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**Help Your Customers Think Bigger:
Increase Revenue and Profits by Cross-Selling and Up-Selling**
*Building long-term customer value is essential to increasing profitability—
Hoover's and Miller Heiman show you how.*

In this paper, Miller Heiman and Hoover's have joined forces to provide sales best practices to our users. We've combined Miller Heiman's proven sales methodologies and best-practices for successful cross-selling and up-selling with Hoover's industry leading business information tools. Read on to learn how to create your own powerhouse sales program using the sales tools and business data from Miller Heiman and Hoover's.

Winning Sales Organizations "Sell Smart"

It can cost four times as much to sell to a new customer compared to an existing one. By taking advantage of existing relationships and ongoing contacts with customers, companies can sell more products and services, reduce the cost of sales, enhance customer loyalty and drive revenue.

It's often said that inefficient sales practices leave money on the table. In fact, when you fail to sell smart, it's worse than that. When you have a solution that your customer should have bought, but didn't, you not only left the sale on the table: you left the entire customer's ROI there as well.

What if you could make each sale more profitable, and outflank the competition every time? Today's top performers embrace cross-selling and up-selling—closing more business at higher profits and capturing market share in the most efficient way possible.

The results: ▶ Increased revenues ▶ More profitable deals ▶ Customer loyalty

What Makes A Winning Sales Organization?

**The 2005 Miller Heiman
Sales Effectiveness Study**

The Miller Heiman annual survey of sales leaders reveals the top issues, trends and challenges encountered by sales organizations across all industries. The sales leaders surveyed provide unique and valuable insight into why winning sales organizations are winners.

The 2005 study revealed that **only a small percentage of the more than 3,400 companies surveyed could truly be described as having winning sales organizations.**

The survey also pointed out five key trends that are challenging today's sales effectiveness:

| The 2005 Miller Heiman Sales Effectiveness Study: Critical Challenges and Trends | | | | |
|---|---|--|---|---|
| Differentiate | Price | Access | ROI | Cycles |
| More industries now seen as commodity providers making it difficult for sellers to clearly differentiate. | The #1 greatest differentiating factor reducing price sensitivity is salesperson effectiveness. | Ability to sell at C-level has become a necessary core-competency. | Those who are winning are clearly connecting their solutions to key customer initiatives. | Sales cycles are getting more complex. Sales cycles are getting longer. |

77% of the Winning Sales Organizations surveyed were achieving increased sales and new account activity with the same number of people as – or fewer than – they employed a year ago.

Those organizations **consistently achieved a sustainable competitive advantage by thinking well beyond just increasing revenue.**

Each achieved year-over-year increases in all of these three key metrics:

1. Total sales
2. Average account billing
3. New account acquisition

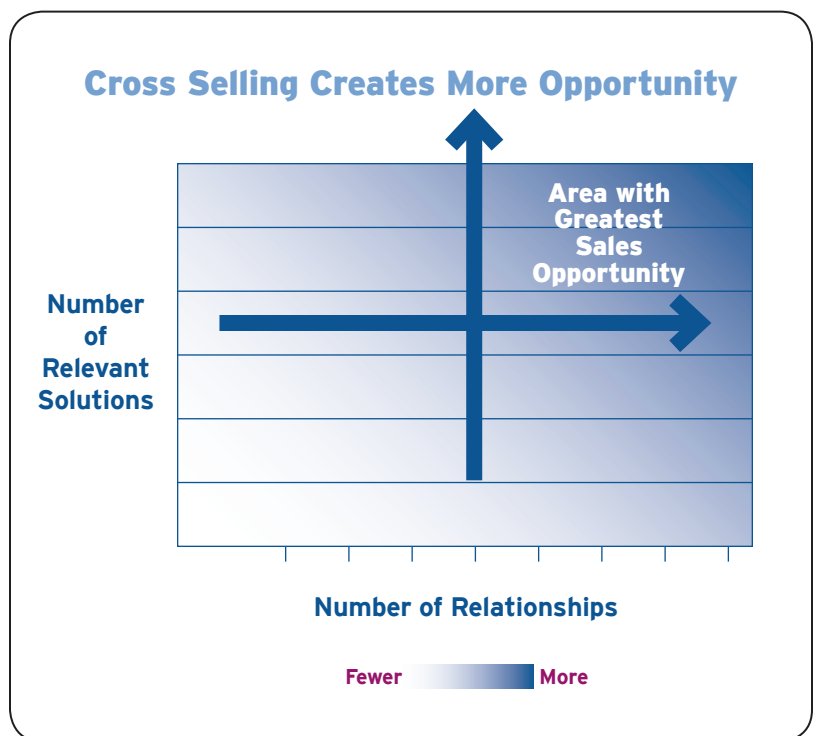
Miller Heiman believes an organization's ability to effectively respond to these pressures has a significant impact on its ability to grow revenues and profitability.

