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# Turbulent Skies

Why Customers are
Taking Longer to Make
Buying Decisions
...and What to Do About It

By Lou Schachter and Rick Cheatham

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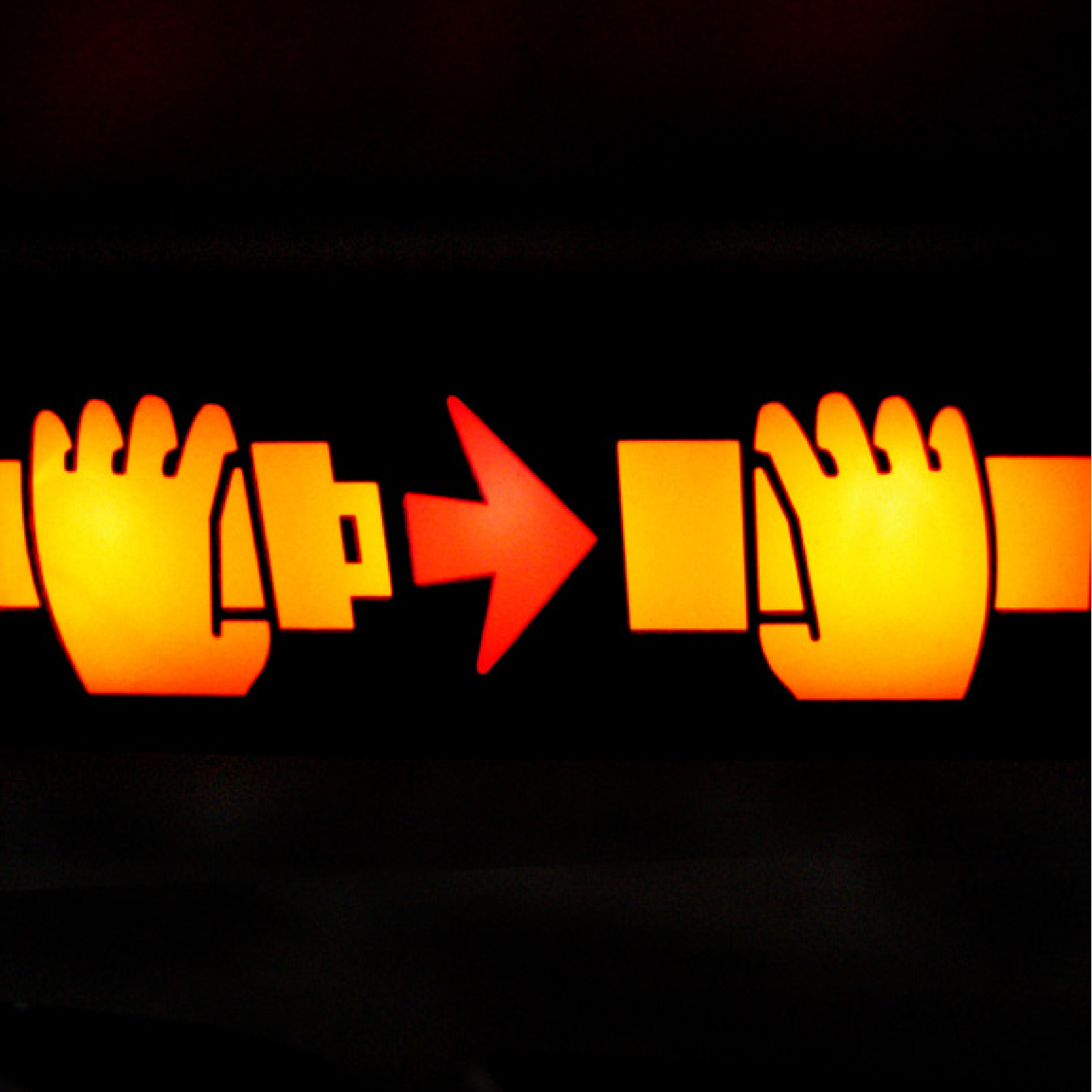

## Introduction:

***"Please return to your seats and keep your seat belts fastened."***

It has been a long week. You've declared this a no-email flight and are just getting ready to start a movie. Apart from the fact that you prefer the aisle and got the window, the flight has been relatively uneventful. Just as the person next to you is handed her plastic thimble of carbonated sugar water, the plane drops left, then sharply right, lifts a bit and then settles into steady bumps. The "Fasten Seat Belt" light comes on with a ping, and the woman next to you seems almost as happy as you are that she didn't spill anything on you. Although you've been in this situation many times before, it is still unsettling.

