OF PROSPECTING

Every salesperson must cope with customer attrition—that is, the inevitable loss of customers over a period of time, which can be attributed to a variety of causes. Unless new prospects are found to replace lost customers, a salesperson will eventually face a reduction in income and possible loss of employment. To better understand the significance of prospecting, let us examine a few common causes of customer attrition.

1. The customer may move to a new location outside the salesperson’s territory. The Canadian population is very mobile. This cause of attrition is especially common in the retail and service areas.
2. A firm may go out of business or merge with another company. In some areas of business the failure rate is quite high. In recent years we have witnessed a record number of mergers, which have caused massive changes in purchasing plans.

3. A loyal buyer or purchasing agent may leave the position because of promotion, retirement, resignation, or serious illness. The replacement may prefer to buy from someone else.

4. Sales are lost to the competition. In some cases, the competition offers more value. The added value may take the form of better quality, a better price, a stronger relationship, better service, or some combination of these factors.

Some studies reveal that the average company loses 15 to 20 percent of its customers every year. Depending on the type of selling, this figure might be higher or lower. Clearly, many customers are lost for reasons beyond the salesperson’s control. If salespeople want to keep their earnings at a stable level, they will need to develop new customers.

Joe Girard, a popular sales trainer, uses the analogy of the Ferris wheel to illustrate the relationship between prospecting and customer attrition. As people (i.e., customers) get off the Ferris wheel, the operator (i.e., salesperson) fills their seats one at a time, moves the wheel a little, and continues this process until all the original riders have left the wheel and new ones come aboard (see Fig. 9.1). In selling, of course, established customers do not come and go this fast. With the passing of time, however, many customers will be replaced.

PROSPECTING REQUIRES PLANNING

Prospecting should be viewed as a systematic process of locating potential customers. Some prospecting efforts can be easily integrated into a regular sales call. Progressive marketers are doing three things to improve the quality of the prospecting effort:

1. Increase the number of prospects. You want to see a continuous flow of potential prospects who, in the analogy of Figure 9.1, board the Ferris wheel, because they are the source of sales opportunities. If the number of potential prospects declines sharply, the number of sales closed will also decline.

2. Improve the quality of the prospects. Companies that have adopted quality improvement view this phase of prospecting as critical. They have established quality standards that ensure a steady supply of prospects with high profit potential. In the absence of such quality standards, it may be necessary to drop unproductive customers, for example, when they demand more sales and service resources than their purchase volume justifies.
3. **Shorten the sales cycle by qualifying prospects.** Quickly determine which of the new prospects are *qualified* in terms of need, ability to pay, and authority to purchase the product. Gerhard Gschwandtner says, “Time is the ultimate scorekeeper in the game of selling.” He points out that

![Figure 9.1](image-url)  
*Figure 9.1* The Ferris wheel concept, illustrates the resupply of an ongoing list of prospects to combat customer attrition. It is part of the customer strategy of Joe Girard, world sales record holder.
many salespeople do not meet their sales goals because they do not quickly qualify new prospects. Later in this chapter we examine qualifying practices and discuss how to shorten the sales cycle with sales force automation methods.

In most selling situations, prospecting begins with a study of the market for your product or service. When Pitney Bowes first developed the desktop postage meter, the company conducted a careful study of the market. At first glance, equipment of this nature seemed well suited only to large business firms. With additional market analysis the company identified many additional customers who could benefit from purchasing the product.

PROSPECTING ATTITUDE

As noted in Chapter 4, attitudes serve as a foundation for our behaviour. Salespeople who view prospecting as an important key to success spend time every day on this activity. Prospecting is not thought of as a chore, but an opportunity to identify persons who can benefit from your product or service. Prospecting is viewed as a process that can take place in virtually any environment—social situations, on an airplane, while attending a professional meeting, or wherever people are present.

Prospecting requires self-discipline. Ian Selbie, president of Vancouver-based Power Marketing, argues that salespeople should give prospecting

CUSTOMER RELATIONSHIP MANAGEMENT WITH TECHNOLOGY

Using the Same CRM Software As AT&T

AT&T implemented a customer relationship management program that resulted in major increases in productivity and improved customer service. The first stage of the automation project involved 11,000 desktop computers and the popular ACT! software. This combination of hardware and software resulted in a reported 15 to 20 percent improvement in productivity. AT&T salespeople gained easier and quicker access to such account information as the prospect’s name, title, company, assistant’s name, and notes concerning the account. Placing the database on a server gives all network users access to this important information.

Information in a CRM database can be reviewed before a salesperson calls or visits a prospect, thereby ensuring a more personalized contact. By using CRM, salespeople gain a competitive edge in relating to their prospects’ needs and interests.

You have the opportunity to use a demonstration version of the same software that AT&T uses. Just as an AT&T salesperson would be, you are assigned 20 prospect accounts and given individual and company information about each account’s contact person in the database. Your participation in the CRM case studies and exercises will give you hands-on experience with the strategic development of a prospect base using modern sales technology. Not only will you be using the same software that is being used by thousands of salespeople, you will also be working with data that are derived from authentic selling challenges. (See the CRM case study Reviewing the Prospect Database on page 218 for more information.)
greater priority: “Every sales person should not only have a revenue quota, but also a quota for meetings with new prospective clients monthly. Nobody can manage results, only the activity that leads to results.” Colonel Harland Sanders, founder of Kentucky Fried Chicken, relied on prospecting to succeed as an entrepreneur. In his initial attempts to sell his secret fried chicken recipe, he visited more than a thousand restaurants. The first 1008 sales calls ended in rejection, but number 1009 gave him his first Yes. With the passing of years, the number of restaurants serving his special recipe grew to 600 and Harland Sanders became a multimillionaire.