Gaining access to and winning the approval of executives and other decision makers demands fundamental skill in methodologies such as cross-selling and up-selling combined with timely, accurate information.

Cross-Selling: Extend Relationships and Create Opportunity

Cross-selling starts with taking a larger view of the client organization: looking at all the possible relationships involved, and where those relationships intersect with the number of relevant solutions for that customer. That “intersection” is the cross in cross-selling (see graphic). Moving the intersection “north” and “east” on the graphic opens up a much wider target of opportunity.

By expanding the discussion to include additional buyers and products, a top performer can get a better picture of a customer's enterprise goals, make a better recommendation and create the opportunity for much bigger deals.



Up-Selling: Expand Orders and Improve Customer Utility

A companion method Winning Sales Organizations use to increase revenue is called up-selling. Up-selling means securing a larger commitment: a commitment to buy additional units or a more expensive, premium version of the solution. This doesn't mean selling the customer something they don't need; it does mean selling the customer more of something that they do need. In this case, what's good for the customer is also good for you: the cost and risk of an up-sale is significantly less than that of an original sale.

With this in mind, the winning sales person always asks the client, “What else should we be looking at? How can we make this work even better for you?”

The accompanying table compares the unique characteristics of cross-selling and up-selling, along with just a few of the sales process improvements that sales professionals can reap by leveraging cross-selling and up-selling in their day-to-day activities.

| | Cross-Sell | Up-Sell |
|------------|--|---|
| Definition | The expansion of a relationship to include new people and new products or services. | The expansion of one order into additional or larger orders, while improving utility for the customer. |
| Factor | Number of Relationships | Number of Relevant Solutions |
| Yield | Greater Number of New Solutions | Premium Solutions Increased Profit per Sale Lower Cost per Sale |
| Outcomes | <ul style="list-style-type: none"> ■ Gain a fuller understanding of the customer's timing requirements. ■ Gain a fuller understanding of a customer's organizational needs. ■ Discover new applications for a proven product or service. ■ Increase average Account Usage. ■ Make "defensive" sales to protect against competitor encroachment. ■ Reduce reliance on a single point of contact in a key account. | <ul style="list-style-type: none"> ■ Shorten the sales cycle on future orders by getting them now. ■ Shorten the sales cycle by getting bigger commitments now rather than later. ■ Discover future applications for your proven product or service. ■ Increase average Account Penetration. ■ Increase customer / client contact points. ■ Secure your long-term position. |

The Challenges: Why Salespeople Forget To Cross-Sell/Up-Sell

What "high-points" does a sales professional experience with clients?

- Getting an important appointment
- Getting the order
- Opening a new account
- Winning a customer from a key competitor

Each of these high-points implies trust—selling is ultimately about building trust. And that trust is hard-won, often leading to the perception that asking for other relationship opportunities or suggesting a premium product would jeopardize the current position.

Of course, it's not as simple as, "You want fries with that?" For a professional salesperson, the very worst time to start thinking about cross-selling and up-selling is when the customer is placing the order.

You want a horizontal stabilizer with that airplane?

