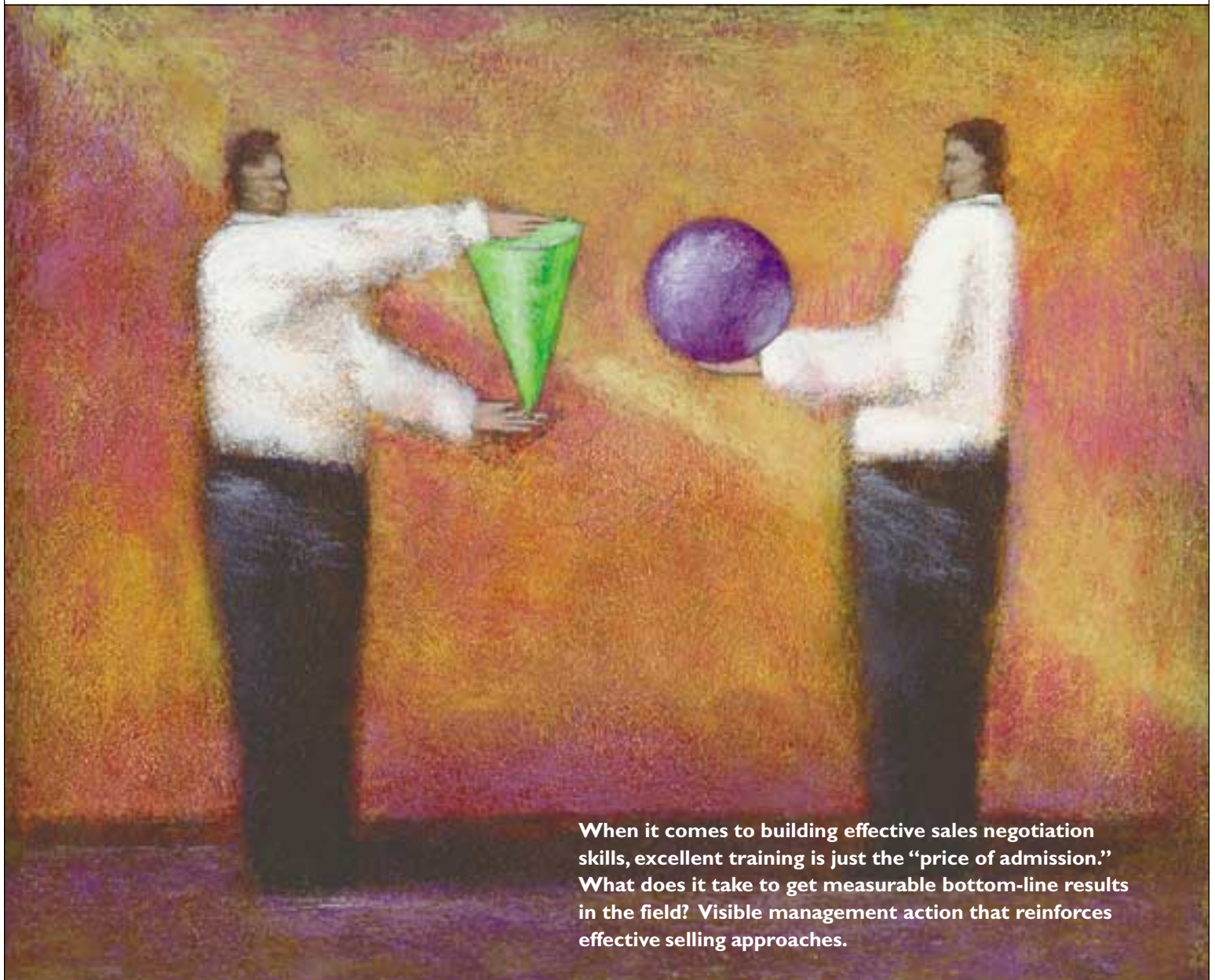


Delivering Profitable Sales



**How UPS Managers Build the
Bottom Line by Leveraging Sales
Negotiation Skills in the Field**



When it comes to building effective sales negotiation skills, excellent training is just the “price of admission.” What does it take to get measurable bottom-line results in the field? Visible management action that reinforces effective selling approaches.