The bumps taper off. Just as you begin to relax the captain announces, "Flight attendants, please take your seats." The gravel road you've been traveling suddenly turns into a roller coaster. You're not sure how big the last drop was, but your stomach is in your throat. For 15 minutes or longer, everyone stays put.

There's no longer time for a movie, but you'll settle for the *Breaking Bad* finale.

A similar phenomenon is happening today at many of your customer organizations. The pace of change has become so fast and so bumpy, that people are staying put. They are, essentially, fastened into their seats. That means decisions don't get made. Projects are slowed. Risk avoidance becomes the chief priority, and initial visions of *what would be great* are set aside for *what is now possible*.

## Turbulent Buying Behaviors:

***"Always Keep Your Seat Belt Fastened When Seated."***

Look at what happens in the customer buying process when the pace of change increases to a point that it causes what we are referring to as "turbulence."

Turbulence drives a fear of change. Customers are reluctant to innovate or experiment. The focus is on small, incremental changes that reduce cost. Past strategies are continued, as long as they have had moderate success. Turbulence increases the likelihood that customers will remain with existing providers. The goal is less to maximize success than to minimize failure.

Because they no longer trust their own judgment, buyers are bringing more stakeholders into the decision-making process. Decisions can be postponed multiple times, even if doing so delays the implementation, and especially if the decision involves the assumption of new risk.

In a turbulent environment, customers pressure providers to match any element of a competitor's offering that might reduce risk or cost. Procurement departments take over the conversation.

As the customer's organization hits patches of rough air, legitimate shifts in priorities occur. Buyers know that this is going to happen, so there is added stress around unknown opportunity costs. (In a future white paper, we will explore how this development is reshaping the traditional buying cycle.)

The bottom line is this: Buyers can't rely on previous experience to anticipate potential outcomes. After seeing good people fired, buyers don't feel safe…so they play it safe.

So, if your customers are tightly strapped into their seats, anticipating the rough air created by change, is there anything you can do? Yes.

Start by knowing your buyer's decision-making focus. Some fascinating recent research by Heidi Grant Halvorson and E. Tory Higgins shows that there are two main ways that people focus.

- Promotion-focused people seek gain or advancement. For this group, the worst thing is missing an opportunity to do something great. We're going to refer to these people as "gain maximizers."
- Prevention-focused people seek to avoid mistakes. For this group, the worst thing is a failing to avoid a loss. We're going to refer to these people as "loss avoiders."

Neither approach is better than the other (though it's natural to feel affinity for those who match your own approach). The big issue is making sure you have the right conversation with the right type of buyer. You don't want to emphasize risk avoidance with gain maximizers. You want to focus on the vision of what is possible. But you don't want to emphasize that big vision with loss avoiders. Instead, you want to help them navigate to prevent failure.


Of course, many if not most people sit somewhere on the continuum between these two approaches. But thinking about the poles helps ensure your messaging is correctly targeted. When there are groups of buyers that contain both types of people, you want to make sure your messaging addresses both kinds of focus.

We'll look next at five ways to respond when customers are facing significant change and their buying process is slowing down, and how to adapt your approach to the type of focus of your buyer.

## 1 Who Influences the Buying Decision

"Moving people under conditions of uncertainty is difficult—the first thing they do is freeze. They're scared of what they might lose. Therefore it's good to tell people what they will lose if they fail to move." That's a quote from Robert Caldini, a leading social scientist and the author of the book *Influence*, from an interview in *Harvard Business Review*. He continues, "Notions of loss are psychologically more powerful than notions of gain."

