

2 | Building Trust and Sales Ethics

Developing Trust and Mutual Respect with Clients

LEARNING OBJECTIVES

After completing this chapter, you should be able to explain and understand:

- 2-1 What trust is.
- 2-2 Why trust is important.
- 2-3 How to earn trust.
- 2-4 Knowledge bases help build trust and relationships.
- 2-5 Sales ethics.

After finishing this chapter go to
PAGE 47 for **STUDY TOOLS**.

Self-Worth and the Sales Profession

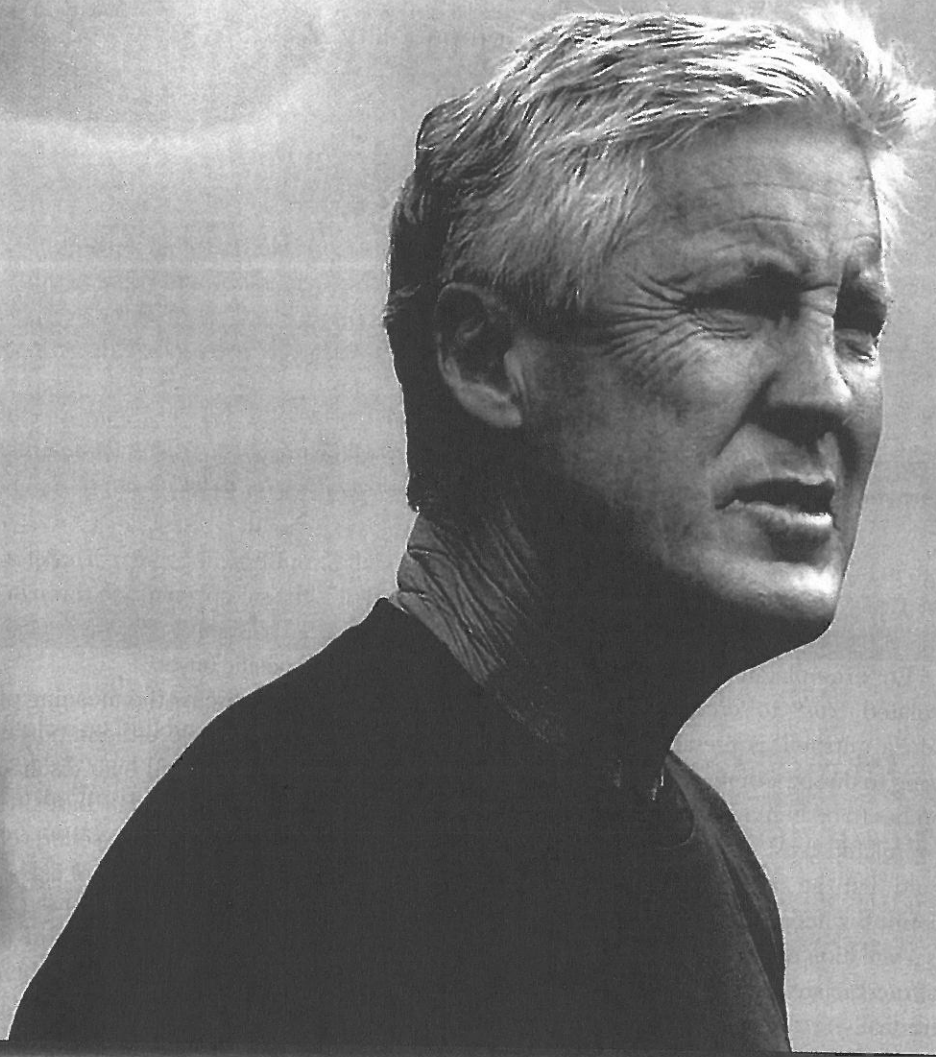
A “teachable moment.” That’s how former USC football coach Pete Carroll described the situation at his old school after the NCAA handed down a series of harsh sanctions, the consequences of multiple rule violations that occurred while he and the USC Trojans were racking up multiple championships during the past decade.

Having since moved on to coach the Seattle Seahawks in the NFL, Carroll will not have to face the consequences of the sanctions, but his reputation has been indelibly tarnished, while former star USC running back Reggie Bush—who was at the center of many violations—was forced to return the Heisman trophy.

Carroll didn’t elaborate on what the “teachable” lesson was. That it’s never OK to break the rules? That coaches need to pay closer attention to what their

players are up to? or that if you do break the rules, to make sure that you get out of Dodge before the Sheriff shows up?

For sales leaders, these questions represent more than an academic exercise. As Sean Wheat, a Houston-based regional sales director for Precision Therapeutics, points out, the sales profession’s lingering negative image requires that salespeople—and sales managers—maintain the highest level of integrity and professional ethics.



Wheat says most of the teachable moments he's encountered have arisen over relatively minor matters, such as when inexperienced reps on sales calls have made mistakes out of nervousness or fear of losing a sale.

"I've been in meetings with reps who, when they don't know an answer to a question, have said something that they didn't know was 100 percent true instead of saying, 'I don't know,' and telling the customer that they'll find out the answer," he says. "When that's happened, I've pulled the reps aside and let them know they may be misrepresenting themselves and the company by answering a question they don't know the answer to."

Wheat cautions that this sort of intervention is only likely to work if the manager has already established a personal, one-on-one relationship with his or her rep.

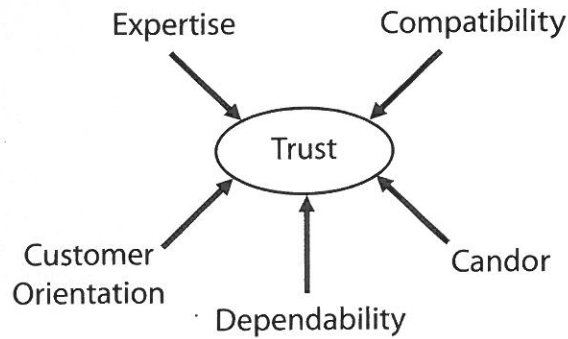
"As a manager, you have to open a communication forum with each individual, not just with the team, to the point that you can pick up on any of the little things that he or she says and does, and then probe harder, because my task is no different from what my reps do selling to customers; they have to probe, ask questions, pick up on hot buttons. That's what allows me to get reps off that track and preventatively stop something before it goes too far."

—Malcom Fleschner

The extent of the buyer's confidence in the salesperson's integrity is known as **trust**. But trust can mean different things to different people. According to John Newman,¹ vice president of the Integrated Supply Chains Segment at

trust The extent of the buyer's confidence that he or she can rely on the salesperson's integrity.

FIG. 2.1 TRUST BUILDERS



Trust means different things to different people. Trust can be developed by using any of the trust builders. It is the salesperson's job through questioning to determine what trust attributes are critical to relationship building for a specific buyer.

A. T. Kearney, trust is defined in many ways. Buyers define trust with such terms as **openness**, dependability, candor, **honesty**, **confidentiality**, **security**, **reliability**, **fairness**, and predictability.² For example, in a Kearney study, one manufacturer related trust to credibility: "What trust boils down to, in a nutshell, is credibility, and when you say you are going to do something, you do it, and the whole organization has to be behind that decision." Another manufacturer related trust to confidentiality in that "they were afraid that the sales guys were going around and telling account B what account A is doing," which was identified as a violation of trust. Another company related trust to openness, claiming "we have to share information that traditionally is not shared." One president told how his engineers were sharing manufacturing secrets with their suppliers that would have cost the engineers their jobs five years earlier.³

openness Completely free from concealment; exposed to general view or knowledge.

honesty Fairness and straightforwardness of conduct.

confidentiality The state of being entrusted with information from a buyer that cannot be shared.

security The quality of being free from danger.

reliability Consistency of a salesperson over time to do what is right.

fairness Impartiality and honesty.