SALES NEGOTIATION SKILLS HAVE BECOME
 INCREASINGLY IMPORTANT TO PROFITABILITY
 AND CUSTOMER SATISFACTION AT UPS.



When UPS, the world's largest package delivery company, sells to and services its customers, profitability and customer satisfaction depend on effective negotiation on the part of its sales professionals. Like many corporations, UPS has implemented classroom training to build negotiation skills. In the process it demonstrated that getting a measurable return on a sales training investment depends on supporting effective sales training with systematic management action in the field.

Manager, "In this new environment our challenge is to sell smarter. We now realize that it's a matter of both putting out more bids...and winning more of them profitably."

Costly Negotiating "Wrong Turns"

As negotiation becomes a more critical component of UPS's sales process, old selling behaviors become unacceptable and ineffective. According to Gutmann, "Our sales force has experienced a successful transition from the days of 'the customer is king' to a new requirement for mutually beneficial business relationships. Every demand from the customer needs to be addressed with a trade to maintain this new standard."

Jack Donnell, Director of Sales for UPS's Rocky Mountain District, also found that in the past some sales professionals tended to let the customer conversation shift too quickly to price. "It's as if they lacked confidence

The New Reality: Tougher Customer Negotiations

The world of package shipping and logistics has changed dramatically over the past few years. Competition has increased. Customers have become more demanding. Pressure to boost profits has made buyers increasingly price sensitive.

In this environment, sales negotiation skills have become increasingly important to profitability and customer satisfaction at UPS. Jeff Barber, UPS Global Enterprise Account Director puts it this way: "We have advantages which allow us to build a strong value proposition in our negotiations with customers; but some of those customers ... especially the larger ones ... try to discredit this value and position our service as a commodity. At the same time, it now takes a total team effort to sell and service the customer, so we also have to negotiate effectively *inside* UPS to get the job done."

Kate Gutmann, District Sales Manager in UPS's Southern California District, sees other important shifts in the negotiating environment: "Our

customers are now more educated about supply chain management. There is a trend of customers now trying to leverage all package flows to gain more leverage in the negotiation."

What is the bottom line? According to Doug Barnes, UPS Sales Training

Negotiation Training: Involve the *Whole* Sales Team

Some companies limit participation in sales training to sales professionals. Not UPS.

A key element of UPS's success in boosting sales negotiation performance is its commitment to involving the wider sales team, including non-sales staff (such as pricing and marketing managers) in *Situational Sales Negotiation*® training.

According to Kate Gutmann, "This has been a critical element to our success. Now, when a sales professional submits a price quote request, they include a *Sales Negotiation Planner*. This helps to ensure that sales and marketing are on the same page about our goal and how we are going to achieve it."

Donnell agrees, pointing out that this helped create common expectations between the groups: "Now, if a sales professional focuses too much on price and doesn't build a strong enough value proposition for UPS, our sales leadership will ask 'Where's the value in this solution? We need better information on this negotiation,' and sends them back with a request for a better negotiation plan. Frankly, this has helped us put the brakes on sales professionals who focused too much on price."

UPS'S APPROACH BEGINS WITH HIGHLY EXPERIENTIAL
SALES NEGOTIATION TRAINING WORKSHOPS ATTENDED
 BY **SALES PROFESSIONALS, MANAGERS, AND OTHER**
 MEMBERS OF THE EXTENDED **SALES TEAM.**