That idea was proved in a series of experiments that helped the psychologist Daniel Kahneman win the Nobel Prize in Economics. In one example, Kahneman gave a choice to his three separate classes. In Class A, students could choose between a mug with their university logo on it or some Swiss chocolate. Fifty-nine percent chose the mug, which suggests the mug had a slightly higher value. In Class B, students were given the mug at the outset and offered the chance to trade it for the chocolate. Eighty-nine percent kept the mug. In Class C, students were given the chocolate, then asked if they wanted to trade it for the mug. Only 10 percent were willing to make the trade. The experiment shows that people put more value on a good that they already own than on a good that they do not own, regardless of value. This phenomenon is why home sellers always think their houses are worth more than buyers do (and why the sellers think the homes they are buying are worth less).

A similar experiment showed that students who were loss avoiders had an even more pronounced aversion to giving up what they had (not surprisingly). But gain maximizers also avoided giving up what they had, even more so if they were instructed to think about *what they would gain by keeping what they had* (as opposed to focusing *on what they would lose* by giving something up).

Our earlier white paper, Closing the Value Gap, explains how the world of sales has shifted. Customers today are not looking for salespeople who can fill their needs for *products*. Nor are they looking for salespeople who can create *solutions* to their problems. They want salespeople to help *accelerate their desired business results*. Combine that with Caldini's advice and Kahneman's experiments, and what you get is this: Salespeople dealing with customers struggling with an uncertain environment must make sure the customers understand that their business goals are at risk if they do not act. For loss avoiders, it's easy to frame this message: Explain the risks. For gain maximizers, emphasize the goals they can achieve by acting.

Let's be clear: This is not the old solution-selling approach of finding a problem in a business process and increasing the pain attached to that problem. *Building the pain* or focusing on negative *implications* beyond the customer's reality is a very dangerous game to play. Today's savvy buyers will quickly eliminate sellers who are seen as manipulative. It's about making the impact of inaction on overall business results explicit.

Consider the following:

- Can your customer achieve their desired business results without taking action?
- What target metrics are at risk if the company fails to act?
- Can a compelling story be told about what might happen through inaction?
- Which of the company's strategic initiatives might be at risk if action is not taken?
- When must action be taken before it is too late? What are the contingency plans?

In times of uncertainty, people are obsessed with the illusion that doing nothing is safer than taking action. Because buyers appreciate honest and direct dialog about their current business realities, you can create tremendous value and accelerate the buying cycle by framing inactivity as a significant barrier to achieving their business results.

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Caldini also mentions that in times of uncertainty, people "don't look inside themselves for answers—all they see is ambiguity and their own lack of confidence. Instead, they look outside for sources of information that can reduce their uncertainty. The first thing they look to is authority: What do the experts think about this topic?" That means the salesperson must do one or more of three things:

1. Be the expert that customers seek. Demonstrate an understanding of the customer's industry and business. Clarify the results the customer seeks. Recommend a path. Measure progress. (For more tips on how to do all of that, see our white paper, Salesperson as Navigator.)

2. Bring experts to the table. Leverage others in your organization who have expertise. Arrange for them to talk to your customers.

3. Demonstrate what well-respected experts think. Provide articles, reports and white papers that define the state-of-the-art and, in particular, the costs of inaction (for loss preventers) or the potential gains from action (for gain maximizers).

Of course, when delivering expertise, it is important to acknowledge the experience of your buyers and the reality that you could never understand the specific details of their circumstances. That respect and humility make the difference between being arrogant and being insightful.

## 3 Recognize the Power of Social Pressure

While people consistently look to experts during periods of uncertainty, they also look to peers. In fact, in our socially-networked world of today, peer influence may be overtaking expert influence. Think about your own purchases: Today, you're probably more likely to be influenced by what a friend posts about a restaurant or a book than what a review says.

This idea is backed up by recent behavioral research. A study of lifeguards in Australia shows that lifeguards are more likely to practice safe sun protection habits if they think their peers are applying those same practices.

A fascinating experiment run by Caldini and several colleagues illustrates the power of peers and social influence in decision making. The team created three cards for placement in hotel rooms: one was the basic environmental-protection message we're all familiar with; the second informed guests that the majority of guests at the hotel recycled their towels at least once during their stay. Those guests who got the second social message were 26 percent more likely than those who saw the basic environmental protection message to recycle their towels. In a follow-up study, if the guest's card said that the majority of people who stayed *in that particular room* recycled their towels, towel reuse increased to 33 percent above the basic environmental message.