If you're selling commercial aircraft, you don't just throw in an extra horizontal stabilizer as a throwaway concept. Likewise, if you're selling healthcare solutions, a case of drug eluting stents is not an afterthought. Your customers expect variations in solutions or alternate solutions to be presented much sooner than at the close.

The time to start is at the very beginning of the sales process – ideally at the qualification stage.

Countless studies report that selling to existing clients is far cheaper (as much as four times less expensive) than trying to sell to new clients. Yet sales organizations struggle to implement effective cross-selling and up-selling initiatives.

With all the documented opportunity to create bigger deals, better customer relationships and secure customer loyalty and market share, why don't cross-selling and up-selling happen more often?

One of the most common reasons is fear caused by the misperception that asking for more raises the risk of losing the order. That fear may be accompanied by a feeling that there is not a level of trust in the relationship that justifies pitching additional products. These two factors then lead to delay in asking for referrals.

| Resistance to Change | Fear | Trust | Delay |
|--|--|---|--|
| Big reasons why sales professionals continue to resist cross-selling and up-selling: | <i>"Will I risk the order I just received ...if I ask for more?"</i> | <i>"I'm not going to confuse this account by pitching a bunch of new products."</i> | <i>"I'll ask for a referral later - once we are in a better position with this account."</i> |

Leveraging quality business information can eliminate all three of these reasons for resistance. By taking the time to gather in-depth information about customers and prospects, salespeople can gain a greater insight into their accounts, uncover new business opportunities, and avoid many of the fears that get in the way of performing cross-selling and up-selling activities.

Conversely, a lack of quality business information translates into missed cross-sell and up-sell opportunities—and lost business.

Roadmap: Setting Your Course

There are three primary steps that sales professionals must take in order use information to cross-sell and up-sell more effectively:

1. Select the right targets
2. Understand the customer's business issues
3. Present a Valid Business Reason

Each of these steps demands increasingly deeper understanding of the customer's key initiatives and the big issues that transcend all the potential buyers within the organization.

And that means taking the time to become informed on selected targets, their issues and the business reasons that will motivate them to schedule a meeting or make a purchase.

Cross-selling and up-selling success comes from following the steps, understanding your customer's business, asking the right questions, doing the research and leveraging quality information.

Step 1: Select the right targets

Which of your current customers are your best customers—the ones that, if you could have a thousand of them, you'd be thrilled? What do they have in common?

Drawing from the characteristics and behaviors your top customers have in common, you can create a profile to help you target companies who have the greatest need for your new products/services. Examples of selected characteristics include:

- Size of customer's business
- Number of locations
- Position in vertical markets
- Cultural fit to your company
- Willingness to share information

Of course, these are general examples. This process is unique to each company and even to individual product lines within one company.

Step 2: Understand the customer's business issues

Do your research and make an effort to better understand the customer's business. Think like a business consultant, not like a transactional vendor: lead with a solution rather than a product. These are just a few key questions to ask yourself as you build a deeper understanding of a customer:

- What is this customer trying to accomplish, fix or avoid?
- How does this product or service fit within this customer's process?
- What public statements have executives made regarding key business issues or initiatives?
- What recent or important news stories are relevant to your relationship with this customer?
- What competitive pressures or changes are affecting this customer's business?
- How has the customer used this type of product or service in the past?
- What quantifiable business results did the customer achieve from past usage?

Step 3: Present a Valid Business Reason

The Valid Business Reason is the customer's justification for taking some action with you, whether that action is a meeting or an order. The sales professional must articulate a proposition that connects the customer's business issues with the product or service being presented. And they must do it in a way that makes sense from the customer's perspective.

Once again, solid research must be done to select the right targets and understand their business issues. Only then is a sales professional in a position to articulate a Valid Business Reason to an executive or Buying Influence, and convince that person to give up valuable time: this is the opportunity to cross-sell/up-sell.

