

# Selling Services?

## NOBODY SAID IT WAS EASY

Our industry is about products, correct? It is, but that alone often isn't enough anymore. In the first part of this How to... guide, Jeff Gardner highlights the opportunities – and pitfalls – of adding services to the mix

A significant challenge many office products dealers are facing today is their ability to remain viable and profitable for the future. To counteract the many competitive pressures they're up against, there has been a trend over the past few years of looking beyond selling products alone and moving into selling services alongside their traditional offerings.

Selling services is a natural progression for dealers. In some ways, they have always done that, of course – it's been their differentiating factor. And especially in a commodity market like OP where the products are more or less the same wherever you go, the only way to differentiate beyond price is through service. But – and this is a big 'but' – historically, service has been defined as offering prompt delivery, order accuracy, sales support, usage reports, etc. There was no charge to these offerings and, in fact, they've long become the expected norm.

The kind of services I'm talking about now are those that you generate revenues with. Here are just some examples that are being tried and tested by the most progressive operators out there.

- Coffee service products and fulfilment
- Self-checkout micro markets for breakrooms
- Office/facility cleaning services
- Document shredding services
- Managed print services (MPS)
- Computer services: set-up, repair, wireless network set-up and tech support, etc
- Facilities equipment repair and services: auto scrubbers, industrial vacuums, etc
- Office equipment maintenance and service contracts
- Furniture installation

- Office supply vending machines
- Industrial, MRO, tool and safety supply vending machines, and automated dispensing and inventory management

There are dozens of services that the target audience of independent office products dealers require. Once again, we can take a cue from Amazon which advertises these in its 'Business and Professional Services' offerings – it's a veritable marketplace of organisations selling services rather than products. From all manner of technology set-ups and installations to office furniture assembly, office cleaning and plumbing services, the list is comprehensive.

### START SLOWLY AND FOCUS

Being all things to all people is obviously not remotely feasible for your 'average', even if very progressive, independent dealer. And simple outsourcing in the Amazon vein is not what we're talking about in any case.

Let's take a look at coffee as a good example. Many dealers began selling coffee and accessory





products such as sugar, creamer, cups and so on. Then some added basic coffee brewers. However, their larger customers required higher-usage commercial type coffee brewers which then evolved into providing installation of the brewers and plumbing them into the water supply.

The client was still responsible for re-ordering the coffee and supplies though. This sometimes led to an office running out of coffee – an emergency of sorts. So customers asked their OP dealer: “Can you make sure I am fully stocked on all my coffee supplies? And, by the way, one of my brewers just broke down yesterday, are you able to repair it?”

Pretty soon, savvy resellers began selling the entire coffee fulfilment process from installation and re-stocking product to repairing and maintaining equipment. It's not about selling coffee anymore, it's about selling the service of a coffee management programme.

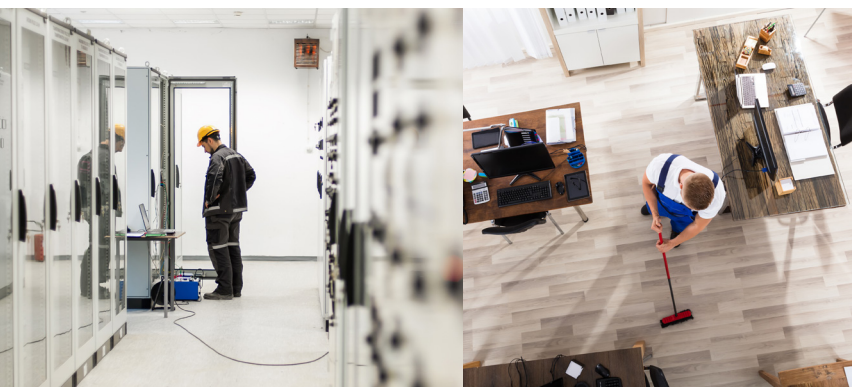
### EXTEND BEYOND THE CORE – BUT JUST

Expanding your offering to include more services is a strategic decision that requires significant planning and commitment. However, it may be vital to ensure your company's future growth.

Look at providing something that is an extension of your current business. I have some clients in the janitorial supply business that also provide commercial cleaning services. It makes perfect sense, since the opportunity in the commercial cleaning market is significant. Annual revenues for these services are estimated to be \$45-\$60 billion.

“ **It's not about selling coffee anymore, it's about selling the service of a coffee management programme** ”

The largest part of the market is office buildings, with healthcare the second biggest segment. A growing area is educational facilities as more and more schools are looking to outsource their janitorial cleaning services to save money. In researching this article, I also found a company that focuses on providing cleaning specific to automobile dealerships, illustrating that even within a service offering there are niche opportunities.



### THE TALENT CONUNDRUM

There are many operational and financial considerations when it comes to adding services to your portfolio and these will quickly sort the 'possibles' from the 'impossibles'. From a sales perspective, however, which is my area of expertise, who will sell the services?