Sources of Prospects

Every salesperson must develop a prospecting system suited to a particular selling situation. There are several sources of prospects, and each should be carefully examined.

- Referrals
  - Friends, family members, and centres of influence
- Directories
- Trade publications
- Trade shows and special events
- Telemarketing
- Direct response advertising and sales letters
- Web sites
- Computerized databases
- Cold calling
- Networking
- Educational seminars
- Prospecting by non-sales employees

REFERRALS

The use of referrals as a prospecting approach has been successful in a wide range of selling situations. In most cases referrals result in higher rates in closing sales, larger sales, and a shorter sales cycle. A referral is a prospect who has been recommended by a current customer or by someone who is familiar with the product. Satisfied customers, business acquaintances, and even prospects who do not buy can often recommend the names of persons who might benefit from owning the product or using your service. Customers are more likely to give a referral if they perceive value in the product you sell. When you build value into your sales process, you increase the odds that the customer will give you a referral.
Endless Chain Referrals
One approach to obtaining referrals, called the endless chain referral, is easy to use because it fits naturally into most sales presentations. A salesperson selling long-term health care insurance might ask “Miss Chen, who do you know who might be interested in our insurance plan?” This open-ended question gives the person the freedom to recommend several prospects and is less likely to be answered with a no response. Be sure to use your reference’s name when you contact the new prospect, as in this example: “Mary Chen suggested that I call you.”

Referral Letters and Cards
Another approach, a variation of the endless chain technique, is the referral letter. In addition to requesting the names of prospects, the salesperson asks the customer to prepare a note or letter of introduction that can be delivered to the potential customer. The correspondence is an actual testimonial prepared by a satisfied customer. Some companies give their salespeople a preprinted referral card to use to introduce the salesperson. The preprinted card has a place for your customer to sign the new prospect’s name and his or her own name.

FRIENDS, FAMILY MEMBERS, AND CENTRES OF INFLUENCE
A person who is new in the field of selling often uses friends and family members as sources of information about potential customers. It is only natural to contact people we know. In many cases these people have contacts with a wide range of potential buyers. The centre-of-influence method involves establishing a relationship with a well-connected influential person who is willing to provide information about potential prospects. This person may not make buying decisions but has influence on other people who do. To illustrate, consider the challenge facing Gary Schneider, creator of a powerful software product that would help small farmers optimize their crop selection. After spending several years developing the product, Gary and his wife began selling the product one copy at a time. During one cold call on a major crop insurer, Gary met a senior researcher who immediately saw the benefits of his product. This respected researcher was in a position to influence buying decisions at his company and to provide prospect information for other crop insurers.¹¹
DIRECTORIES

Directories can help salespeople search out new prospects and determine their buying potential. A list of some of the more popular national directories is provided here.

*The Blue Book of Canadian Business*, published by Canadian Newspaper Services International Limited, lists 2500 medium- to large-size Canadian firms with sales of more than $10 million or having more than 500 employees.

*The Canadian Key Business Directory*, available from Dun & Bradstreet, lists and profiles the top 20,000 businesses in Canada.

*Canadian Directory of Industrial Distributors* lists industrial distributors by product specialty and geographic location. Also contains information on age of company, types of accounts serviced, main contacts within firms.

*Canadian Trade Index*, published by Canadian Manufacturers & Exporters, is available in print, on CD-ROM, and online; it lists more than 30,000 manufacturers, distributors, and industrial service companies.

*Fraser’s Canadian Trade Directory* containing 350,000 listings in four volumes is designed to help you find suppliers of specific products or services, including many non-Canadian companies that have distributors or agents in Canada.

Scott’s Directories publish separate regional volumes—Atlantic, Quebec, Ontario, and Western—which are also available on CD-ROM. They are designed to help locate businesses by company name, province or city, or type of business. (There is also a *Greater Toronto Directory* available from Southam Inc.)

Polk city directories provide detailed information on the citizens of a specific community. Polk, in business for more than 125 years, publishes about 1100 directories covering 6500 communities in Canada and the United States. Each directory can usually be obtained from the local government or chamber of commerce.

These are just a few of the better-known directories. There are hundreds of additional directories covering national, regional, and local business and industrial firms. Some directories are free, while others must be purchased at a nominal fee. One of the most useful sources of free information is the telephone directory, most of which have a classified section that groups businesses and professions by category (i.e., Yellow Pages).
If you are involved in the sale of products in international markets, International Trade Canada offers several services to assist you, such as the Canadian Trade Commissioner Service. Canada has trade commissions in more than 125 cities throughout the world, which can provide such essential services as market intelligence and identification of potential customers, suppliers, or distributors and agents. Another valuable resource is the Export Development Corporation, a Crown corporation that helps Canadian exporters compete throughout the world. The corporation provides a wide range of financial and risk management services, and country and market information on most countries where Canadians sell. On its Web site (www.edc.ca), you can also view Canadian export performance data by country, and view country economic and credit summaries.

