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## **The Best Kept Secret of the Selling World**

By Jeff Thull

Problems cost money! More often than not, however, the only cost that clients and salespeople focus on is that of the proposed solution. The cost of the problem is more critical, and that cost remains the best kept secret in the selling world and certainly the most overlooked.

We define a problem as an undesirable, or less than positive, situation your client is experiencing. The cost of the problem is the financial impact that situation has on the client's business due to the absence of the value your solution could bring. The cost of the problem is the financial impact of staying the same, and the cost of the solution is part of the pain of changing. When clients do not have a clear picture of these two cost groups, the timing and quality of their decisions are guesswork.

Sales professionals frequently ask me two questions: "How can I speed up the sales cycle?" and "How can I protect my pricing from last minute negotiating pressures?" It's amazing to see what happens to timetables and priorities once clients truly understand the cost of the problem. Their perceptions of value change their thinking.

### **Here's an example of how it works...**

One of our clients provides management software to hospitals. Several months ago, they proposed a \$700,000 solution to a hospital. The hospital's executives agreed to the purchase and included the \$700,000 in the budget.

The executives did not calculate the cost of the problem that the software could resolve. The decision to purchase the system was driven by the desire to keep up with the latest technology, which I call the "nice-to-have" motivator. It soon came out that the purchase of the new system had been delayed from the first quarter to the second quarter and then to the following year. The funds planned for the software purchase had been allocated to another hospital project.

When the solution providers found out about the second delay, they requested a meeting with the hospital's CFO. The purpose was to determine if the CFO knew the financial impact the project delay would have on hospital reimbursement revenue.

During the meeting, the CFO asked the salesperson what he thought the financial impact of the project delay would be. The salesperson replied that in the rush to get the project into the budget, the impact had not been calculated. He asked if the CFO would like to work with him to put together the numbers, which would allow the CFO to judge if the delay was the correct course of action. The CFO agreed and they met the following week.

As a result of their work, the cost of the problem was estimated to be \$220,000 per month in lost revenue. The financial impact of delaying the software purchase was significantly more than the impact of the hospital's alternative project. As a result, the hospital changed its priorities and requested that the new system be installed within 90 days.

There are many initiatives begging for funding, especially in complex business environments. Managers can get so caught up in trying to address those issues that it's sometimes simpler to do nothing. But if they have the tools to do a thorough financial impact analysis, they can prove how much money a problem is costing. Response and action may be immediate.

The cost of the problem influences the decision process/sales cycle like nothing else. If you get a handle on the cost of the client's problem, the sales cycle can shrink dramatically and your credibility will rise exponentially. The fact that you are able to help clients determine the severity of the situation and address their concerns and expectations positions you as a very credible and valuable advisor.

### **What Happens Once You Know the Cost of the Problem?**

Once you have diagnosed a client's situation and defined the financial impact on the business, there are three possible outcomes:

1. The financial impact is great enough to justify the investment and you move forward.
2. The financial impact of the problem you're addressing is not as great as that of other issues. In this case you plan when your project will move to the top of the client's priority list.
3. The financial impact is not enough to justify your solution. Given this situation, you may have to scale back your proposed solution to match the financial impact, or you may want to look for an opportunity elsewhere.

The primary question most often in your client's mind is: "Why should I invest my limited resources in your solution?" If the only way you can answer that question is by talking about the features and the value of your solution, you will not be responding to the client's real concern. You must help your client understand what it costs NOT to go forward your proposal.

### **Ignoring the Cost of the Problem Can Be Fatal**

Ignoring the cost of the problem results in two critical errors in the seller's judgment:

1. The salesperson assumes that the client knows the cost of the problem and will use that knowledge in the decision-making process.
2. The salesperson assumes that the client has the ability to do a proper self-diagnosis of the problem. If that were true, then all the salesperson would have to do is present the solution.

Even if both of these assumptions are correct—which is rare—the greatest error made by the salesperson is the failure to collect and analyze the relevant financial information.

Here's the point. The client who does not go through this justification process on a regular basis will not be as thorough as you can be. As a trained professional, you can bring many more cost factors into the client's equation and thus enhance the quality of the decision process.

Developing a mutual understanding of the cost of a critical issue or problem is a mark of a true professional salesperson. It's the best way to prevent stalls and handle price objections before they ever come up. It clearly separates the amateur from the professional.

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**Jeff Thull** is President and CEO of Prime Resource Group, and a thought leader in the area of sales and marketing strategies for companies involved in complex sales. He's the author of the

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