How can you apply this to your customers who are slow about making buying decisions?

1. Help benchmark the customers against their peers. Define what "great" looks like in their industry or their functional area by documenting what the best companies are doing. Then help the customers rate themselves on how they compare to those leaders.

2. Make sure your slow-decision buyers are aware of how other buyers in their organization (and perhaps even in other companies) are moving forward with their buying decisions on the items you sell to them.

3. Acknowledge that the buying decision process takes longer today and that each buyer's company is "special and unique." But also provide some data on how long the buying process typically lasts at your other customers.

Here's some advice on how peer pressure works differently with loss preventers and gain maximizers. Loss preventers are highly attuned to people inside their group or organization. They will tend to tune out people from the outside as not understanding or not being relevant to their world or situation. (They tend to view outsiders as risky.) The research by Halvorson and Higgins suggests that gain maximizers are neutral to outsiders, but our own experience says that gain maximizers have great appreciation for outsiders who bring new insights or new opportunities to help accomplish their goals.

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## Manage the Stakeholders

Could it be that an increased reliance on peers is also slowing down decision making? More stakeholders at the table? Well, it's probably true.

When risk avoidance takes over as the dominant culture, people involve more stakeholders in each decision. Because so many people have lost their jobs over the last few years, many employees don't want to put their own jobs at risk. So before making big decisions, they consult others, giving themselves protection if the decision goes wrong. That means a lot of people have to be consulted before a decision is made. They are afraid to execute in a way that could be criticized down the road, so they only move forward on projects where the stakeholders are in consensus.

Oftentimes any one stakeholder can say "no" or "not now," but it takes almost everyone to agree to create a "yes." That means fewer yeses and more delays as decisions move through the stakeholder deliberation process. It also means projects and purchases can stall when a buyer hasn't received sufficient internal support to move forward but believes in their project enough that they are unwilling to let the idea die. That can result in a familiar situation where a sale sits in the funnel forever, with the client saying they're not quite ready yet, and the salesperson being understandably reluctant to show the deal as a loss (particularly since it hasn't been awarded to a competitor), but there is no forward progress in the sales cycle either.

We think the notion of "economic buyers," "technical buyers," and "users" is outdated. The idea of buyers with distinct, siloed interests comes from a time when there were more layers of middle management in companies than there are today. Buyers today know they have to take economic, technical and user considerations into account simultaneously.

It also seems that labeling stakeholders as supporters, advocates, champions or coaches on the one hand, and opponents or blockers on the other is actually counter-productive. Seeing customer stakeholders as friends and enemies is too black or white. It encourages a strategy of leveraging supporters and minimizing the concerns of opponents. That might work well in election campaigns, where the game is zero-sum, but it doesn't work in sales. Everyone has interests they are trying to pursue. Some of those interests are aligned with your proposal in an obvious way; some are more subtle. By understanding the interests of those stakeholders who are not yet supportive of your proposal, you will likely find ways to address what is important to them. If you write them off as enemies, you'll never get the chance.

In any case, you want to identify the dominant focus (gain maximizer or loss avoiders) for each stakeholder and be sure to speak to their language.

## 5 Keep the Choices Simple

When buyers respond to organizational turbulence with risk-avoidance behaviors, is it better to provide customers with more choices—or fewer?

Behavioral scientists Sheena Iyengar and Mark Lepper ran an experiment in a supermarket, offering free samples of jam while monitoring the jam purchases of those who tried the samples. When six flavors of jam were put out for sampling, 30 percent of the samplers purchased jam. But when 24 flavors were provided as samples, only three percent made a jam purchase. When there are too many choices available, people consistently choose the current state. Professor Iyengar said, "In reality, people might find more and more choice to actually be debilitating."

This is particularly true in times of uncertainty. Already burdened by the cognitive processing required by the state of change, people act to reduce the number of decisions that need to be made. When customers are already uncertain about their purchase requirements, having too many choices can drive them to continue the status quo.

Compounding that problem is the way many salespeople present proposals. First, there are too many options and alternatives. It's easy to think that options and alternatives give customers flexibility to create the solution they really need. But the truth is that you're putting the customer in front of one of those custom salad bars, where there are 75 ingredients and they can have almost whatever they want. That setup is great if you know exactly what you want, if say, you go there every week. But if it's the first time, or it has been a while, it's overwhelming, and much easier to take one of the premade salads sitting nearby. Give people too many choices or decisions to make, and you can be pretty certain that they will do nothing.