TRADE PUBLICATIONS

Trade publications provide a status report on every major industry. If you are a sales representative employed by one of the huge food wholesalers that supply supermarkets, then you will benefit from a monthly review of Canadian Grocer magazine. Each month this trade publication reports on trends in the retail food industry, new products, problems, innovations, and related information. Trade journals such as Women’s Wear Daily, Home Furnishings, Canada IT, Pulp & Paper Canada, and Canadian Underwriter are examples of publications that might help salespeople identify prospects.

TRADE SHOWS AND SPECIAL EVENTS

A trade show is a large exhibit of products that are, in most cases, common to one industry, such as electronics or office equipment. The prospects walk into the booth or exhibit and talk with those who represent the exhibitor. Trade shows, according to Darrell Komick, president of Calgary-based Prairie Stage Productions Ltd., are “a fundamental way of collecting sales
leads.” He also points out that, in some instances, trade shows can reduce the cost of making a sales call by one-third, and salespeople can make contacts in a shorter period of time. In some cases sales personnel invite existing customers and prospects to attend trade shows where they will have an opportunity to demonstrate their newest products.

A special event can be a hockey game, a golf tournament, a reception for a dignitary, or a charity event. Bentley Motor Cars invited a number of potential clients to the famous Le Mans 24-hour endurance race where prospects watched the Bentley race car compete while sipping champagne. In Canada, charity events serve as a venue for cultivating wealthy clientele who can afford a Bentley automobile.

TELEMARKETING

Telemarketing is the practice of using telephone contact to prospect for, qualify, sell to, and service customers. It is becoming increasingly important as companies look for ways to increase their sales productivity; telemarketing is much less expensive than field sales calls. When Mass Mutual Life Insurance was considering buying Deerhurst Resort, about two hours north of Toronto, it hired Outlook Marketing to research market potential. Outlook began by compiling corporate profiles from such sources as Web sites, business journals, and chambers of commerce. Then Outlook’s team of telemarketers went to work to gain additional information: how many people travel for a company, where they go, how long they stay, which types of hotels they use, who selects the travel locations and who influences the decisions, and much more. The information was then given to the sales staff in Toronto to use in developing and implementing its sales strategy. Sales the next year increased by 35 percent, and the following year by another 22 percent. Sean Mullen, director of sales at Deerhurst, admits that keeping account information accurate is a challenge for his six field salespeople. Each quarter, he uses an inside salesperson to update the entire database originally developed by the telemarketers.

DIRECT RESPONSE ADVERTISING AND SALES LETTERS

Many advertisements invite the reader to send for a free booklet or brochure that provides detailed information about the product or service. In the category of business-to-business marketing, advertising has the greatest power to generate inquiries. Some firms distribute postage-free response cards (also known as bingo cards) to potential buyers. Recipients are encouraged to complete and mail the cards if they desire additional information. In some cases the name of the person making the inquiry is given to a local sales representative for further action.

Sales letters can easily be incorporated into a prospecting plan. The prospecting sales letter is sent to persons who are in a position to make a buying decision. Shortly after the letter has been mailed (i.e., three or four days), the prospect is called and asked for an appointment. The call begins with a ref-
reference to the sales letter. To make the letter stand out, some salespeople include a promotional item. As noted in Chapter 6, all sales letters must be written with care. To get results, sales letters must quickly get the reader’s attention.

WEB SITES
Thousands of companies and business people have established Web sites, one purpose of which is to prospect for potential customers. Mary Kay Canada has more than 26,000 beauty consultants. When customers contact the company through its Web site, they are asked for the name of their beauty consultant. If they do not have one, they are asked for the first three characters of their postal code, and an independent beauty consultant is recommended to them. Mary Haurlak, co-ordinator of communications and public relations, sees the Internet as a great way to attract new customers but, she says, “Consultants are always meant to have the personal contact first and any online ordering would be afterwards... The Internet is completely being used as a complement and not as a replacement.”

New technologies can be used to enhance your online sales message. LifeFX is working with Kodak to develop personalized e-mail messages that will include a photo of the salesperson and a verbal message in the salesperson’s own voice. With this technology, a salesperson could send an e-mail to an advance list of trade-show attendees to invite them to attend his or her booth.

COMPUTERIZED DATABASES
With the aid of electronic data processing salespeople can match product features with the needs of potential customers quickly and accurately. In many situations a firm will develop its own computerized database. In other cases it is more economical to purchase the database from a company that

An up-to-date customer database can enhance prospecting.
specializes in collection of such information. For example, lists are available for boat enthusiasts, computer industry professionals, and subscribers to many magazines.

With the aid of a personal computer (PC), salespeople can develop their own detailed customer files. As newer PCs provide expanded storage capacity at a lower price than in the past, salespeople can accumulate a great deal of information about individual customers and use this information to personalize the selling process. For example, a PC can help an independent insurance agent maintain a comprehensive record for each policyholder. As the status of each client changes (e.g., through marriage, the birth of children), the record can easily be updated. With the aid of an up-to-date database the agent can quickly identify prospects for various existing and new policy options.

COLD CALLING

With some products, cold call prospecting is an effective approach to prospect identification. In cold calling the salesperson selects a group of people who may or may not be actual prospects and then contacts each one. For example, the sales representative for a wholesale medical supply firm might call on every hospital in a given community, assuming that each one is a potential customer. Many new salespeople must rely on cold calling because they are less likely to get appointments through referrals. It takes time to develop a group of established customers who are willing to give referrals.