Research reveals that little is known about what ongoing behaviors (i.e., service behaviors) salespeople can employ to satisfy and build trust with customers.⁴ A salesperson has to determine what trust means to each of his or her buyers, as shown in Figure 2.1. If it is confidentiality, then the salesperson must demonstrate how his or her company handles sensitive information. If credibility is the concern, then the salesperson must

demonstrate that all promises will be kept. Therefore, the buyer defines trust; it is the salesperson's job through questioning to determine what trust attributes are critical to relationship building for a specific buyer.

In this chapter, we first discuss the meaning of trust in the sales context. Next, we explore the importance of trust to salespeople. This is followed by a discussion of how to earn trust and what knowledge bases a salesperson can use to build trust in buyer-seller relationships. Finally, we review the importance of sales ethics in building trust.

2-1

WHAT IS TRUST?

Trust is earned when an industrial buyer believes and can rely on a salesperson's claims or promises when the buyer is dependent on the salesperson's honesty and reliability.⁵ One of the keys to a long-term relationship with any client is to create a basis of trust between the sales representative and the client organization.⁶

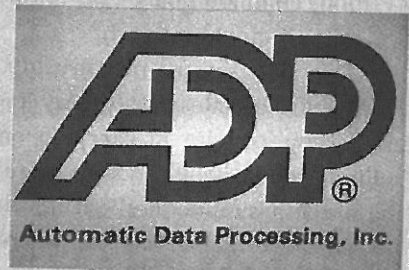
Thus, gaining trust is essential in order to be seen as a reliable salesperson. Long-term sales success in any industry will generally be built on the concept of referral, in which trust plays an important role. Others argue that truthfulness is valuable for its own sake and instrumental to other goals, such as improved long-term relationships.⁷ Clients obviously seek a salesperson they can trust. The problem is, depending on the industry and the situation, previous bad experiences might make them wary of future partners. "An Ethical Dilemma" illustrates the challenges a salesperson faces on a daily basis. Consultative salespeople are in a unique position

From the Classroom to the Field

A short time ago, Kelly Cathcart (2014 grad) was in the classroom at Ball State University learning about trust and ethics in Sales. Today, Kelly is with ADP and here are her thoughts about the importance of trust and ethics in her sales career.

"My professors in college stressed the importance of trust and ethics in my classes, but in a very short period of time I've seen how trust plays a vital role in ADP's success. We must do what we say we are going to do. It's that simple. Too much is at stake with

each client if we fail them by not keeping our promises. Payroll is a major function in any organization, and our word to be available with each client when needed is critical."



to capitalize on building credibility with customers who place a high value on trust. Customers are looking for trustworthy business partners but may have difficulty trusting most salespeople; the salesperson should recognize this as an opportunity. Kelly Kathcart, a recent college graduate, discusses the importance of trust during her brief sales career. (See From the Classroom to the Field)

The "trust" described here is beyond the typical transaction-oriented trust schema. Many issues—Will the product arrive as promised? Will the right product actually be in stock and be shipped on time? Will the invoice contain the agreed-on price? Can the salesperson be found if something goes wrong?—are only preliminary concerns. In relationship selling, trust is based on a larger set of factors due to the expanded intimacy and long-term nature of the relationship. The intimacy of this relationship will result in both parties sharing information that could be damaging if leaked or used against the other partner.

Trust answers the questions:

1. Do you know what you are talking about?—competence; expertise
2. Will you recommend what is best for me?—customer orientation
3. Are you truthful?—honesty; candor
4. Can you and your company back up your promises?—dependability

Trust is an integral part of the relationship between customers and suppliers.

5. Will you safeguard confidential information that I share with you?—customer orientation; dependability

Trust is an integral part of the relationship between customers and suppliers and results in increased long-term revenues and profits.⁸

2-2

WHY IS TRUST IMPORTANT?

In today's increasingly competitive marketplace, buyers typically find themselves inundated with choices regarding both products and suppliers. In this virtual buyers' market, traditional selling methods that focused on closing the sale have been found to be inefficient and often counterproductive to the organization's larger, longer-term marketing strategy. In this new competitive environment, buyers are demanding unique solutions to their problems—product solutions that are customized on the basis of their particular problems and needs. Additionally, the adversarial, win-lose characteristics so customary in traditional selling are fading

fast. In their place, long-term buyer-seller relationships are evolving as the preferred form of doing business. Although buyers are finding it more effective and efficient to do *more* business with *fewer* suppliers, sellers are finding it more effective to develop a continuing stream of business from the right customers. Such long-term relationships develop mutually beneficial outcomes and are characterized by trust, open communication, common goals, commitment to mutual gain, and organizational support.⁹

This shift toward relationship selling has altered both the roles salespeople play and the activities and skills they exercise in carrying out these roles—the selling process itself. Today's more contemporary selling process is embedded within the relationship marketing paradigm. As such, it emphasizes the initiation and nurturing of long-term buyer-seller relationships based on mutual trust and value-added benefits. As Sean Wheat emphasized in the opening vignette, it is difficult for a salesperson to build a relationship or sustain trust with a prospect or client if they are misrepresenting themselves or their company by answering a question they don't know the answer to. The level of problem-solving activity common to relationship selling requires deliberate and purposeful collaboration between both parties. These joint efforts are directed at creating unique solutions based on an enhanced knowledge and understanding of the customer's needs and the supplier's capabilities so that both parties derive mutual benefits. The nature of this integrative, win-win, and collaborative negotiation relies on augmented communication and interpersonal skills that nurture and sustain the reciprocal trust that allows all parties to share information fully and work together as a strategic problem-solving team.

The skills and activities inherent to relationship selling can be classified according to their purpose as (1) initiation of the relationship (Chapters 5 and 6); (2) development of the relationship (Chapters 7 and 8); and (3) enhancement of the relationship (Chapters 9 and 10). As the activities comprising the selling process have

changed, so too have the relative importance and degree of selling effort devoted to each stage of the process.

expertise The ability, knowledge, and resources to meet customer expectations.

2-3

HOW TO EARN TRUST

Trust is important to any relationship. Several critical variables help salespeople earn a buyer's trust, such as **expertise**, dependability, candor, customer orientation, and compatibility. The importance of each is briefly discussed.

2-3a Expertise

Inexperience is a difficult thing for a young salesperson to overcome. Most recent college graduates will not have the expertise to be immediately successful, especially in industrial sales. Companies spend billions of dollars to train new recruits in the hope of speeding up the expertise variable. Training to gain knowledge on company products and programs, industry, competition, and general market conditions are typical subjects covered in most sales training programs. Young salespeople can shadow more experienced salespeople to learn what it takes to be successful. They must also go the

extra mile to prove to their customers their dedication to service. For example, Karl Decker, a sales rep for Stryker Neuro/Spine for five years, has witnessed over four hundred hip replacements. Karl is in the operating room to answer the orthopedic surgeons' questions and to assist in the fitting of the hip. Sizing the titanium rod that goes into the femur and the

A salesperson can build trust by demonstrating dependability when assisting in an order delivery.