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| <p>in the value of our solution. I was amazed at how often we would under-value our solution, and lower our aspirations before we even communicated our proposal to the customer.”</p> <p>Barber believes many sales professionals fail to complete the necessary planning</p> | <p>International, a leading training and consulting organization. It also featured a number of supporting components to keep learning alive after initial classroom training ended. According to Barnes, “We realized that once <i>SSN</i> training was over, we had to find ways to ensure that our sales people remem-</p> | <p>sales trainers, focus on application of key concepts within district teams.</p> <ul style="list-style-type: none"> • Reinforcement of negotiation principles in <i>company pricing documentation</i>. Key concepts and terminology from negotiation training are featured prominently in the tools used inside of UPS to train sales professionals how to set and communicate prices. |
| <p>“...it now takes a total team effort to sell and service the customer, so we also have to negotiate effectively <i>inside</i> UPS to get the job done. When a customer wants to negotiate about price, we have to be ready with other ways for them to increase profits based on our technology, and our ability to help them speed up receivables through earlier delivery and proof of receipt.”</p> <p align="center">-JEFF BARBER</p> | | <ul style="list-style-type: none"> • Integration of workshop concepts into <i>strategic communication planning</i>. For example, in the aftermath of a major work stoppage in 1997, negotiation principles from the <i>Situational Sales Negotiation®</i> program were used to help craft key messages to win back customer goodwill and business. |
| <p>before important negotiations, including determining their negotiation targets and “walk-aways,” and their strategies for establishing value and making trades. Sometimes, says Barber, it’s a matter of doing your homework: “We need to review the financial statements, including the key financial ratios, the shareholder letters, and the customer’s home page on the internet. When a customer wants to negotiate about price, we have to be ready with other ways for them to increase profits based on our technology, and our ability to help them speed up receivables through earlier delivery and proof of receipt.”</p> <p>A Comprehensive Solution Delivers Measurable Results</p> <p>Starting in early 1997, UPS partnered with BayGroup International to implement a comprehensive initiative to help sales professionals avoid costly negotiation wrong turns, and improve profitability and customer satisfaction.</p> <p>UPS’s global solution included <i>Situational Sales Negotiation® (SSN)</i> workshops delivered to sales professionals and their managers in the United States, Europe, and Asia by BayGroup</p> | <p>bered to <i>use</i> their new skills back on the job. That was the only way we’d get the full return on our training investment.”</p> <p>UPS’s approach begins with highly experiential sales negotiation training workshops attended by sales professionals, managers, and other members of the extended sales team (see sidebar). In addition, the company provides:</p> <ul style="list-style-type: none"> • “Sound Business,” a series of <i>follow-up audiotapes</i> sales people listen to in | <ul style="list-style-type: none"> • <i>Coaching training</i> for managers, which shows them how to guide their people to craft more profitable deals. • Post-training <i>skill assessment</i>, which gives sales professionals and managers feedback on their level of mastery of workshop concepts. <p>According to Barnes, the bottom-line impact of this approach has been outstanding. “In one results tracking</p> |
| <p>“We have experienced a significantly higher hit rate through the use of the <i>SSN</i> process. Better planning leads to more successful closures and shorter sales cycles. Now, when a sales professional submits a price quote request, they include a <i>Sales Negotiation Planner</i>. This helps to ensure that sales and marketing are on the same page about our goal and how we are going to achieve it.”</p> <p align="right">-KATE GUTMANN</p> | | |
| | <p>their cars on the way to and from sales calls. The tapes reinforce key concepts, highlight success stories, and describe best practices.</p> <ul style="list-style-type: none"> • Field-delivered <i>skill reinforcement meetings</i>. These sessions, run by UPS | <p>study we conducted, we identified several million in deals that were negotiated more effectively using <i>SSN</i> skills. Based on our success so far, we are now implementing a very successful two-day follow-up workshop called <i>SSNII: Negotiating UPS Value</i>.</p> |

**MAXIMIZE THE RETURN ON SALES TRAINING
INVESTMENTS THROUGH FOCUSED
REINFORCEMENT OF HIGH-PAYBACK SKILLS.**



Donnell also sees results in his district in three areas: confidence in his sales people, key account “wins,” and bottom-line performance. “We turned our district around. In 1998 our district was one of the worst performers in performance against plan, and the next year we were among the best. We’ve quadrupled our growth plan in

Many UPS managers attended the *SSN Management Reinforcement Workshop™*, where they learned skills for coaching their people engaged in important negotiations. As Donnell points out, the most successful managers often go beyond coaching, and “walk the talk” by using the *SSN* tools and concepts themselves: “There’s

applied the *SSN* approach to them. And it worked! In one case, for example, we were able to take a large clothing retailer away from a competitor by repositioning the need away from price and onto value solutions.”