Successful cold calls do not happen spontaneously. Some strategic thinking and planning must precede telephone calls and personal visits. Canadian sales trainer and coach Steven J. Schwartz suggests that cold calls can be turned into hot calls through a telephone contact system that uses good call planning, strategic scripting, and effective script delivery. His book How to Make Hot Cold Calls explains his system and offers a number of personal diagnostic tools for salespeople. We will answer many questions related to contacting customers in Chapter 10.

NETWORKING

In simple terms, networking is the art of making and using contacts: people meeting people and profiting from the connections. Barry Siskind, an Ontario-based consultant and author of Making Contact, sees networking as a three-act process. In act one, you must be able to approach someone and engage them in conversation. Act two is when you “net-chat,” a term Siskind uses to describe the technique of collecting and giving information, finding out as much as you can about the other person in the shortest time possible. Act three is where you disengage.

Many networkers spend too much time networking with too few people. Successful networkers must develop a number of skills. They must be able to engage people in conversation, make a good impression, gather infor-
information, disengage from conversation, and follow up on their contacts. The following are some tips for networking.

1. **Be focused.** You should consider whom you need to network with, and where you are likely to meet these people.

2. **Be a listener.** Listening is important to any successful interpersonal activity. Besides, you learn more when you listen.

3. **Be sincere.** If you are superficial or only wish to use people, you will quickly be shunned.

4. **Be mobile.** Move around the room and mingle. Don’t get trapped in one place.

5. **Be a joiner.** Many valuable contacts are made in charity organizations, on boards of trade, and in athletic clubs.

6. **Be sensitive to cultural and physical differences.** With the trend of increasing diversity in the workplace, salespeople who meet an individual from a different culture or with a physical difference need to focus on the person and not on the difference. You need to have empathy, show respect, and demonstrate sensitivity to differences.

There are three types of networks salespeople should nurture. Every salesperson will be well served by networking within his or her own organization. You never know when someone in finance or shipping will be needed to help solve a problem or provide you with important information. A second form of networking involves establishing contacts inside your industry. Make contact with experts in your field, top performers, leaders, successful company representatives, and even competitors. The third form of networking involves business contacts with people outside your industry, such as bankers, government officials, developers, and other people in your community. The local golf course may be a good place to make these contacts.

**EDUCATIONAL SEMINARS**

Many salespeople are using educational seminars as a method of identifying prospects. Seminars provide an opportunity to showcase your product without pressuring prospects to buy. Polaroid Canada Inc. has been conducting seminars throughout Canada to display and demonstrate imaging products. Approximately 150 prospects have been attending each of these seminars, where Polaroid imaging specialists ensure that prospects’ toughest questions are answered and prospects are able to explore imaging solutions in a hands-on environment. The purpose of these seminars is not to sell products, but to demonstrate them and to educate prospects on Polaroid solutions. Microsoft, IBM, and Xerox have all used seminar selling at many locations throughout Canada. Many banks, investment firms, accounting firms, wine...
merchants, and consulting companies use seminars to generate new prospects. When inviting prospects, be clear about the seminar’s content, and always deliver what you promise.24

PROSPECTING BY NON-SALES EMPLOYEES

Should service technicians, receptionists, bank tellers, and other non-sales personnel be involved in prospecting? For many organizations the answer is Yes. Prospecting need not be the exclusive responsibility of the sales force. At Computer Specialists Incorporated, employees have been given an incentive to pass along names of prospective customers. If the prospect becomes an account, the employee receives a bonus of up to $1000, depending on the value of the job. Over a one-year period this program generated 75 leads, resulting in nine new accounts.25

Employees do not have to work in sales to identify potential customers. However, they may not be alert to opportunities unless they are given an orientation to this role. Non-sales personnel need special training to function effectively in this role. An incentive program will keep them focused on new business opportunities for the organization.

SELLING IN ACTION

Seminar Selling

The use of educational seminars has become an important prospecting method. You can educate prospective customers with brochures, news releases, catalogues, or your Web site, but educational seminars offer the advantage of face-to-face contact. Barbara Siskind, in her book Seminars to Build Your Business, identifies 15 objectives for hosting seminars. Here are a few of the most important.

- **Obtain sales leads.** This is one of the most common objectives for seminars. You can obtain the names of attendees and arrange appointments for future sales calls. Seminars may also help identify actual product users, technical support people, or engineers who, while they may not be the decision makers, may influence the purchase decision.

- **Promote your place of business.** Your place of business can become a destination for people who might otherwise not consider visiting it. You have an opportunity to create awareness of your company and develop a positive image for your entire operation and its capabilities.

- **Showcase and demonstrate your expertise.** Seminars allow you to show a carefully targeted group of people that you really know your stuff. Technical experts and others in the organization who can address clients’ specific concerns can support salespeople.

  Toronto-based Charon Systems, Inc., a systems integrator that deploys networks for organizations, regularly organizes seminars for 80 to 100 technology people from mid-sized firms. President David Fung estimates that 25 percent of prospects become clients.26
COMBINATION APPROACHES

In recent years we have seen an increase in the number of prospecting approaches used by salespeople. In many cases, success in selling depends on your ability to use a combination of the methods described in this chapter. For example, the large number of prospects identified at a trade show might be used to develop an effective telemarketing program. Prospects are called and an effort is made to set up a personal call. Prospects identified at a trade show or educational seminar might also be sent a sales-oriented newsletter, a sales letter, or an e-mail message.