A salesperson can build trust by demonstrating dependability when assisting in an order delivery.

polyurethane ball that goes into the socket are critical for success in a hip replacement. Karl must be available for emergency surgeries and several of these have taken place at 3:00 or 4:00 A.M.

Another factor to consider is that many organizations have recently been downsized, thus dramatically cutting the purchasing area in terms of both personnel and support resources. As a result, buyers are having to do more with less and, as such, are thirsty for expertise, be it current insights into their own operations, financial situation, industry trends, or tactical skills in effectively identifying emerging cost-cutting and revenue opportunities in their business. Of course, expertise will be even more critical with certain buyers who are technical, detail-driven, and/or just uninformed in a certain area.

Salespeople should strive to help clients meet their goals. As an example, individuals or business owners can go online and trade stocks for themselves, but if they think a financial planner or securities company is more knowledgeable and brings more expertise to the table, then they will employ him or her.

Today's buyers will respond positively to any attempts to assist them in their efforts to reach bottom-line objectives, be it revenue growth, profitability, or financial or strategic objectives. Thus, "expertise" will take on an even more important role in the customer's assessment of the seller's credibility. For some buyers, especially those with economic or financial responsibilities (e.g., CFO, treasurer, owner-manager), a representative's ability to "contribute" to the bottom line will dominate the perception of a seller's credibility. This is a very important consideration for salespeople, given their pivotal strategy of penetrating accounts at the economic buyer level. Salespeople are seeking to convince clients that they are (1) actively dedicated to the task of positively influencing their bottom-line objectives and (2) capable of providing assistance, counsel, and advice that will positively affect the ability to reach objectives.¹⁰ This is easier said than done because salespeople frequently do not understand the long-term financial objectives of their client.¹¹

Buyers today want recommendations and solutions, not just options. Salespeople must be prepared to help their clients meet their goals by adding value.

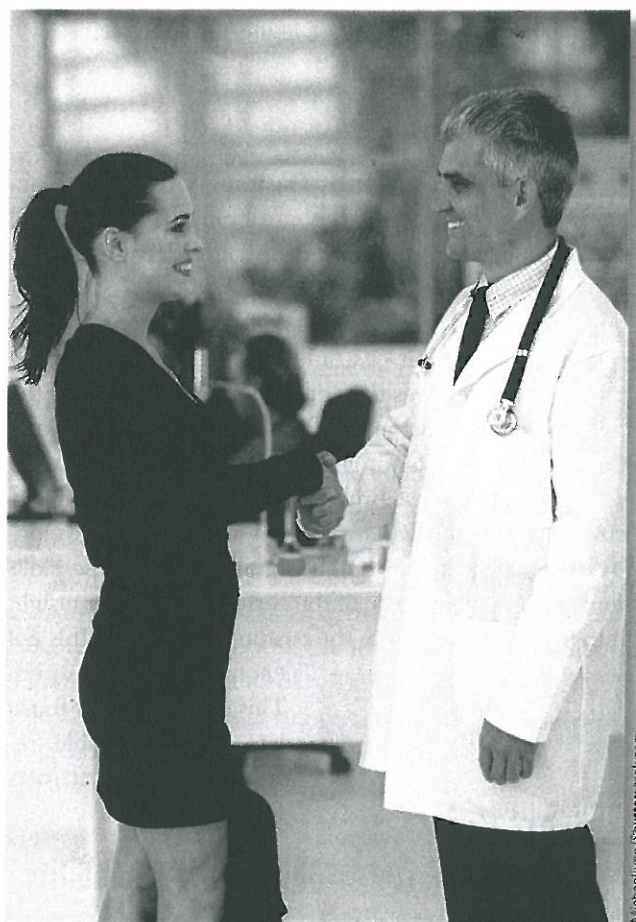
Buyers are continually asking themselves whether or not the salesperson has the ability, knowledge, and

Salespeople must be prepared to update their customers on product upgrades or industry trends.

resources to meet his or her prospective customers' expectations. Not only are salespeople selling their knowledge, but also the entire organization and the support that they bring to the buyer. Does the salesperson display a technical command of products and applications (i.e., is he or she accurate, complete, objective)?

During one sales call, a buyer asked about a specific new product that the company was promoting in its advertising. The salesperson responded that the product was launched before he was trained on it. This not only casts doubt on the salesperson's ability but also on the company for failing to train the salesperson.

Expertise also deals with the salesperson's skill, knowledge, time, and resources to do what is promised



Salespeople must be prepared to update their customers on product upgrades or industry trends.



Selling in Action

The Importance of Knowing My Limitations

Tom Simpson, senior sales representative for Elite Printing in Muncie, Indiana states, "It is important for me to know my limitations. We provide smart, results-driven business

communication solutions. We help clients design and execute statement processing, online billing and payment, print management, and direct mail solutions that increase revenue, reduce overhead and enable long-term success. We call on small mom-and-pop shops all the way up to mega network hospitals. I cannot know all the answers all the time. I ask good questions to gather information about each process. Sometimes, throughout this process, a prospect asks me a question I may not be sure about. At this time my best answer is, 'I don't know, but I will find out and get right back to you'. It is better for me to do this and retain my integrity than to try and fake an answer and potentially lose their trust."

and what the buyer wants. Customers from small accounts must think that they are being treated as well as customers from large accounts and have access to the same resources.

Salespeople must exhibit knowledge generally exceeding that of their customer, not just in terms of the products and services they are selling but in terms of the full scope of the customer's financial and business operations (e.g., products, programs, competitors, customers, vendors). They must bring skills to the table, be it discovery, problem solving, program and systems development, financial management, or planning. These skills must complement those of the customer and offer insight into the best practices in the customer's industry. It is not

enough to be an expert. This expertise must translate into observable results and **contributions** for the buyer.

2-3b Dependability

Dependability centers on the **predictability** of the salesperson's actions. Buyers have been heard to say, "I can always depend

on her. She always does what she says she is going to do." Salespeople must remember the promises they make to a customer or prospect. Once a promise is made, the buyer expects that promise to be honored. The buyer should not have to call the salesperson to remind him or her of the promise. The salesperson should take notes during all sales calls for later review. It is harder to forget to do something if it is written down. A salesperson is trying to establish that his or her actions fit a pattern of prior dependable behavior. That is, the salesperson refuses to promise what he or she cannot deliver. The salesperson must also demonstrate an ability to handle confidential information. Buyers and sellers depend on each other to guard secrets carefully and keep confidential information confidential!

2-3c Candor

Candor deals with the honesty of the spoken word. A sales manager was overheard telling his salesforce "whatever it takes to get the order." One of the salespeople replied, "Are you telling us to stretch the truth if it helps us get the order?" The manager replied, "Of course!" The trustworthy salesperson understands doing "anything to get an order" will ultimately damage the buyer-seller relationship.

contributions Something given to improve a situation or state for a buyer.

dependability Predictability of a person's actions.

predictability A salesperson's behavior that can be foretold on the basis of observation or experience by a buyer.

candor Honesty of the spoken word.

Exhibit 2.1

Questions That Salespeople Need to Answer Satisfactorily to Gain a Buyer's Trust

Expertise: Does the salesperson know what he or she needs to know? Does the salesperson and his or her company have the ability and resources to get the job done right?

Dependability: Can I rely on the salesperson? Does the salesperson keep promises?