What do Senior Executives Care About?

| What Do Senior Executives Care About? | |
|--|--|
| <p>Shareholders</p> <ul style="list-style-type: none"> ■ Increase Shareholder Value ■ Meet quarterly projections or justify mass ■ Maintain positive public image | <p>Customers</p> <ul style="list-style-type: none"> ■ Improve customer experience and loyalty ■ Forecast buyer behavior |
| <p>Company</p> <ul style="list-style-type: none"> ■ Improve productivity and reduce operating costs ■ Improve employee retention ■ Successfully roll-out a new product ■ Speed time-to-market | <p>Competitors</p> <ul style="list-style-type: none"> ■ Differentiate against cheap offshore suppliers ■ Capture or defend market share ■ Increase sales |

Selling at C-Level is becoming the norm; these are just a few of the core issues on every senior executive's plate.

Is Knowledge Power?

Success starts with preparation. Getting to know your prospects and customers intimately is the key to finessing the cross-sell and up-sell opportunity. Methodically allocating time to understand what matters most to your customer pays off in the form of better relationships and bigger opportunities. Building that understanding requires research, and that means having access to quality, detailed information.

To avoid the embarrassment and loss associated with faulty intelligence, many companies integrate third-party resources such as Hoover's into their strategic planning. These resources have proven to be more cost-effective for gathering baseline information and insight. Online business information resources include all the statistics and information salespeople need on one Web site, helping them find what they're looking for in minutes rather than hours.

Practices from Winning Sales Organizations that Think, Ask, & Validate

| | Select The Right Targets | Understand Business Issues | Build a Valid Business Reason |
|--|---|---|--|
| Think | The expansion of a relationship to include new people and new products or services. | Think like a business consultant, not like a transactional vendor. | Know the customer's justification for taking action. |
| Ask Key Questions | <ul style="list-style-type: none"> ■ Who are your best customers? ■ What characteristics do they share? ■ Why do they work with you? | <ul style="list-style-type: none"> ■ Public Statement, breaking news? ■ Competitive pressures? ■ Past uses and results of using your product? ■ What is the customer trying to accomplish, fix or avoid? | <ul style="list-style-type: none"> ■ Reduce costs? ■ Increase revenues / profits? ■ Improve productivity? ■ Build on successful use of products / services? |
| Validate with Hoover's Resources and Sales Tools | <p>Company Record provides up-to-date financials for public companies.</p> <p>Products and Operations supplies specific data for business units and products.</p> <p>Family Tree Viewer enables the ability to see organization structure, divisions and subsidiaries.</p> <p>Executive Lists: conduct searches on specific executive attributes within a group of companies or industries.</p> | <p>Current news and releases affords users with insight into key business initiatives.</p> <p>CEOs on Camera provide upper management perspective on issues facing a company</p> <p>Find similar Companies tool uses key criteria that match your best prospect or customer - find competitors of your customer or prospect - find similar companies to client / prospect.</p> <p>Hoover's Watch List: is a tool that updates news activity for targeted organizations.</p> | <p>My Hoover's Portal set up individual preferences, save lists based on criteria you want to pull from; set up news alerts.</p> <p>Competitive Comparisons: Side-by-side comparisons of corporate metrics on an individual account or group of targeted accounts.</p> <p>Find Similar Companies: Search options to find similar companies that fit specific corporate demographics and criteria, or have a similar business focus.</p> |

Information Is Profitable

Today, online business information resources play a central role in enabling sales organizations to obtain better, more pertinent information faster. In the white paper **How to Convert Prospects Faster With Pre-Call Planning**, Hoover's illustrates many benefits of leveraging high quality business information, including:

- In-depth information enables a **more productive discussion** with prospects from the start.
- Sales professionals can quickly **learn who the key decision makers are** and gain a solid understanding of the company's issues, business agenda, budget requirements and more.
- The higher the quality of research before a call, the **higher the close rate**. Good research increases the chances of closing the sale.
- The less time spent getting information, the **shorter the sales cycle and the lower the sales costs**.