Qualifying the Prospect

One of the most important keys to success in personal selling is the ability to qualify prospects. **Qualifying** is the process of identifying prospects who should be contacted. The qualification process is important for two reasons. First, a salesperson cannot afford to spend time calling on persons who are not legitimate prospects. Time conservation should always be a primary concern. Calling on potential customers is much more time consuming than calling on established customers. In terms of sales closings, a new customer can require several contacts. Second, a salesperson should identify prospects who can place an order large enough to cover sales expenses. Salespeople often rank prospects according to anticipated sales volume. The average sales call costs more than $200, so salespeople should restrict calls for customers who have limited buying potential.

Every salesperson needs to establish qualifying criteria. The process involves finding answers to several basic questions.

1. **Does the prospect have a need for my product?** If you sell copy machines, it might appear that every business firm is a prospect. However, a firm that is outsourcing its copy work to FedEx Kinko’s may not be a legitimate prospect. Qualifying involves probing for real needs. Let’s assume you sell real estate for a large agency. You receive a call from someone who believes that owning a home is a good investment. At this point, it’s important to find out what else makes owning a home important for that person. Get permission to ask questions and then determine the person’s real needs. In the final analysis, you may decide it would be a waste of your time and the prospect’s time to visit several homes that are on the market.26

2. **Can the prospect make the buying decision?** Ideally, you should talk to a person who has authority to buy or who can influence the buying decision. Talking to the right person within a large organization may involve collecting information from several sources. Some buying decisions are made by individuals and others are made by a committee. Expensive products often require the approval of a decision maker higher up in the organization.
3. *Can the prospect pay for the purchase?* It is usually not difficult to obtain credit information for consumers and business buyers. If you are selling products to a business, the Dun & Bradstreet Reference Book is an excellent source of credit information. A local credit bureau can provide credit information for a consumer. While the collection of credit information is not difficult, detecting financial instability can be much more complicated. In recent years, we have seen a steady stream of corporate scandals involving accounting irregularities, inflated balance sheets, and outright fraud. Salespeople must be aware of the possibility that a customer may provide incorrect or misleading information.

4. *Will anyone close the sale?* Rick Page, author of *Hope Is Not a Strategy*, reminds us that many prospects evaluate products but do not buy. When an evaluation stalls, the prospect may have determined that the need is not of great enough magnitude or urgency to make the purchase. Also, in some cases there is not enough support within the company to reach closure. Rather than walk away from this situation, some salespeople move higher in the organization to determine the level of support for the purchase. Numerous senior executives say they get involved in the sale early in the decision-making process, yet salespeople have difficulty meeting with high-level decision makers. Most senior executives will not meet with salespeople who are making cold calls. When appointments are granted, the time allocated may be very short; 5 to 10 minutes is not uncommon. How do you establish credibility for yourself and your company in a short time period? Be sure you know a great deal about the company before the appointment and be prepared to demonstrate your knowledge of the company and the industry it serves. Do not propose solutions until you fully understand the buyer’s needs. Be sure to communicate value.

This list can be revised to meet the needs of many different types of salespeople. A sales representative for an industrial equipment dealer will see the qualifying process differently from the person who sells commercial real estate. The main consideration is providing accurate answers to each question.

### Organizing Your Prospect Information

When it comes to organizing prospect information, the salesperson has two choices. Some salespeople record prospect information on blank file cards (the four-by-six-inch size is the most popular) or on preprinted file cards that have space for specific kinds of information; others record information in loose-leaf notebooks.

At some retail stores, for example, salespeople record information about each customer in a “personal” book. Successful salespeople often have three or four bulging books that help them provide more personalized service to each customer. In addition to the customer’s name, address, and account number they record the person’s sizes, style preferences, hobbies and inter-
Debi Rosati Helps Sell Business Ideas to Investors

Debi Rosati graduated in 1984 from Brock University with an Honours Bachelor of Business Administration and, in 1985, became a chartered accountant. During her career, Debi has held senior finance positions with Tundra, Cognos, and BDO Dunwoody. She was co-founder and chief financial officer for TimeStep Corporation, where she gained financing and operational experience at first hand in a technology start-up company. In 1999, TimeStep was acquired by Newbridge Networks Corporation. Shortly after, Debi joined the venture capital firm Celtic House as a general partner. She was involved in all aspects of venture investing, including evaluating investment opportunities, negotiating deal structure, and guiding operations.

Debi Rosati founded RosatiNet in 2001 as a venture catalyst firm that brings together technology start-up companies and investors. As a venture catalyst, she helps entrepreneurs get the right amount of money, at the right time, with the right investors and the right terms. To recognize both her business success and her long-standing involvement in and commitment to various community events and associations, Debi was awarded the Ottawa Business Journal Top 40 under 40 Award in 2001 and the Brock University Faculty of Business Distinguished Graduate Award in 2003. Debi also teaches in the professional programs at Sprott School of Business at Carleton University.

Reflecting on her career, Debi says, “Accounting is an important technical skill that I have used to bring value as a chief financial officer, venture capitalist, business advisor, and board member and community builder. However, my selling skills are equally important to my success as a venture catalyst. I am constantly networking for RosatiNet and its many clients.”

ests, birthday, previous items purchased, and any other appropriate information. With this information available, each customer becomes a “prospect” for future purchases. Sales personnel often call their customers when new products arrive.

Author Harvey Mackay instructs his salespeople to develop a 66-question customer profile. The form is divided into categories such as education, family, business background, special interests, and lifestyle. In the process of collecting and analyzing this information, the salesperson gets to know the customer better than competing salespeople do. Harvey Mackay describes the benefits of developing a customer profile: “If selling were just a matter of determining who’s got the low bid, then the world wouldn’t need salespeople. It could all be done on computers. The ‘Mackay 66’ is designed to convert you from an adversary to a colleague of the people you’re dealing with and to help you make sales.”

