What Prevents Cross-Selling?

Cross-Selling is a challenge for everyone. The idea is simple: to interest clients that are using one service in using a second or third service area. But the devil is in the detail and most cross-selling plans fail as soon as they meet one of several common objections.

As a result, everyone talks about cross-selling, but nobody is doing much about it.

More Important Than Ever

Yet cross-selling is more important than ever. Research by The BTI Consulting Group found FTSE companies are using 20% fewer service providers than they did a year ago. This means that fewer service providers will get the available work, and they are likely to be the companies that successfully cross-sold.

Because companies are focusing on cross-selling they send out invitations to come to cross-selling sessions, but they cannot get their people to attend the meetings. Companies are also starting to identify cross-selling targets, but they fall down when it comes to making contact with the client. The keys to success are overcoming the objections that individuals raise, and focusing on Companywide (rather than individual) goals.

To jump-start a program, keep in mind the Company wide goals of cross-selling:

- To retain current clients by establishing as many points of contact with the client company as possible.
- To expand client relationships by ensuring the client is completely satisfied with the service the company is providing and inquiring into additional client business problems.
- To familiarise colleagues with the client, so that you and your colleagues know the client's business and understand the client's industry.
Seven Common Objections

Why do people hold back from cross selling? Here are seven common objections that block cross-selling programs:

1. Unwillingness or Lack of Knowledge of How To Sell.

Sales and marketing is not taught in our Universities and many professionals take the position that they did not go into their profession so they could become a "pushy salesperson". A recent comment I heard from a new UK head of a Global Asset Manager was that their sales people were “too proud to sell” Coupled with this reluctance is the fact that corporate decision-makers resist the idea of receiving sales pitches from service providers.

The flaw in this assumption is the idea that selling involves pushing professional services on a client. In fact, the trick is to get your client to tell you what difficulties they face and to listen for an opportunity to help.

The best approach is to determine whether the client is satisfied with the company’s services to begin with. A client must be very satisfied with your current services and must trust you to give you more work. You should ask your clients: What are we doing well? What could we be doing better? What is going on in your business that we should be thinking about?

The last question is important. In the process of interviewing clients, you could be inquiring into the client’s wider business challenges. The idea is to discover what the executive is dealing with and challenged by. The chances are your company may have a service/division that can offer a solution.

2. Lack of Knowledge Regarding Other Company Services.

You cannot sell your colleagues services if you are not familiar with what they do. Commonly, professionals know each other well only within their Division. They may meet with other teams, but it does not create cross-selling opportunities, because the group focuses strictly on itself.

An essential element of a cross-selling program is an internal method to distribute news about successful opportunities people have won. This could be the internal newsletter or posting client successes on an Intranet, and if the client gives permission, publishing the success story on the company’s Website. Some sophisticated companies store the case
histories in a database or knowledge management system for easy internal access.

It is surprising how difficult it is for service providers to come up with examples of client successes. Often the information exists in the minds and computers of individual professionals, but is not written down in a central location. For cross-selling to succeed, companies must collect the case histories.

And it goes without saying that companies must read the newsletters and study the accomplishments of their colleagues.

3. The Company Does Not Compensate For Cross-Selling Activities.

The maxim of service providers is “what gets rewarded gets done.” If there is no incentive to market the company’s full range of services, then professionals will spend all their time focused just on their own income generation activities. On the other hand, if a professional knows that their cross-selling activities will form part of their compensation, they will participate. Some companies provide a specific financial reward for introducing clients to other Divisions. The precise method and calculation of compensation can be discussed without end; but suffice it to say that a professional's cross-selling activity must be considered in the compensation review. Otherwise, it just won't happen.

For cross-selling to work, the idea of sharing credit must also be built into a cross-selling program. The “eat what you kill” system, in which a professional gets the credit solely for new business they bring in for themselves, is fatal to cross-selling. Cross-selling happens in pairs or teams, and the company must give credit for a team effort.

4. Fear of Losing Clients.

Some professionals are reluctant to refer their clients to their own colleagues because they fear the colleague will do a poor job. As a result, the logic goes; they could lose the client's work entirely. This is an objection that is often unspoken or mentioned only in private.

I believe this is a false objection. What the professional actually fears is losing control of the client, which may happen if another person is introduced into the relationship. This view treats the client as the professional's personal property or private book of business.

Clients must be viewed as corporate assets which belong to the company as a whole, and accordingly, must be shared.

This objection also demonstrates that the professional does not know enough about his colleague’s services and what exactly they do in their Divisions. If the professional were to take the time to learn what their colleagues do and understand their achievements, they would be more inclined to refer their colleagues.

Regardless, the objection means that the work is going to another Company, which is far worse than having the work done by a colleague at your own Company.
5. The Company Does Not Recognise Cross-Selling Appropriately.

Some Divisions will make a big deal of it when someone brings in a new client. But if a new client is won by a different team, it is mentioned only briefly in the weekly Company memos circulated internally. This is a lost opportunity and a mistake. **Recognition is a powerful motivator.** A cross-selling success can be a hot news item for the company’s internal newsletter and should be spotlighted on the company’s Intranet. Describe the process in detail, beginning with how they came to meet the client in the first place, how they learned of the new potential work, the steps they took to introduce a specialist colleague, and what they both did to impress the client with the company’s capabilities. The point is to recognise the teamwork, and to make a big deal of it.

6. The Client Has Established Service Providers In Other Areas Already.

Every business client worth having is working with a Provider already, so the objection is probably true. However, this should not stop a cross-selling effort; in fact, it should be the reason to start one.

The BTI Consulting Group found that 60% of FTSE companies used a major service provider with whom they have not worked with in the last 12 months. These potential clients are looking for new providers that better meet their needs. The fact that companies are taking on new providers while they reduce the number of providers they work with suggests weakness in existing client relationships.

It may be that a company has worked with another provider for many years. However, potential clients will be open to a proposal to have their work handled more efficiently, to consolidate things or just to get the job done less expensively. It takes research and teamwork to develop these proposals, and that is what a cross-selling team is for.

7. Fear of Imposing On Colleagues.

It can be difficult to go, cap in hand, and ask a colleague to introduce you to a current client. Professionals may be reluctant to involve themselves in the client relationships of colleagues. This approach produces few cross-selling results, because it starts out the wrong way.

Instead, develop lists of your own clients who can be cross-sold to your colleagues. The names of these clients are brought to cross-selling meetings, where the relationship executive describes the client and the opportunities to grow the relationship. Other attendees are asked to bring the names of all contacts they may also have at the client. The team effort begins with someone volunteering the client to the Company as a whole. When a client is buying multiple services from a provider it makes it more difficult for them to go somewhere else.
Strategy For Cross-Selling

Overcoming these initial objections will go a long way toward getting a cross-selling programme started. It means the Company will have to change the way it thinks about compensation, ownership of clients and approach to selling. It will mean the Company will have to cease relying on individuals and learn to work in cross divisional teams focused on clients. But these are all positive changes, and will lay the groundwork for a successful strategy for cross-selling and accelerate business growth.

Ian Treadaway
Managing Director
Powerhouse Partnership
WWW.PowerhousePartnership.com
Telephone 0208 878 2266