Second, many proposals make it hard for the customer to understand the pricing. The options and alternatives above play into this complexity. But even with simple solutions, it's common to see pricing broken down in ways that match the seller's cost structure (e.g., fixed and variable cost items priced separately) that don't at all match the way the customer thinks of budgeting, spending or investing. If you ever need a quick reminder of this challenge, just review the room-service menu at a hotel. You have to pay for the items you order, plus a service charge or gratuity, plus a "delivery charge." That fits the hotel's cost structure. But it makes it really hard to figure out how much a couple of eggs and a coffee will actually cost you.

If you want your customers to make buying decisions despite uncertainty, keep their choices simple.

Gain maximizers thrive on having alternatives, so give them some, but keep them simple. Loss preventers are more concerned about analyzing alternatives. They want a matrix where they can compare individual components of each alternative, rather than the option as a whole (which is the way gain maximizers look at things). Make sure you accommodate both approaches in your proposals, and keep them simple and clear.

## Conclusion:

### The Pain of Uncertainty

David Rock, head of the NeuroLeadership Institute, is a researcher who has synthesized current neuroscience research on how people interact socially. One of Rock's conclusions is that the brain is constantly trying to predict the near future. Since the brain is a pattern-recognition machine, it craves certainty, so that prediction is possible. Without prediction, the brain must use dramatically more resources, involving the more energy-intensive prefrontal cortex, to process moment-to-moment experience.

Rock told the *New York Times* that, "Uncertainty feels like pain. When you're holding multiple possible futures in your head, that turns out to be cognitively exhausting. And the more we can predict the future, the more rewarded we feel. The less we can predict the future, the more threatened we feel. As soon as any ambiguity arises in even a very simple activity, we get a threat response. So we are driven to create certainty." Small uncertainties make it difficult to focus, and large uncertainties can be debilitating.

Conversely, feeling more certain about things is rewarding, and feeling that expectations are being met releases dopamine – the reward-response neurotransmitter – in the brain. Once the brain is back in a situation where it has available mental maps, it feels better.

We live in an increasingly uncertain world, but uncertainty can be decreased. Plans drive clarity about the future, or at least about likely futures. Simplifying complicated projects into smaller chunks has the same effect, reducing that overwhelming feeling that comes from not having mental maps already in place. Talking about possible future situations, or scenario planning, is also effective.

Another tool is to identify the different implicit assumptions that people are holding in their brain and having explicit conversations about them. Examples of implicit assumptions include: *How long will something last? Who should be involved? Is something more important going to happen tomorrow?*

It's natural for salespeople to feel the emotional effects of the uncertainty in their customer organizations. So, it's critical to put your own oxygen mask on first, before helping others. In turbulent times, having plans (account, opportunity, etc.) is more critical than ever. The planning process should include significant discussion of multiple scenarios, creating mental maps for potential outcomes and reducing anxiety.

A salesperson can be a pain reliever. That is, they can actually reduce the pain of uncertainty that David Rock referenced. The way to do that is to follow the steps listed throughout this white paper:

- Make explicit the potential losses from inaction
- Bring in the experts
- Leverage social pressure
- Manage the stakeholders
- Keep the choices simple

Do all of these things with an eye toward the dominant focus (gain maximizer or loss preventer) of the buyer with whom you are speaking. Where you need with speak to both types of people, include both approaches: *What are the gains we can achieve and What are the losses we can prevent?*

## Looking to Innovate Your Sales Approach?

An execution consulting company, BTS excels at helping your sales force build the alignment, mindset and capabilities needed to sell in a way that reflects what your customers want today. We have developed standard learning platforms that accelerate the ability of salespeople to drive the results of their customers, and we build highly custom learning platforms for salespeople and sales managers as well. All of our platforms leverage business simulations and other forms of experiential learning to drive knowledge acquisition and behavior change that lead directly to improved sales results. Our work with many global FMCG companies enables us to translate the lessons of the FMCG world to our client's sales organizations.

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