Mackay says that the 66-item customer profile helps the salesperson systematize information in a way that will make it more useful and accessible.

The use of file cards and notebooks is adequate for salespeople who deal with a small number of prospects and do not get involved in complex sales. The use of some type of computerized system is more appropriate for salespeople who deal with large numbers of prospects, frequently get involved in
complex sales, and must continually network with management and members of the sales support team. A recent study conducted by *Sales & Marketing Management* magazine found that more than one-third of the companies surveyed use an automated lead-management system. With the aid of modern technology salespeople can retrieve data from various sources no matter where they are. Regardless of the system used, most salespeople need to collect and organize two kinds of data: information about the prospect as an individual and information about the prospect as a business representative.

**THE PROSPECT AS AN INDIVIDUAL**

The foundation for a sales philosophy that emphasizes the building of partnerships is the belief that we should always treat the other person as an individual. Each prospect is a one-of-a-kind person with unique characteristics. The only possible way we can treat the prospect as an individual is to learn as much as possible about the person. The starting point is to learn the correct spelling and pronunciation of the prospect’s name. Then acquire information about the person’s educational background, work experience, special interests, hobbies, and family status. Interview industry people or employees at the company to acquire personal information.

In Chapter 4 you were introduced to the concept of communication-style bias and the benefits derived from an understanding of communication styles. You also learned how to overcome communication-style bias and build strong selling relationships with style flexing. If at all possible, acquire information concerning the prospect’s communication style before the sales call.

A lasting business partnership is based in large part on a strong personal relationship. Dale Carnegie, a pioneer in the field of human relations training and author of *How to Win Friends and Influence People*, recognized the importance of taking a personal interest in others. He said, “You can make more friends in two months by becoming interested in other people than you can in two years by trying to get other people interested in you.”

**THE PROSPECT AS A BUSINESS REPRESENTATIVE**

In addition to personal information about the prospect, it is important to collect certain business-related facts. This is especially important in business-to-business selling. Before calling on the prospect it pays to review various aspects of the company operation. Research starts with a document search for information about the company and industry. What does the company manufacture or sell? How long has the firm been in business? Is the firm a leader in the field? Does the firm have expansion plans? Each company has a unique culture.

Most established firms have been doing business with one or more other suppliers. When possible, find out whom the company buys from and why. It always helps to know in advance who the competition is. Salespeople who take time to study personal and business facts will be in a stronger position to meet the prospect’s needs.
Developing a Prospecting and Sales Forecasting Plan

A major barrier to prospecting is time. There never seems to be enough time for a salesperson to do everything that needs to be done. In many situations, less than half of the workweek is devoted to actual sales calls. The remainder of the time is spent identifying and screening prospects, travel, paperwork, planning, sales meetings, and servicing accounts. Time devoted to prospecting often means that less time is available for actual selling. Given a choice, salespeople would rather spend their time with established customers. Attrition, of course, will gradually reduce the number of persons in this category, and prospecting will be necessary for survival.

Prospecting activities can be approached in a more orderly fashion with the aid of a plan. It is difficult to prescribe one plan that will fit all selling situations; however, most situations require the following similar types of decisions:

1. **Prepare a list of prospects.** You will recall that the prospect base includes current and potential customers. The process of enlarging the prospect base to include potential customers will vary from one industry to another. In the food service distribution industry, salespeople often start with a territorial audit. This involves the collection and analysis of information about every food service operator (e.g., restaurants, hotels, colleges) in a given territory. Important information—such as the name of the operation, name of the owner or manager, type of menu—is

**SELLING MENTOR**

Designing and Using Your Business Card

The business card continues to be a powerful tool for salespeople and sales support personnel. It provides a personal touch in our high-tech world. The business card communicates important information to prospects and customers. Donald Cooper, Canadian marketing consultant and judge in Profit’s first Canadian Business Card Competition, wants a card to explain what the company does as his first test of effectiveness. A card that simply says “Your source for innovative solutions” fails. To create effective business cards, here are some other tips to keep in mind:

- Use graphics, words, shape, colour, and texture to convey what you do, but use them tastefully.
- Make your cards pleasing to view and easy to read. Remember that some people will have difficulty reading small type.
- The card should feature all current contact information such as your e-mail address, telephone and fax numbers, and mailing address.
- Consider using both sides of the card. You might print your customer service philosophy or list the products you sell on the back of your card, or use other languages for international contacts.

Give your cards generously to people who might need to contact you later. Always offer your business card when networking. The card is useful when the contact tells others about your products or services.
recorded on a card or entered into a computer. Some salespeople in this industry pinpoint each operator on a map of the territory. When the audit is complete, the salesperson analyzes the information on each food service operator and selects those that should be contacted. A salesperson who sells hotel and convention services could use a variation of the territorial audit. The list of prospects might include local businesses, educational institutions, civic groups, and other organizations that need banquet or conference services.