Will your current sales team have the capacity (time), the competence (skills) or the commitment (willingness) to sell new service offerings? I have spoken with many OP dealers and jan/san distributors about this. The number one response was that their current or legacy salespeople have not been successful in making the transition to selling services.

The companies concerned spent time on training and provided additional financial incentives to motivate the legacy reps. Yet in most cases, it was an uphill battle that wasn't effective or worth enduring. Changing behaviour patterns in people is extremely difficult unless they want to change.

The common belief that salespeople are purely money motivated is not necessarily accurate. Different people are motivated by different incentives. Yes, some salespeople are guided by money; however, if they are at an income level they are comfortable with, it is difficult to coerce them into changing, even if it means more money. Another factor is that selling services is different from selling products; it requires additional knowledge and a specific set of skills.

The most effective and common path is to hire specialists who are experts in their category, such as breakroom/coffee services, MPS, facilities services, IT, etc. The role of these specialists is to drive growth in their particular area. They engage with the current sales team and customers to identify opportunities as well as manage the sales process to win new business.

The account salesperson, meanwhile, has the responsibility of managing the overall relationship with customers while using multiple specialists to gain new business. But even in that role, that individual will need training on how to interact with and introduce customers to your service specialists.

Remuneration is another complicated topic, but one that I'm not going to delve into too deeply. Suffice it to say that if you are adding solution specialists to your sales team, you will likely need to make changes to how you compensate your current sales team. This is because it may not be financially feasible to absorb the additional investment while keeping your current sales compensation plan in place.

That said and to potentially cover the additional cost, services may help drive profit margin since they are typically not as price sensitive as transactional products. Dealers I have spoken to referred to declining margins in their current products predominantly due to competition, but experienced higher margins in their service offerings. Protecting the profitability of your dealership may just be an additional reason to expand into services.



## A DIFFERENT PROPOSITION

But how do you actually sell a service? Products are tangible – you can touch and feel them. Services are not. As such, selling this intangible ‘product’ relies on the ability of salespeople to identify ways in which the service they offer will help the client. That is complex and takes time.

For a start, there are often multiple people at your customer’s organisation who will be involved and have influence in the decision. In addition, the decision-maker for services will typically be at a higher level. Managerial and executive-type buyers are more apt at seeing the benefits of a service in the context of the total cost of the business. The secret is not to get stuck at a purchasing or buyer level where price is the only criteria.

Service solutions are not usually one-size-fits-all; instead, they are customised to the specific needs of each client. The starting point to selling services is to understand clearly what need the service fulfils and what problems it solves for prospective customers.

Who is your target audience? Look at demographics – size, industry or location – as well as psychographics, ie attitudes and values of the organisation. Understanding the latter is important, especially if you are selling a new or progressive service.

## OFFER SOCIAL PROOF

Once you determine that the business meets your target segment requirement, it is up to the salesperson to engage the prospect. The first part of that engagement is to create confidence with the potential decision-maker by establishing credibility. This is done through the use of ‘social proof’, a term first coined by Robert Cialdini in 1984. Social proof is essentially answering the question of who else has used the services and what were the results.

“**Discovery assessment is about uncovering information to determine if the prospect customer is a good candidate for your service**”

A great way to illustrate this is through case studies and testimonials. Share success stories where you have implemented your service with other, similar businesses. If you are engaging with a law firm regarding your IT services, for example, the best method to get a prospect decision-maker to pay attention is by sharing accomplishments you have generated with other such companies.

The key to an effective testimonial or case study is to make sure that it clearly identifies the measurable results that were achieved. Simply saying “ABC Company’s IT Services and Solutions are incredibly valuable” is nice, but it doesn’t really say much. Ask for specifics from a previous, happy customer. What was the end result? Did the service increase productivity by 18%; did it up customer response time by 33%; did it

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grown employee satisfaction by 22% and reduce absenteeism by 15%?

The social proof part of the engagement should be swift: if done properly, it will allow you to then continue with the sales process.

## DISCOVERY ASSESSMENT

The next step is discovery assessment, which is where you will spend most of your time. Discovery assessment is about uncovering information to determine if the prospect customer is a good candidate for your service.

Teaching your sales team to ask the right discovery questions and to assess the company’s current situation is critical. The important thing is to establish the prospect’s problem first before pitching the solution – it is something I’ve seen going wrong many times in the salesperson’s eagerness to ‘sell’.

Only when you have clearly determined that the potential customer is experiencing a significant level of problems to the point where he/she verbally acknowledges the issues, should you move to present your solution.

As a general rule, it’s easier to highlight the features and benefits of one product compared to another than it is to present the outcomes of a service. You need to have at your fingertips an explanation of how your service will solve the problems the client is experiencing. And the benefits he/she will receive as a result of using it.

There are many things to get right and many potential things that could go wrong, but moving into selling services may be the strategic move your organisation needs to remain viable and profitable. Nobody said it was easy.