Candor: Is the salesperson honest in his or her spoken word? Is the salesperson's presentation fair and balanced?

Customer Orientation: Does the salesperson truly care about the partnership? Will the salesperson go to bat for the customer (e.g., wrong order, late delivery)?

Compatibility: Will the buyer like doing business with the salesperson? Will the buyer like doing business with the salesperson's company?

Salespeople have more than words to win over the support of the buyer; they have other sales aids such as testimonials, third-party endorsements, trade publications, and consumer reports. The salesperson must be just as careful to guarantee that the proof is credible. It takes only one misleading event to lose all credibility. Tom Simpson, vice-president of sales with Elite Printing (See *Selling in Action: The Importance of Knowing My Limitations*), states, "I won't always have all the answers to questions; sometimes I have to say I don't know but I'll find out and get back right back to you. It is better for me to do this and retain my integrity, than to try and fake an answer and potentially lose a client or prospect's trust."

2-3d Customer Orientation

Customer orientation means placing as much emphasis on the customer's interests as you would on your own. An important facet of customer orientation is that salespeople work to satisfy the long-term needs of their customers rather than their own short-term goals.

A salesperson who has a customer orientation gives fair and balanced presentations. This includes covering both the pros and cons of the recommended product. The pharmaceutical industry has done a good job understanding this principle, as many firms require their salespeople to describe at least one side effect of their drug for each benefit given. This is done not only because of the legal consideration but also to demonstrate expertise and trustworthiness to the physician. Traditional salespeople often ignored negative aspects of a product, which can turn off many buyers. A customer orientation should also include clear statements

of benefits and not overpower the buyer with information overload.

Salespeople must truly care about the partnership, and they must be willing to "go to bat" for the client when the need arises. A warehouse fire left one company without any space to store inventory. The salesperson worked out same-day delivery until the warehouse was rebuilt. This left a lasting impression on the buyer. They knew that if they ever needed any help, their salesperson would come through for them.

Salespeople must be fully committed to representing the customer's interests. Although most salespeople are quick to "talk the talk" about their absolute allegiance to their customer's interests, when it comes to "walking the walk" for their customer on such issues as pricing, production flexibility, and design changes, many lack the commitment and/or skills necessary to support the interests of their clients.

To be an effective salesperson and gain access to a customer's business at a partnership level, the client must feel comfortable with the idea that the salesperson is motivated and capable of representing his or her interests. Exhibit 2.1 looks at some of the questions salespeople need to answer satisfactorily to gain the buyer's trust and confidence.

2-3e Compatibility/Likability

Customers generally like to deal with sales representatives they know, they like, and with whom they can feel a bond.

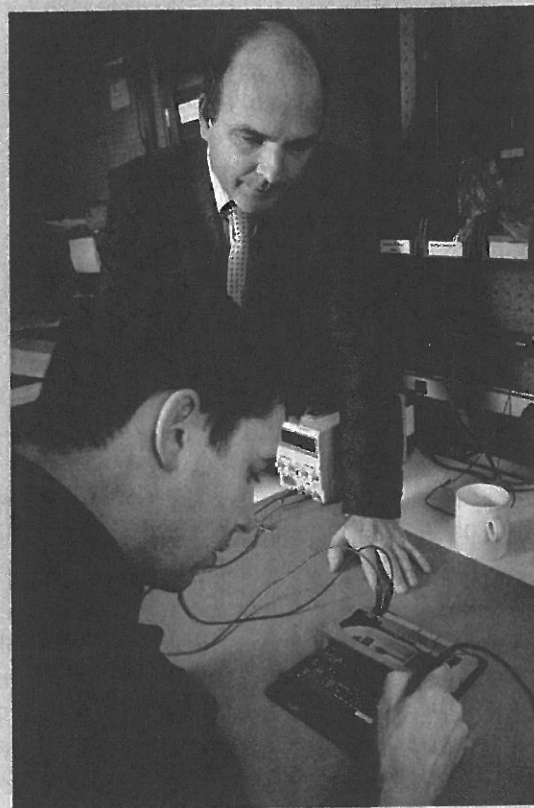
customer orientation

The act of salespeople placing as much emphasis on the customer's interests as their own.

An Ethical Dilemma

As a key account manager for Foster Controls, Chris had developed a strong relationship with Memphis-based Alcorn Manufacturing and the members of the Alcorn team of buyers. In place for several years now, this relationship has propelled Chris into Foster Control's top salesperson and transformed Alcorn into Chris' top customer account for 25 percent of Chris' annual sales. Working to increase his territory sales, Chris has been calling on Minneapolis-based Park Products for the previous seven months. Park manufactures a wide assortment of production equipment in plants spread throughout North and South America and is a direct competitor to Alcorn. Park selected Chris as one of three vendors requested to develop and submit proposals related to a major plant renovation and expansion. While developing the proposal, Chris had access to a great deal of proprietary information regarding Park's new production processes and business plans and had signed the typical confidentiality agreement—obligating him to avoid disclosing any of Park's plans to any other parties. During his visit to Alcorn Manufacturing, Pat Laurence—director of purchasing for Alcorn—began asking Chris about Park. It was apparent that Pat was interested in learning anything he could about Park's plant expansion and business plans. All things considered, if you found yourself in Chris' position, how would you handle this situation?

A) Go ahead and give Pat all the information he asked for, because he is your biggest and best customer.



Paul Vasarhelyi/Shutterstock.com

- B) Give Pat some of the minor information you know but not the big info, to stay within your confidentiality agreement.
- C) Tell Pat you have a confidentiality agreement with Park and you can't help him and risk losing Alcorn's business.

Gary Schliessman of Gary Schliessman and Associates states that his best friends are his clients. He takes an annual trip to walk the Appalachian Trail with one of his clients. Another favorite activity is to take biking trips with his customers that like to ride. He enjoys these activities and learns something new about his clients on each trip. He goes on to state, "Not all of my clients have the same interests that I do, but the ones that do are especially fun to do business with. I believe that compatibility does play a big role in my success."¹²

Some salespeople are too quick to minimize the importance of rapport building in this era of the economic buyer. It may also be true that today's buyers are not as prone to spend time discussing personal issues in sales calls as they might have been 10 or 15 years ago. Salespeople today have to be more creative and resourceful when attempting to build rapport. It is not unusual for a pharmaceutical salesperson to take lunch for the entire staff into a physician's office. These lunches can be for as many as 20 to 40 people. The

Good salespeople are never in a hurry to earn commitment!

salesperson now has time to discuss his or her products over lunch to a captive audience.

Salespeople have to be aware that their buyers are under considerable time pressure and that some will find it difficult to dedicate time to issues outside of the business. However, remember that buyers are human and do value compatibility, some more, some less.

Compatibility and **likability** are important to establishing a relationship with key gatekeepers (e.g., receptionists and secretaries). First impressions are important, and a salesperson's ability to find commonalities with these individuals can go a long way in building much-needed allies within the buying organization. Likeability is admittedly an emotional factor that is difficult to pin down, yet it is a powerful force in some buyer-seller relationships. "An Ethical Dilemma" on page 36 demonstrates the challenges salespeople might face when trying to build key relationships with potential clients.

If a salesperson has done a good job of demonstrating the other trust-building characteristics, then compatibility can be used to enhance trust building. Buyers do not necessarily trust everyone they like; however, it is difficult for them to trust someone they do not like.