The Future: Keep the Momentum Building

Where does the UPS sales negotiation initiative go from here? According to Jack Donnell, the key is to continue building on the successful UPS sales culture. The overall goal is “to create a results orientation rather than a task orientation, and an environment where we’re all learning from experience and getting better and better.” Focusing sales professionals on a common, systematic approach and language for working through customer negotiations is an important part of the process.

The message from UPS corporate executives is also clear: maximize the return on sales training investments through focused reinforcement of high-payback skills. As Doug Barnes

“I was amazed at how often we would under-value our solution, and lower our aspirations before we even communicated our proposal to the customer. When you can model the negotiation behaviors you don’t have to sell people on the value of trying a better approach.”

–JACK DONNELL

our premium products. Now we’re ahead of our aggressive growth plan, and have set a new standard for sales results.”

Gutmann believes the results are being noticed inside of UPS: “Because we use the *SSN* methodology to plan our strategies, we are becoming known for selling value and not price.” She has also seen this preparation and planning pay off: “We have experienced a significantly higher hit rate through the use of the *SSN* process. Better planning leads to more successful closures and shorter sales cycles.”

Key to Success in the Field: Managers Leading the Way

In the end, UPS has learned that sales training’s effectiveness is only as good as the management support for that training back in the field.

As Donnell states: “There’s not a person at UPS who hasn’t benefited from attending the *SSN* training. The key question now is how well can we coach our people through a profitable negotiation process to reinforce it back in the field?”

a time when as a manager you need to observe and give feedback, yet other calls require a team selling approach. But it’s also important to say ‘follow me’ and let your people see you model the skills yourself. When you can model the negotiation behaviors you don’t have to sell people on the value trying a better approach.”

Kate Gutmann found, for example, that at first the salesforce wasn’t

“In one results tracking study we conducted, we identified several million in deals that were negotiated more effectively using *SSN* skills. These are fundamental, important skills, and we’re committed to reinforcing them.”

–DOUG BARNES

comfortable with application of the negotiation model. Her response was one adopted by many successful managers, to orchestrate team meetings using the *SSN* methodology to develop sales strategy. Her goal was small but with impressive results: “We started with some of the ‘can’t be sold’ accounts in our District, ones we had attempted to sell previously, and

states: “Our message to the field is simple: this isn’t going away. We plan to continue building on the foundation we created with the *SSN* program, both with follow-up training like *SSNII: Negotiating UPS Value*, and through continued field activities. These are fundamental, important skills, and we’re committed to reinforcing them.”

Ten Tips

for Reinforcing Profitable Sales Negotiation



WHAT CAN MANAGERS DO TO BUILD RESULTS BY LEVERAGING THE SSN METHODOLOGY BACK IN THE FIELD?

HERE ARE TEN IDEAS FROM SUCCESSFUL UPS MANAGERS:

1 Be a negotiation coach. UPS provides managers with training and tools which help them ensure that one-on-one discussions of sales strategy result in maximum profitability and customer satisfaction.

2 Hold regular team meetings focused on deal negotiation strategy. High-performing managers at UPS allocate time during their sales team meetings to debrief past negotiations, and then plan and critique future negotiation strategy. This reinforces skills, and also improves bottom-line results in real situations.

3 “Talk the talk.” By using the terminology of the *SSN* program in day-to-day conversations with sales representatives, managers reinforce program concepts, and demonstrate that they understand them.