2. **Forecast the potential sales volume that might be generated by each new account for each product.** A sales forecast outlines expected sales for a specific product or service to a specific target group over a specific period of time. With a sales forecast the salesperson is able to set goals, establish a sales budget, and allocate resources with greater accuracy. Preparing an accurate sales forecast can be a real challenge. Jack Stack, author of *The Great Game of Business*, says sales forecasts are too often based on gut feelings and wishful thinking. Salespeople need to begin the forecasting process with a careful estimate of sales volume to current customers. This is followed by an assessment of new sales to prospects that will be identified during the sales forecast period.35

3. **Anticipate prospect calls when planning the sales route; a systematic routing plan saves time and reduces travel expenses.** The procedure used to determine which customers and prospects will be visited during a certain period of time is called routing. Consider calls on prospective customers in developing your route plan. This approach helps minimize the cost of developing new accounts.

A plan helps give prospect identification greater purpose and direction. It also helps reduce the cost of developing new customers. Without a plan, salespeople tend to give prospecting too little attention. Paul Tindall of Toronto-based Coaching Works says, “Top performers prospect consistently. Low performers don’t.”36 Planning for prospecting, and then prospecting, is important to selling success.

**SUMMARY**

Prospect identification has been called the lifeblood of selling. A continuous supply of new customers must be found to replace those lost for various reasons. **Prospecting** is the systematic process of locating potential customers.

Analysis of both your product or service and your existing customers can help to identify, locate, and even profile your prospects. Important sources of new customers include referrals (endless chain referrals, and referral letters and cards); friends, family members, and centres of influence; directories; trade publications; trade shows; telemarketing; direct response advertising and sales letters; Web sites; computer databases; cold calling; educational seminars; networking; and prospecting by non-sales employees. These prospecting techniques produce a list of names that must be evaluated using criteria developed by each salesperson. The process of prospect evaluation is called “qualifying.”
Basic questions that can be used to qualify a prospect include: Is the person already buying from you? Is the person a former customer? Is the person a user of your product? and Is the person currently buying from a competitor? An estimate of the amount of sales that could be generated from this prospect and the prospect's credit rating should also be determined.

Information about both customers and prospects should be recorded systematically, whether on a special form, in a notebook, on cards, or in a computerized database. Information that is important to record about customers as individuals includes their correct name; their age and experience; and their education, family status, special interests and hobbies; and their communication style. Information that is important to record about customers as representatives of their business includes their authority to buy, the business’s ability to pay, the company operations, and the company buying practices.

Development of a prospecting and sales forecasting plan requires preparation of a list of prospects, creating a forecast of potential sales volume from each new account, and anticipating prospect calls when planning a sales route.

Key Terms

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Review Questions

1. List and briefly explain the common causes of customer attrition.
2. During periods of economic uncertainty, the decision-making process often moves upward. What basic tips would you give a salesperson who is calling on senior executives?
3. Describe three steps progressive marketers are taking to improve the quality of the prospecting effort.
4. List the major sources of prospects.
5. Explain how the endless chain referral method works for prospecting.
6. Discuss how direct-response advertising and sales letters can be used to identify prospects.
7. What are the most common methods of organizing prospect information?
8. What is networking? How might a real estate salesperson use networking to identify prospects?
9. What does the term “qualifying” mean? What are the four basic questions that should be answered during the qualifying process?
10. What is routing? How does this relate to the prospecting plan?

Application Exercises

1. You are a sales representative for Xerox Canada, which has just designed a new, less expensive, and better quality copying machine. Make a list of 15 prospects you would plan to call about this machine. From the material in this chapter, identify the sources you would use in developing your prospect list.

2. You are in the process of interviewing for a sales position with Sun Life Assurance of Canada. In addition to filling out an application form and taking an aptitude test, one of the items the agency manager requests of you is to develop a list of prospects with whom you are acquainted. He informs you that this list will represent the
prospects you will be working with during the first few weeks of employment. The agency manager recommends that you list at least 50 names. Prepare a list of 10 acquaintances you have who would qualify as prospects.

3. Visit [www.hotcoldcalls.com](http://www.hotcoldcalls.com) and hit “Toolbox.” Here you will find a “hot calls” self-assessment tool that asks you to complete 24 questions to help you identify mistakes you might make when making an initial telephone contact with prospective customers. Complete the survey and assess how well you did. Continue until you get all answers correct.

4. Locating companies to work for is a form of prospecting. Assuming you are interested in changing careers, develop a list of 10 companies for which you would like to work. Assign each company a priority according to your interest, from the most desirable (1) to the least (10). Organize your list in six columns showing the company name, telephone number, address, person in charge of hiring, prospect information, and priority. What sources did you use to get this information?

**ROLE-PLAY EXERCISE**

For this role play, you will assume a sales position at a Lexus dealership. You will just have completed a successful sale by signing the papers for the second new Lexus this customer has purchased in the past four years. Because you know your customer has had a very successful experience with his first Lexus, you have decided to use the referral methods described in this chapter. Review the material on referrals and plan what you will say to your customer to build your prospect base. Pair off with another student who will assume the role of your customer. Explain that satisfied customers often know other people who would consider purchasing a Lexus. You might say, “Considering the positive experience you have had as a Lexus owner, you probably know others who appreciate fine automobiles. Is there anyone who comes to mind?” If, after probing, your customer doesn’t recall someone immediately, ask permission to call him later to see if anyone has come to mind. Ask this person for actual names, addresses, and other qualifying information about prospective customers whom he knows. Also, ask the customer if he would write a referral note or letter that you could use.