2-4

KNOWLEDGE BASES HELP BUILD TRUST AND RELATIONSHIPS

The more the salesperson knows, the easier it is to build trust and gain the confidence of the buyer. Buyers have certain expectations of the salesperson and the knowledge that he or she brings to the table. As outlined in Figure 2.2, salespeople might draw from several knowledge bases. Most knowledge is gained from the sales training program and on-the-job training.

Sales training will generally concentrate on knowledge of the industry and company history, company policies, products, promotion, prices, market knowledge of customers, **competitor knowledge**, and basic selling techniques. Exhibit 2.2 summarizes topics generally covered during initial sales training programs.

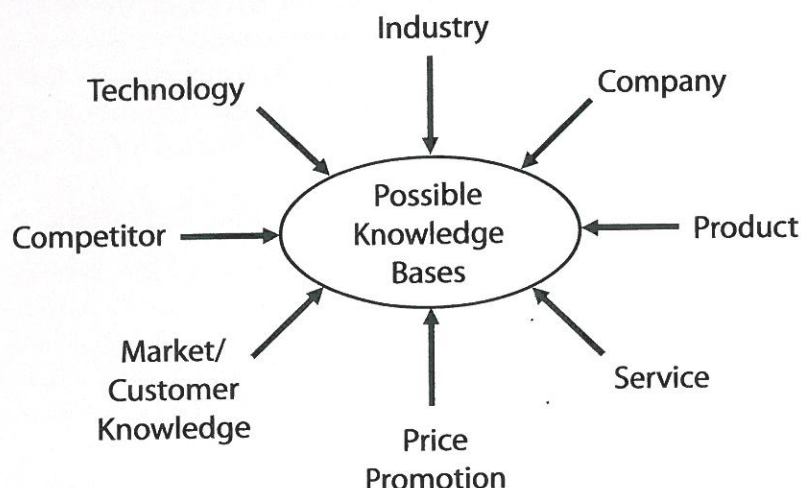
2-4a Industry and Company Knowledge

Salespeople may be asked what they know about their company and industry. Every industry and company has a history.

compatibility/likeability
A salesperson's commonalities with other individuals.

competitor knowledge
Knowledge of a competitor's strengths and weaknesses in the market.

FIG. 2.2 KNOWLEDGE BASES



The more the salesperson knows, the easier it is to build trust and gain the confidence of the buyer. Buyers have certain expectations of the salesperson and the knowledge that he or she brings to the table. Most knowledge is gained from the sales training programs and on-the-job training.

Exhibit 2.2

Topics Generally Covered During Initial Sales Training Programs

- Industry history
- Company history and policies
- Product
 - promotion
 - price
- Market
 - line of business (*know your customer*)
 - manufacturing
 - wholesaling
 - financial
 - government
 - medical, etc.
- Competitive knowledge
- Selling techniques
- Initiating customer relationship
 - prospecting
 - precall
 - approaching the customer
- Developing customer relationships
 - sales presentation delivery
 - handling sales resistance
- Enhancing customer relationships
 - follow-up
 - customer service

The personal computer industry has a short history of 35 years; fax technology, even shorter. Other industries have been around for centuries. Some industries change so quickly, such as the pharmaceutical industry through multiple mergers, that it is critical for the salesperson to know his or her industry to keep physicians informed on new companies, drugs, and procedures. Many buyers are too busy to stay informed and count on their salespeople to help them make sound decisions.

Salespeople should be familiar with their own company's operation and policies. Buyers might ask the salesperson questions such as: How long has your company been in the market? How many people does the company employ? Does the company have a local, regional, national, or international

product knowledge Detailed information on the manufacture of a product and knowing whether the company has up-to-date production methods.

customer base? Who started the company? Who is the president? CEO? What is their market share? What is their market share on this particular product? Salespeople who could not answer such questions would not inspire the trust of the buyer.

Each company initiates policies to ensure consistent decisions are made throughout the organization. An organization implements policies to control factors such as price, guarantees, warranties, and how much to spend per week taking clients out to lunch. Knowing the company's policies prevents a misunderstanding.

Companies provide extensive training to be sure they send knowledgeable sales representatives into the field.

For example, if a representative says a customer can return goods 60 days after receipt when company policy is 30 days, the shipping department might refuse to accept the returned merchandise. The salesperson looks incompetent to both sales management and the customer. If the customer is not allowed to return the goods to the factory, the angry customer probably will never buy from the salesperson again.

Salespeople must understand their company policies. This includes being familiar with the company's formal structure and key personnel. It is important to work as a team with all company personnel. This helps build team spirit and a willingness to cooperate when a salesperson needs help in meeting a customer's need. It is difficult to provide outstanding service when the sales department is not on good terms with shipping and delivery.

2-4b Product Knowledge

Product knowledge includes detailed information on the manufacturer of a product and knowing whether or not the company has up-to-date production methods. What materials are used when making the products? What quality control procedures are involved? Who are the design engineers?

Salespeople representing their company are expected to be experts on the products they sell. The fastest way to win the respect of a buyer is to be perceived as being an expert. If the buyer truly feels the salesperson knows what he or she is talking about, then the buyer will be more willing to discuss the salesperson's solution to the buyer's problems or opportunities.

Exhibit 2.3

Service Superiority

Dimension	Potential Superiority
1. Delivery	Can our company demonstrate speed? Deliver more often?
2. Inventory	Can we meet the demands of our customers at all times?
3. Training	Do we offer training? At our site? At our customer's?
4. Field maintenance	Do we go to the field to fix our products? Do our customers have to bring their equipment to us to fix?
5. Credit and financial consideration	Do we grant credit? Do we help finance?
6. Installation	Do we send a team to your site for start-up?
7. Guarantees and warranties	What are our guarantees? How long? What do we cover?
8. Others	Do we offer anything unique that our competition does not?

The salesperson must know what his or her product can and cannot do. Just knowing product features is insufficient.

2-4c Service

The effective salesperson must be ready to address **service issues** such as:

- Does the company service its products or does the company send them to a third party?
- Does the company service its products locally or send them off to another state for service?
- Does the price include service or will there be a service charge when service is needed?
- What does the service agreement include? Shipping? Labor? Or neither of these?
- How long does the service generally take? Same day? Within a week? Will a loaner be provided until the product is fixed?
- Are there any conditions that make service not available? After five years? Damage from flood? From fire?

Buyers need to be comfortable answering these questions, and a good salesperson will make sure they are answered appropriately.

Darrell Beaty from Ontario Systems in Muncie, Indiana, spends quite a bit of time discussing service with each of his prospects.¹³ His company sells collection software (i.e., receivables) that requires support from his field engineers. Ontario Systems also has a support

group that takes calls 24 hours a day, seven days a week. Why is this important to Beaty? One of his major competitors also has a support group, but only 8 A.M. to 5 P.M., Monday through Friday. Beaty knows that he has service superiority. Salespeople who can offer the better service have an advantage for generating new business and taking away business from the competition. The salesperson's service mission is to provide added value for the customer. It is important for the salesperson to understand what service dimensions concern the buyer.

For instance, delivery, installation, training, field maintenance, and investing are all issues that a salesperson might be prepared to talk about. Buyers, however, might be concerned only with inventory because their current supplier runs out of stock frequently.

Exhibit 2.3 reviews service dimensions in which a salesperson could demonstrate service superiority. Additions can be made depending on specific customer demands.