Selling On a *Need-to-Know* Basis

Some sales efforts are notable for lack of preparation. At the other end of the spectrum is the bureaucratic approach, producing fat binders packed with endless statistics. In today's environment of information overload, sales professionals who win deals have found the optimal place in the middle of the information spectrum: it's where you know what you need to know.

Online research tools, such as **Hoover's Family Tree Viewer**, help sales professionals focus their research efforts and manage the information pipeline when **cross-selling and up-selling**. What do you need to know?

Demonstrate Intimate Knowledge Relevant to the Opportunity:

- Determine the actual size of organization; geographic locations; revenue size; number of employees; number and size of subsidiaries/affiliates.
- Know who's at the top – get executive names and contact information for each affiliate.
- Identify additional lines of business or operating companies within an enterprise (e.g., GE has over 50 lines of business) or the extent of their service offerings.
- Understand the financial history of the target: IPO, revenue size, current growth rate, advertising expenditures and more.

With Online Tools You Can Quickly And Easily:

- Select the right targets and understand company structure, thus weeding out non-prospects.
- Find specific cross-sell opportunities and ask for introductions to selected contacts.
- See opportunities to expand into new geographies: field offices, regional or district offices.
- Create opportunities to sell downstream into branches.

Cross-Selling: A Success Story

A top-performing account executive (AE) recently met with a prospect, a vice president of sales (VPS), who wanted to increase the productivity of his sales force. The VPS was dissatisfied with his team's performance in (1) meeting forecasts and (2) probing customers for additional issues and applications.

The VPS was considering ways to fix the problems and consequently settled on several possibilities: new hire assessments, workforce assessments, sales process training and new product training.

The AE had done his homework: he knew who the key players were, and what issues were important to them. By expanding the discussion to include the VP of HR, the COO and others, the AE got a much better picture of the customer's enterprise goals. As a result, he was able to make better recommendations that significantly increased the value of the sale.

Are you managing some *marginally* profitable accounts? One VP of Sales used cross-selling and up-selling to drive a 15 percent increase in sales, which translated to a 50% increase in net-profit.

Summary

Cross-selling and up-selling are powerful techniques that leverage your sales resources to drive significantly more revenue. This doesn't mean selling customers things they don't need or want. It does mean helping your customers get more of what they really need. By taking the time to understand the full scope of underlying issues driving prospects to consider new solutions, you'll uncover previously invisible opportunities to close bigger, more profitable deals with new and existing customers.

Sales practices that don't make the most of customer face-time only leave money on the table. Hoover's and Miller Heiman give you the information resources and training support you need to cross-sell and up-sell efficiently and effectively—and reap the benefits.

About Hoover's

Hoover's, a D&B company, gives its customers a competitive edge with insightful information about industries, companies, and key decision makers. Hoover's provides this updated information for sales, marketing, business development, and other professionals who need intelligence on U.S. and global companies, industries, and the people who lead them. This information, along with powerful tools to search, sort, download and integrate the content, is available through Hoover's Online (www.hoovers.com), the company's premier online service. Hoover's business information is also available through corporate intranets and distribution agreements with licensees, as well as via print from Hoover's Business Press. The experts at Hoover's provide quick, accurate, financial, and background information about corporations. They also offer news, demographic details, competitor information, executive leadership, association connections, and other key industry specifics for salespeople researching companies during pre-call planning.

About Miller Heiman

Miller Heiman was founded on the simple principle that a non-manipulative, process-driven sales approach leads to greater success. Since then, we have extended our Strategic Selling® concept into a complete range of training and development solutions that address every aspect of sales effectiveness. To date, more than 10,000 clients worldwide have embraced this process.

With a prestigious client list including KLA-Tencor, BAX Global, Bayer Healthcare, Marriott Corporation, Dow Chemical, Price-waterhouseCoopers, Pepsi, Schwab Institutional, and Wells Fargo, Miller Heiman understands the issues and challenges facing sales leaders in virtually every industry, from manufacturing and consumer goods, to technology and finance.

For more information about Miller Heiman, visit www.millerheiman.com.