**Case Problem**

Many sales people are finding that once you have a customer, maintaining the relationship is a lot cheaper than finding a new customer. Salespeople are increasingly using contact software to improve service to existing customers. Marisa Trichilo is Ontario Accounts Coordinator for Western Inventory Service Ltd. ([visit www.inventoryservice.com](http://www.inventoryservice.com)). a national company that counts inventories and fixed assets for all types of businesses across Canada. She is giving her customers added value with ACT! contact software. Like most salespeople, she is trying to cope with expanded duties, faster work pace, and customers with high expectations. ACT! software helps her in the following ways:

- **Customer profile.** Complete information on each customer is available onscreen at the touch of a key. In addition to name, phone number, and address, she has a complete record of all past contacts. The profile also includes important personal and business information about the customer.

- **Organization and planning.** It is no longer necessary for Marisa to prepare a written “to do” list or a
Becky Kemley is the sales manager in the Dallas, Texas, office of SimNet Systems, which sells network products and services. Selecting and using the correct system—LAN (local area network), WAN (wide area network), or VPN (virtual private network)—can considerably enhance the productivity and the critical mission of Becky's customers. Becky's company is called a value-added reseller because its people help customers to maximize the value of the products bought through SimNet.

Becky's sales and technical support people may spend several months in the sales process or cycle. Salespeople telephone and call on prospects to determine whether they qualify for SimNet's attention. Time is taken to study the customer's needs (i.e., needs identification). The expert opinion of SimNet's technical people is incorporated into a sales proposal that is presented to the prospective customer. The presentation may be made to a number of decision makers in the prospect's firm. The final decision to purchase may follow weeks of negotiations with SimNet and consideration within the firm. Once a decision is made by a customer to buy from SimNet, Becky's people begin the process of acquiring, assembling, and installing the network system; they then follow through with appropriate training, integration, and support services.

David Florence, a sales representative with Motorola–EMBARC, makes more than a hundred phone calls each day. He appreciates the ACT! feature that permits automatic dialling. He simply identifies the customer's name and presses the appropriate key. The word processor automatically prints the inside address and mailing label. With ACT! software you can even send and receive e-mail. Most salespeople are responsible for numerous reports. The ACT! software can be used to generate a wide range of reports with a minimum of effort. It features 30 predefined reports for use in a wide range of sales and sales support areas.

CRM Application Case Study

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Questions

1. If your goal is to maintain long-term partnerships with each of your customers, what features of the ACT! contact software will be most helpful?
2. Let us assume you are selling copy machines in a city with a population of 100,000 people. Your territory includes the entire city. What features of the ACT! software would you use most frequently?
3. Some salespeople who could benefit from use of ACT! software continue to use a Rolodex or note cards to keep a record of their customers. What are some barriers to adoption of this type of technology?
4. Examine the first ACT! contact screen presented in Appendix A.
   a. What is Bradley Able's position within the company?
   b. What is the “date expected” for the sale to close?
   c. What is the dollar amount forecast for this potential sale?
Becky's people must ascertain that, if the investment of time is made in a prospective customer, the prospect will follow through with purchases from SimNet.

Becky is responsible for ensuring that prospect information is collected and used effectively. The network salespeople use the ACT! CRM software to manage their prospect information. The system, which is the same as the software available for use with this textbook, allows salespeople to document and manage their sales efforts with each prospect.

Questions

1. Which contact can you ignore immediately as a prospect for making a potential purchase?
2. Referring only to the “date close” category, which four prospects would you call immediately?
3. Referring only to the dollar amount of “sales forecast” category, which four accounts would you call first? Does the likelihood of “closing percentage” category have any influence on decisions concerning which prospects to call first? Why?
4. According to information on the Records and Notes (View, Notes) windows, which prospecting method did Pat Silva appear to use the most? Give examples.
CUSTOMER PROFILE
Gabriela Ansari is the founder and chief executive officer of Cantrol Security Inc., a growing high-tech firm with more than a hundred employees. The company manufactures and sells security systems for use in residential homes, retail stores, and other commercial buildings. According to a recent article in The Globe and Mail, Cantrol Security is poised to grow very rapidly in the next year. The article described Gabriela Ansari as a workaholic who usually works 80 hours each week. Delegation does not come easily to this personable, hard-charging entrepreneur.

SALESPERSON PROFILE
Simon Julian has just completed the Park Inn sales training program and now wants to develop some new accounts. In addition to taking care of established customers, he plans to call on at least four new prospects every week.

PRODUCT
Park Inn International is a full-service hotel and convention centre located in Toronto, Ontario. The hotel recently completed a $2.8 million renovation of its meeting and banquet rooms.

INSTRUCTIONS
For this role play activity you will assume the role of Simon Julian. You will meet with Gabriela Ansari, role-played by another student, who appears to be a good prospect. During the first sales call, plan to learn more about Gabriela as an individual and acquire more information about Cantrol Security. This meeting will provide you with the opportunity to begin building a long-term partnership.

During the first meeting with a prospect, you like to present a limited amount of important product information. In this case the length of the appointment is 15 minutes, so you should not try to cover too much information. To prepare for the first sales call, read Employment Memorandum Number 1 (pp. 5–7 of Partnership Selling on the CD-ROM). This memo describes the value-added guest services and amenities offered by the Park Inn.

For the purpose of this role play, Gabriela Ansari should be considered a consultative process buyer. You can assume that she will need help identifying and evaluating possible solutions. As you prepare for the first call, think about what may take place during future calls. Review the steps in the typical buying process (see Fig. 8.3). Keep in mind that today’s more demanding customers are seeking a cluster of satisfactions. Study the Product Selling Model (Fig. 7.1) prior to meeting with Gabriela Ansari.