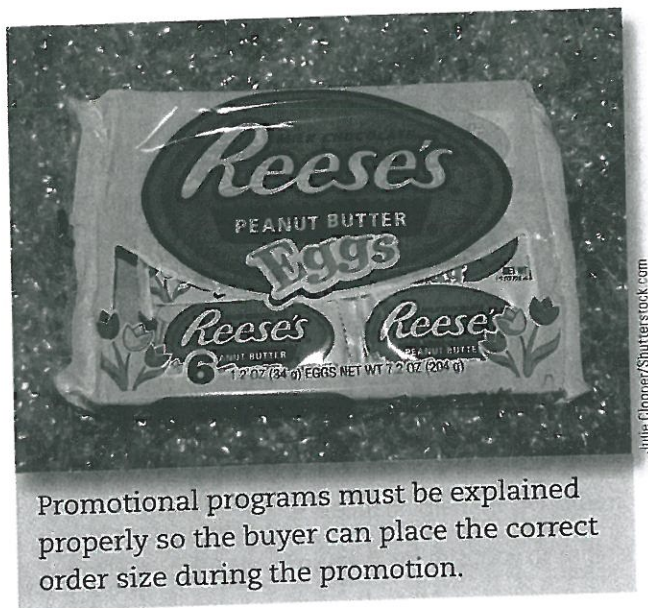
2-4d Promotion and Price

Promotion knowledge and **price knowledge** are other knowledge tools that the salesperson must understand. The ability

service issues Concerns of the buyer that the salesperson should address.

promotion knowledge Knowledge tools salespeople must possess to explain their firms' promotional programs.

price knowledge Knowledge tools salespeople must have about pricing policies in order to quote prices and offer discounts on products.



Promotional programs must be explained properly so the buyer can place the correct order size during the promotion.

to use this knowledge often makes the difference between a well-informed buyer who is ready to make a decision and another buyer who is reluctant to move the sales process forward. Hershey Foods Corporation supports its retailers with heavy promotions during Halloween, Christmas, and Easter. The promotional programs must be explained properly so the buyer can place the correct order size during the promotion. How many dollars are to be spent? Is it a national program? Is this a co-op program? What will it cost the buyer? If these questions are answered properly, the buyer will be more at ease and ready to make a purchase.

Price can be another area that makes a buyer hesitant if not properly explained. Knowledge of pricing policies is important because the salesperson is often responsible for quoting prices and offering discounts. As a representative of the selling firm, these quotes legally bind a company to their completion.

market knowledge

Information salespeople must have if larger companies break their customers into distinct markets; salespeople must be familiar with these markets to tailor their sales presentations.

customer knowledge

Information about customers that is gathered over time and from very different sources that helps the salesperson determine customer needs to better serve them.

Salespeople need complete understanding of their companies' pricing policies. Does the company sell its products for a set price or can the salesperson negotiate? Can the salesperson give additional discounts to get a potential client whom the company has been after for years? Does the company allow trade-ins?

2-4e Market and Customer Knowledge

Market knowledge and **customer knowledge** are critical to the success of today's salesperson. Some companies today, because of their size, send their salesforce out to call on all customer types. Larger companies typically break their customers into distinct markets. Computer manufacturers may break out their customer types by markets (i.e., salespeople sell to a particular line of business). For instance, the salesperson may sell only to manufacturers, wholesalers, financial institutions, government, education, or medical companies. This allows the salesperson to become an expert in a line of business. For a salesperson to be effective, the salesperson must learn what the client needs, what benefits the client is seeking, and how the salesperson's products satisfy the buyer's specific needs. Buyers are not interested in factual knowledge unless it relates to fulfilling their specific needs. Having the salesforce learn one line of business well allows the salesperson to concentrate on the needs of a specific market. The salesperson can become an expert in one line of business more quickly than if he or she had to know how the entire marketplace used the salesperson's products.

Information about customers is gathered over time and from very different sources. A salesperson can use trade associations, credit agencies, trade magazines, trade directories, newspapers, and the World Wide Web as valuable resources. The AT&T Toll-free Internet Directory has directories on people, businesses, and Web sites. Using the Web to do an initial search on a company can tell a salesperson what products a company makes, what markets they serve, and so on. A salesperson must use his or her time wisely when gathering information. Richard Crist, COO, Whiting & Company, states: "I have to thoroughly know my industry and my customer's business. I must know where to find this information."

2-4f Competitor Knowledge

Salespeople will probably be asked how their product stands up against the competition. The buyer might ask—Who are your competitors in our marketplace? How big are you compared with your competitors? How do your company's prices compare with others in your industry? How does your product quality compare with the industry norm? These are important questions that every salesperson must be prepared to answer. Salespeople must have knowledge of their competitor's strengths and weaknesses to better understand their own products' position when comparing. A good salesperson must adjust his or her selling strategy depending on the competition.

Exhibit 2.4

Using Technology to Build Bridges to Customers

Technology	Bridge
World Wide Web	Price updates can be placed on the Web for customers to access. New product information can be made available to customers and prospects.
E-mail	Buyer and salesperson can communicate virtually 24 hours a day. Mass communications can be sent out to all customers and prospects.
Facsimile	Non-electronic documents can be transmitted 24 hours a day. Fax on demand.
Cell phones	Buyer and seller have immediate access to each other.
Voice mail	Salesperson and buyer can leave messages for each other and save time and effort.

Each of these can either be a bridge to the customer or an obstacle. Salespeople should be building bridges to all their prospects and customers by using technology appropriately (see Exhibit 2.4). If a buyer likes to e-mail requests to a salesperson, then the salesperson must not use e-mail to block buyers. Likewise, if a facsimile number is given to prospects, then the fax machine must be turned on at all times and working properly.

Probably the most oversold form of technology is voice mail. Many companies have gone to this method of communication hoping to free secretaries and make it easier to leave messages for the salesperson. The difficulty arises when a customer wants to talk to a salesperson and can only get a recording. Sometimes, the voice mailbox is full and it is impossible to leave a message. It is also possible to use voice mail to screen calls, and many buyers and salespeople complain that it is virtually impossible to make contact when their counterpart refuses to return their call. Salespeople can use GPS technology to better serve their clients. Coverage in a territory can be improved with the implementation of a GPS system in each salesperson's car. See *Technology in Selling* to learn about the benefits of GPS tracking systems.

Technology can be a friend or a foe of a salesperson. If used properly, technology can build bridges to prospects and clients and develop relationships. If technology is not used properly, a salesperson can find himself or her-

self alienating the customers and turn a potential resource into a reason for a prospect not to do business with the salesperson.

ethics The right and wrong conduct of individuals and institutions of which they are a part.

2-5

Sales Ethics

Ethics refers to right and wrong conduct of individuals and the institutions of which they are a part. Personal ethics and formal codes of conduct provide a basis for deciding what is right or wrong in a given situation. Ethical standards for a profession are based on society's standards, and most industries have developed a code of behaviors that are compatible with society's standards. Professions in this country owe much of their public regard to standards of conduct established by professional organizations. Reflecting this, the American Marketing Association has adopted a code of ethics, which is available on this book's companion Web site.¹⁴

Salespeople are constantly involved with ethical issues. In fact, salespeople are exposed to greater ethical pressures than individuals in many other occupations.¹⁵ A sales manager might encourage his or her salesforce to pad their expense account in lieu of a raise, or ask a rep to withhold information from a prospect.¹⁶ A salesperson might sell a product or service that the buyer does not need or exaggerate the benefits of a product to get a sale. The list can go on and on.

