It's All About The Risk!

by **DAVE KAHLE**

Sometimes it is so frustrating. You know you have a better product than that which your prospect is currently using. Your price is attractive, your service is outstanding. If the prospect would switch to your solution, you know they'd be delighted. You'd save them money, smooth out their processes, reduce their inventory and generally make their life simpler.

So, why won't they switch? Are people really that stupid? Or, is it you? Did you do something to put them off?

While there are some circumstances where the answers would be "yes" to the questions above, the most likely answer is something totally different. The reason they won't switch is likely not their IQ, nor your deodorant. It is the risk!

Risk is several things. First, it is often the number-one issue in the mind of the customer, particularly when the account has no history with your company. That makes it the number-one issue to address in the sales process.

Risk is what the customer perceives it to be. In other words, it's not anything quantifiable, like the price or delivery of your offer. It's not objective or tangible. Instead it is much more insidious, lurking underneath almost every conversation between you and your customer. Because risk rises out of fear, risk is often not mentioned. To acknowledge risk is to admit fear. To admit fear is, in many people's minds, to expose weaknesses. No one wants to look weak.

Defining Risk

Risk is the answer to these two questions:

- "What happens to the company if they make the wrong decision?"
- "What happens to the individual who is making the decision, if he or she makes the wrong decision?"

Risk is the combination of the financial, social, emotional and time costs that the company and the individual decision-maker will bear as a result of making a mistake.

I help people in my seminars understand risk by citing two examples. Let's say that on the way home tonight, your spouse calls you on the cell phone and explains that some friends are coming over for the evening. You need to stop at the grocery store on the way home and pick up some disposable cups so that you'll have something in which to serve the drinks.

You stop at the grocery store, rush in and see brand A and brand B. You select brand B, scoot through the express lane, and arrive home just a few moments before your guests are scheduled to arrive. Your spouse has a pitcher of margaritas mixed up, and you pour yourself one in the disposable cup you just bought. As you raise it to your lips to take a sip, you discover a leak in the bottom. You quickly grab an-

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other cup, pour the contents of the defective cup into that one, and raise it to your mouth. Oops! A leak in that one, too. One after the other, you discover that every one of the cups you bought is defective.

Now, imagine yourself in this situation. What price are you paying for your mistake?

I don't know about you, but in my house, I'd be the recipient of some negative emotion from my spouse. There would be a social and emotional price to pay. I'd also have to invest additional time, running back to the store to fix the problem with another bag of disposable cups. And, I'd have to pay for them, so there would be some financial costs.

All of this over a simple little purchase, at which you made a mistake. Even so, when you compare the risk of this decision with all possible decisions you could make in your life, this one has relatively little risk. Here's a simple exercise to help you understand this concept. Draw a short vertical line. At the top of the line write the number 25. At the bottom, write the number zero. Now on a scale of 0–25, where would you put the risk of buying a package of disposable cups? It's close to zero.

Now, let's compare that with a risk on the other end of the equation. For a number of years, I had an international adoption agency as a client. Consider a young lady in a crisis pregnancy. What is the risk involved as she contemplates releasing her unborn child to adoption? Certainly a lifetime of consequences for at least four people. On our 0–25 scale, most people would rate it as a 25. This risk is at the opposite end of the spectrum.

The Decision to Buy

The point here is that different decisions carry with them different degrees of risk. Now, put yourself in the shoes of the individual who is making the decision to buy your products. What happens to that person if he or she makes a mistake?

Now I know you are thinking that you and your company will make it right, so that there really is no risk. But that's your perspective, not your customer's. He doesn't know that you'll make things right. Even if you say it, he still doesn't necessarily believe it.

So, put yourself in his shoes, and see the situation through his eyes. On the 0-25 scale, how much risk does he accept when he says "yes" to you?

Here's an easy way of calculating it. Just ask yourself what happens to that individual if you, or your company, mess up.

Hopefully, you now have a different perspective on that prospective customer for whom your pricing is attractive, your product is better; your net impact on the customer would be positive, but who won't buy. It's not about the price, it's not about the quality, and it's not about the service. It's all about the risk!

If the risk to that person is high, the way to make the sale is to reduce that risk.

Here are a few strategies for reducing the risk.

• ***Develop a closer personal relationship.*** The greater the relationship, the less the risk. The lesser the relationship, the greater the risk. That's why they would prefer to buy a less effective product at a higher price from the salesperson who has been calling on them for years.

Focus, not on reducing the price, but rather in increasing the relationship.

• ***Make the deal tangible.*** The more vague and intangible the purchase, the more risky. Take all the imagination out of the buy. Bring them into your facility so they can see that you really do have an office/production facility. Take them to a location where the machine is being used by someone else. Hand them certificates of warranty instead of just telling them. Show them pictures of the product being used.

Look at every aspect of your offer, and think about how you can make this piece more tangible and objective.

• ***Use Proof.*** What is "proof?" Someone else, other than you, saying something about your product, company, or service. Proof is letters of recommendation from other customers, photographs of other customers using your product or service, testimonials, case studies, lists of clients, third party studies, copies of articles from trade journals, etc. Anything you can find that in any way adds substance by someone else, even if it is remote and only distantly connected to your offer, will go a long way to reducing the risk.

The concept of risk and its role in the buyer's mind is one of the most powerful concepts in the world of B2B sales. Taking it into account and planning to reduce the risk of every decision will be one of your most powerful sales strategies. ❐

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