4 “Walk the walk.” At the same time, it’s critical for a manager to be perceived as a successful model of good selling and negotiating. Some managers demonstrate this by taking the lead on a tough account, and showing their sales people how *they* use the *SSN* concepts to plot their negotiation approach.

5 Organize key account sales plans using the *SSN* Sales Negotiation Principles. At UPS, sales strategies for the largest and most important customers are often created jointly between the regions and corporate. One way to improve sales results in these critical situations...and reinforce effective negotiation at the same time...is to structure the presentation of key account plans using the

six *SSN* Sales Negotiation Principles. By organizing the selling strategy around fundamental concepts like positioning, targets, information management, negotiation power, customer needs, and concession strategy, UPS managers craft plans that communicate clearly and powerfully to all internal stake holders.

6 Make sure everyone is trained. As new sales professionals join the team, it’s critical that they be brought up to speed on the skills they are expected to use with customers. It’s also important that pricing, marketing, and other professionals who get involved during the sales process learn effective negotiation skills.

7 Take the training yourself. This not only helps them build their skills, it also demonstrates to their teams that they take effective negotiation seriously. It sends a key message: “When it comes to negotiating with our customers, I want you to do what I say, *and* what I do.”

8 Assess everyone’s skills. UPS has implemented a formal testing process to assess *Situational Sales Negotiation*® skills, and requires its sales professionals to take it. According to Jack Donnell, UPS District Sales Manager, managers should take the assessment, too: “Our people want to see how well their managers know this material...so I ask all our managers to take the assessment, right alongside their sales people.”

9 Require them to plan...on paper. Doug Barnes, UPS’s Sales Training Manager, feels that one trait of top performing sales managers is the fact that they require their people to

complete *SSN Sales Negotiation Planners* on important agreements. How can a manager send a convincing message about this? Barnes provides the following example: Many of our most successful sales managers ask to see a completed *SSN* planner prior to a sales professional making an important call. The managers use the *SSN* planner to help the sales professional integrate the following concepts into the overall account strategy:

- The appropriate concession plan
- The relevant negotiables
- The UPS value proposition
- That targets are set high enough for this negotiation

The sales managers also use these strategy sessions to review the 6 Negotiation Principles and the 5 Negotiation Behaviors. Since using the *SSN* planner to help direct the strategy sessions, the sales managers have been very pleased with the sales professionals’ call preparation and call results.”

10 Take follow-up training. At UPS, learning to craft better sales agreements is a process, not an event. As part of this process, the company is implementing an advanced follow-up program called *SSNII: Negotiating UPS Value*. Managers from some of UPS’s most successful sales regions have already put their teams through the program, and are seeing the results from it in their districts.

About BayGroup International

BayGroup International partners with corporate executives to improve shareholder value through increased profitability by helping key employees build better agreements:

- with customers, especially when competitive sales pressure threatens profits.
- with suppliers and other outside parties, whose costs erode the bottom line.
- within internal teams and between individuals, where failure to handle tough, contentious issues can threaten quality, customer service, restructuring, and other strategic initiatives.
- with strategic partners, where poor agreements can threaten the success of mergers and acquisitions, as well as other mission-critical alliances (in areas such as distribution, research and development, and marketing).

BayGroup International implements strategic initiatives that include research, customized training, and the tracking of results. Our work in client organizations is supported and reinforced through executive leadership communication, management coaching, and internet-delivered performance support tools. By partnering with us, clients achieve significant improvements in human performance and millions of dollars in bottom-line results.

Since its founding in 1980, BayGroup International has built a select client list of major global corporations, focusing on technology, telecommunications, pharmaceuticals, transportation, consumer products, and financial services. Our consultants have worked in North and South America, Asia, and Europe. We serve our clients from offices in Atlanta, Chicago, Dallas, Hong Kong, Milwaukee, Philadelphia, San Francisco, Singapore, Stamford, and Tokyo.

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