Recall that sales professionalism requires a truthful, customer-oriented approach. Customers are increasingly intolerant of nonprofessional, unethical practices. Sales ethics is closely related to trust. Deceptive practices, illegal activities, and non-customer-oriented behavior have to be attempted only once for a buyer to lose trust in his or her salesperson. Research has identified some of the sales practices deemed unethical, as shown in Exhibit 2.5.¹⁷

Exhibit 2.5

What Types of Sales Behaviors Are Unethical?

According to a survey of 327 customers, salespeople are acting unethically if they:

1. Shows concern for their own interest, not the clients'.
2. Pass the blame for something they did wrong.
3. Take advantage of the poor or uneducated.
4. Accept favors from customers so the seller feels obliged to bend policies.
5. Sell products/services that people do not need.
6. Give answers when they do not really know if they are correct or not.
7. Pose as market researcher when doing phone sales.
8. Sell dangerous or hazardous products.
9. Withhold information.
10. Exaggerate benefits of product.
11. Lie about availability to make sale.
12. Lie about competitors.
13. Falsify product testimonials.

2-5a Image of Salespeople and Sales Executives

Sales and Marketing Executives International (SMEI) has been concerned with the image of salespeople and has developed a code of ethics as a set of principles that outline the minimum requirements for professional conduct. SMEI has developed a 20- to 30-hour certification process that declares that a salesperson shall support and preserve the highest standards of professional conduct in all areas of sales and in all relationships in the sales process. Exhibit 2.6¹⁸ is the SMEI Code of Ethics that pledges a salesperson will adhere to these standards.

A sales professional deserves and receives a high level of respect on the job. Buyers who do not interact with professional salespeople on a regular basis might believe in the negative stereotype of the salesperson as pushy, shifty, and untrustworthy. Where does this stereotype come from? Some salespeople are not professional in their approach, and contribute to the negative stereotype. In the past, television programs, movies, and Broadway productions have fostered the negative image of salespeople. During the 1960s and 1970s, the popular press also contributed to this negative image. A study of how salespeople are portrayed in the popular press found that salespeople are often associated with deceptive, illegal, and non-customer-oriented behavior.¹⁹ Dilemmas exist also for sales executives implementing strategic

account relationships regarding such issues as information sharing, trust, and hidden incentives for unethical behaviors.²⁰ Three of the more important areas of unethical behavior, deceptive practices, illegal activities, and non-customer-oriented behavior, are discussed.

2-5b Deceptive Practices

Buyers have been turned off by all salespeople because of experience with only a few unscrupulous salespeople. All salespeople (good and bad) pay the price for this behavior. Unfortunately, some salespeople do use quota pressure as an excuse to be deceptive. The salesperson has the choice to either ignore the trust-building approach and persuade the customer to buy or go to the next sales meeting and catch the wrath of his or her sales manager for being under quota. Salespeople giving unfounded answers, exaggerating product benefits, and withholding information might appear only to shade the truth, but when it causes harm to the buyers, such salespeople have jeopardized future dealings with the buyer.

2-5c Illegal Activities

Misusing company assets has been a long-standing problem for many sales organizations. Using the company car for personal use, charging expenses that did not occur, and selling samples for income are examples of misusing company assets. Some of these violations of company

Exhibit 2.6

SMEI Certified Professional Salesperson Code of Ethics

The SMEI Certified Professional Salesperson (SCPS) Code of Ethics is a set of principles that outline minimum requirements for professional conduct. Those who attain SCPS status should consider these principles as more than just rules to follow. They are guiding standards above which the salesperson should rise.

An SCPS shall support and preserve the highest standards of professional conduct in all areas of sales and in all relationships in the sales process. Toward this end an SCPS pledges and commits to these standards in all activities under this code.

As an SCPS I pledge to the following individuals and parties:

I. With respect to **the customer**, I will:

Maintain honesty and integrity in my relationship with all customers and prospective customers.

Accurately represent my product or service in order to place the customer or prospective customer in a position to make a decision consistent with the principle of mutuality of benefit and profit to the buyer and seller.

Continually keep abreast and increase the knowledge of my product(s), service(s), and industry in which I work. This is necessary to better serve those who place their trust in me.

II. With respect to **the company** and other parties whom I represent, I will:

Use their resources that are at my disposal and will be utilized only for legitimate business purposes.

Respect and protect proprietary and confidential information entrusted to me by my company.

Not engage in any activities that will either jeopardize or conflict with the interests of my company. Activities that might be or appear to be illegal or unethical will be strictly avoided. To this effect I will not participate in activities that are illegal or unethical.

III. With respect to **the competition**, regarding those organizations and individuals that I compete with in the marketplace, I will:

Obtain competitive information only through legal and ethical methods.

Portray my competitors, and their products and services, only in a manner that is honest, truthful, and based on accurate information that can or has been substantiated.

IV. With respect to **the community** and society that provide me with my livelihood, I will:

Engage in business and selling practices that contribute to a positive relationship with the communities in which I and my company have presence.

Support public policy objectives consistent with maintaining and protecting the environment and community.

Participate in community activities and associations that provide for the betterment of the community and society.

I AM COMMITTED to the letter and spirit of this code. The reputation of salespeople depends upon me as well as others who engage in the profession of selling. My adherence to these standards will strengthen the reputation and integrity for which we strive as professional salespeople.

I understand that failure to consistently act according to the above standards and principles could result in the forfeiture of the privilege of using the SCPS designation.

Candidate's Name (Please Print) _____

Signature _____

Date _____

Exhibit 2.7

Areas of Unethical Behavior

Deceptive Practices	Non-Customer-Oriented Behavior	Illegal Activities
Deceive	Pushy	Defraud
Hustle	Hard sell	Con
Scam	Fast talking	Misuse company assets
Exaggerate		
High pressure		
Withhold information/bluff		

property also constitute violations of Internal Revenue Service (IRS) regulations and are offenses that could lead to jail or heavy fines.

Bribery is another area that causes some salespeople to run afoul of the law. A competitor might offer bribes; this, in turn, puts pressure on the salesperson's company to respond with bribes of its own. It is difficult for a salesperson to see potential sales going to the competition. Salespeople offering bribes on their own can be punished. Companies that engage in bribery could find themselves being prosecuted and fined. Rockwell International and Lockheed made illegal payments to foreign customers and had to suffer the humiliation of bad publicity and fines.

Another area of legal concern that involves the salesforce is product liability. Salespeople can create product liabilities for a company in three ways: **express warranty**, **misrepresentation**, and **negligence**. A salesperson can create a product warranty or guarantee that obligates the selling organization even if they do not intend to give the warranty. Express warranties are created by any affirmation of fact or promise, any description, or any sample or model that a salesperson uses, which is made part of the basis of the bargain.

Basis of the bargain is taken to mean that the buyer relied on the seller's statements in making the purchase decision. If a salesperson tells a prospect that a machine will turn out 50 units per hour, a legal obligation has been created for the firm to supply a machine that will accomplish this. A salesperson's misrepresentation can also lead to product liability even if the salesperson makes a false claim thinking it is true. The burden of accuracy is on the seller. Salespeople are required by law to exercise "reasonable care" in formulating claims. If a

salesperson asserts that a given drug is safe without exercising reasonable care to see that this claim is accurate, the salesperson has been negligent. Negligence is a basis for product liability on the part of the seller.

Although these tactics might increase sales in the short run, salespeople ruin their trust relationship with their customer and company. Given the legal restrictions that relate to selling practices, a salesperson, as well as the selling organization, should exercise care in developing sales presentations.

2-5d Non-Customer-Oriented Behavior

Most of today's sales organizations emphasize trust-building behaviors and are customer-oriented. Unfortunately, there are a few salespeople and companies today that concentrate on short-term goals and allow outmoded sales tactics to be practiced. Most buyers will not buy from salespeople who are pushy and practice the hard sell. Too much is at stake to fall for the fast-talking, high-pressure salesperson. Buyers have been through their own training, and they understand the importance of developing a long-term relationship with their suppliers. Exhibit 2.7 summarizes these practices.

express warranty A way a salesperson can create product liabilities by giving a product warranty or guarantee that obligates the selling organization even if the salesperson does not intend to give the warranty.

misrepresentation False claim(s) made by a salesperson.

negligence False claim(s) made by a salesperson about the product or service he or she is trying to sell.

basis of the bargain When a buyer relies on the seller's statements in making a purchase decision.

2-5e How are Companies Dealing With Sales Ethics?

Many companies spend time covering ethics in their training programs. These programs should cover topics such as the appropriateness of gift giving, the use of expense accounts, and dealing with a prospect's unethical demands. Each company will have its own policies on gift giving. John Huff of Schering-Plough states, "Just a few years ago, I could spend my expense account on Indiana Pacers tickets or a golf outing with doctors. That is not the case today. There is a lot of gray area concerning gift giving by salespeople to their business clients and prospects. The pharmaceutical industry has policed itself so now gift giving has all but been eliminated. I must know the rules of my company and industry."²¹ Some buyers are not allowed to accept gifts from salespeople.

Another important training area is the use of expense accounts. Salespeople should be trained in how to fill out the expense account form and what is acceptable for submission. Some companies allow personal mileage to be included; others do not. If guidelines are established, there is less of a chance for salesperson misunderstanding.

Sometimes unethical behavior is not initiated by the salesperson but by the buyer.²² Salespeople must be trained in dealing with prospects who make unethical demands. Buyers can be under pressure from their company to stay within budget or to move up the timetable on an order. A buyer might ask a salesperson to move him or her up on the order list in exchange for more business down the road. One pharmacist set up a deal with a salesperson to buy samples illegally. The trust-based salesperson has to shut down any short-term gain for long-term success. A salesperson's career is over if the word circulates that he or she cannot be trusted.

A salesperson must also be concerned with our legal system and those of other countries. It cannot be an excuse for today's well-trained salesperson to say he or she did not know that a law was being broken. When in doubt, the salesperson must check out all state and local laws. In addition, there are industry-specific rules and regulations to be considered. Exhibit 2.8 covers a number of legal reminders.

A salesperson has his or her reputation to tarnish only once. In this age of mass communication (phone, e-mail, Web sites), it is easy for a buyer to get the word out that a salesperson is acting unethically, possibly ending that salesperson's career.

Exhibit 2.8

Legal Reminders

For salespeople:

1. Use factual data rather than general statements of praise during the sales presentation. Avoid misrepresentation.
2. Thoroughly educate customers before the sale on the product's specifications, capabilities, and limitations.
3. Do not overstep authority, as the salesperson's actions can be binding to the selling firm.
4. Avoid discussing these topics with competitors: prices, profit margins, discounts, terms of sale, bids or intent to bid, sales territories or markets to be served, rejection or termination of customers.
5. Do not use one product as bait for selling another product.
6. Do not try to force the customer to buy only from your organization.
7. Offer the same price and support to buyers who purchase under the same set of circumstances.
8. Do not tamper with a competitor's product.
9. Do not disparage a competitor's product without specific evidence of your contentions.
10. Void promises that will be difficult or impossible to honor.

For the sales organization:

1. Review sales presentations and claims for possible legal problems.
2. Make the salesforce aware of potential conflicts with the law.
3. Carefully screen any independent sales agents the organization uses.
4. With technical products and services, make sure the sales presentation fully explains the capabilities and dangers of products and services.

STUDY TOOLS 2

LOCATED IN TEXTBOOK

- ☐ Rip-out and review chapter review card

LOCATED AT WWW.CENGAGEBRAIN.COM

- ☐ Review key term flashcards and create your own from StudyBits
- ☐ Organize notes and StudyBits using the StudyBoard feature within 4LTR Press Online

- ☐ Complete practice and graded quizzes to prepare for tests
- ☐ Complete interactive content within the narrative portion of 4LTR Press Online
- ☐ View chapter highlight box content at the beginning of each chapter

KELLY MEYERS' DILEMMA

BACKGROUND

Kelly Myers has spent the past three months trying to gather all the information she needs to submit a bid on an order that is very important to her company. Bids are due tomorrow and the decision will be made within a week. She has made a great impression on the purchasing agent, Janet Williams, and she has just ended a conversation with her sales manager who believes Kelly needs to make one more call on Williams to see if she can find out any additional information that might help her prepare the bid. Kelly's boss specifically wants to know who the other bidders are.

CURRENT SITUATION

Later that day, Kelly visited with Janet Williams. During the course of the conversation with Williams, Kelly asked who the other bidders were. Williams beat around the bush for a while, but she did not reveal the other bidders. She did mention

the other bids were in and pulled the folder out of the filing cabinet where they were kept. Janet opened the file and looked over the bids in front of Kelly.

There was a knock on the door and Janet's boss asked if he could see her for a minute and she walked down the hall with her boss. Kelly realized all the bids were left out in front of her. There was a summary sheet of all of the bids on top and she could easily see all the bids. When Williams returned she returned the folder to the file and the two made some small talk and ended their conversation.

Kelly returned to her office and completed her bid and turned it in to Janet Williams the next morning. Kelly knew her bid would be the lowest by \$500.00. One week later Kelly learned she won the bid.

QUESTION

1. What are the ethical issues involved in this situation?
2. If you were Kelly Myers, do you think Janet Williams intended for you to see the competitive bids? What would you have done, given this situation? Why?

CHAPTER ROLE PLAY

Building Trust and Sales Ethics

2

BRISBANE UNIFORM COMPANY

CASE BACKGROUND

Brisbane Uniform Company (BUC) specializes in providing uniforms to hotels and restaurants. BUC is a new company from Australia trying to break into the U.S. market. They have had trouble breaking into larger accounts (Marriott, Hilton, Sheraton) because as a new company, they don't have the name recognition in the United States.

As the account exec in the area, you have been working on a new Hilton hotel with over 5,000 rooms and 500 employees. Recently you submitted a proposal, and the buyer, Mark Dunn, has told you he is leaning your way with the order. He also told you that this order must come off without a hitch

as his hide is on the line if things go wrong. You know there could be a problem down the road as one of your unions has been negotiating a contract that is about to expire. The last time this contract came up, there was a strike and orders were backlogged for weeks. The hotel has many customized uniforms and has to have these for their grand opening in three months. What is your obligation to the hotel having this information? This order will make your year and probably send you on a trip to Rome for exceeding quota.

ROLE PLAY ACTIVITY

Location: Mark Dunn's office

Action: Role play a sales call with Mark Dunn addressing the issues in the case.