

Fearless Thinkers, Episode 10
"Selling in a downturn"
with Adam Boggs and Alexis Fernandez

Masami Cookson: Welcome to Fearless Thinkers, the BTS podcast. My name is Masami Cookson, and our host is Rick Cheatham, head of marketing at BTS. On today's show, Rick sits down with Alexis Fernandez and Adam Boggs.

Alexis is a director at BTS. Before BTS, Alexis worked with organizations like ESPN, Newell Brands, and Stanley Black & Decker in their learning, training, and organizational development teams.

Adam is a vice president at BTS and has been with us for over 10 years. He partners with many of the world's leading technology companies and has extensive experience implementing large-scaled sales and change initiatives.

Adam and Alexis work in our Sales and Marketing Center of Excellence, which specializes in partnering with clients to create customized solutions that accelerate sales-and-marketing strategy, execution, and achieve results.

How are you doing today, Rick?

Rick Cheatham: Gosh, Masami, I'll be honest. I am dragging. I don't know about you, but I tend to have those moments where once every week and a half, two weeks, I just don't sleep. No matter how much I want to, sleep does not come. So today is that day for me, that I am doing my best to do my best.

Masami: Oof.

Rick: How are you?

Masami: That's brutal. I'm so sorry to hear that. I think we all have those nights or days when sleep eludes us, and it's not a fun place to be, so I feel for you.

Rick: No, we make the best of it and power through.

Masami: There you go. I love that. I'm doing pretty well. Overall, no complaints here. I'm excited to hear more from Adam and Alexis.

Rick: Yeah, it was a great conversation. I mean, this whole recession buzz, I think, has everyone kind of on the edge of their seat wondering when, if, how bad. It tends to

put people in a place of very uncomfortable uncertainty, and for all the sellers listening, you know with uncertainty comes delayed sales cycles, objections to buying, and all of those wonderful, wonderful things.

So, Alexis and Adam really help us think about, as a seller, how do I prepare to deal with this, and how do I make the most of the situation that I'm in, knowing that some of the plans that I have, if recession hits, aren't going to be achievable anymore? So, what's option B, and where do I go from here?

So, really good, practical stuff on today's show.

Masami: Love it. Can't wait to hear more.

Rick: Let's go. So Adam, Alexis, welcome to the show.

Alexis: Hi.

Adam: Thanks, Rick.

Rick: Alexis, gosh, we haven't actually spent that much time together yet. What's been going on in your world?

Alexis: Yeah, so the biggest thing that's going on in my world is that my daughter started swim lessons, so we're very excited for her to not need a floatie anymore. I know that that seems small, but I'm glad to know that if she falls into a big body of water that she's going to make it.

Rick: Yeah, I've actually got four kids, and the ability for them to be able to be near water was always... It always felt like a pay raise when I got to worry about that less.

Alexis: Exactly. So we're very excited.

Rick: And my friend, Adam, how in the world are you doing?

Adam: Doing well, Rick. I got to be in person for a three-day event, Sales Manager Bootcamp in Phoenix (Live! In person!) You know how much I love the stage, so that was nice.

I'm sitting here in my brother's basement in Nashville getting ready for my dad's 70th birthday this weekend. So he's got all four kids under one roof for the first time

in a couple years.

Rick:

Oh, that's amazing. Well, please give him my best.

Alright, so big topic for today. It's actually funny because one of our senior leaders and executive advisory, Suzanne Bates, was just quoted in the *New York Times* this morning, is... About the pending recession and potential hiring freezes. And I think everybody's feeling that tension right now of having a lot to do, but... Huge worries and questions about when and if and how much. So, for our sellers out there, giving them some insights that you've all learned around what's the best approach in selling in a downturn, I think, is really, really timely.

So, just off the top, I'd ask each of you to share some thoughts at a high level, and then we'll dig deeper into them.

Alexis:

You can start by looking at what's going on in your own company. Those changes in your budgets – the T&E freezes that you're starting to see – those are happening in your customers as well. Your customers are starting to see these shifts from growth, 10%, 15%, 20% growth to now looking to just maintain.

They're going to still need to make purchases to solve problems that are in front of them, but it's going to look different.

So, first start by getting grounded in what's going on. Understand what's going on in your business and understand what's going on in the business of your customers.

Adam:

Alexis, I would also add that recessions or downturns don't last forever. They don't impact all companies. They don't impact all parts of all companies. So, just taking an appreciation for what are some of the things that you can be doing short term that signal to your customer that you understand where they're at? Yet, you're not necessarily giving them a completely different strategy for a downturn economy.

One thing I just want to mention also is—it's always the case, but it's re-appreciated, I think, in a downturn—the hardest sale that you have to make is not necessarily always to your customer: it's the one that they have to make internally.

So, as Alexis pointed out, the business case is really under heavy scrutiny. You might even have to engage with different stakeholders. Maybe your economic buyer has become the champion... There's a new economic buyer called the CFO that you have to sell to directly. That's a different positioning conversation potentially than

you've had in the past.

The last thing I'll mention is there might be new opportunities going outside of your existing accounts, account relationships... Different types of industries that aren't as impacted. You don't have to keep banging your head against the wall where there's no money or there's too much trouble there for us to work through.

Rick:

Gosh, there was a whole lot there. The way that I would summarize it maybe is to say: expect change in the buying cycle. Expect shifting budgets. Expect potentially backwards loops, and as things are reprioritized and reassessed, that you might have to reestablish yourself within your account, or within your customer base in general, because there are new players on the scene, and they've got to potentially get to know you and the value you bring firsthand.

There's always going to be opportunity anytime there's change, even in a downturn. So, I should be looking across my account for potential new and different opportunities or looking outside of where I thought my sales were going to come from and potentially tapping into other customers.

Alexis, some of the advice you gave, I think, is really key. And when you start to think about the implications of a downturn and who's going to be affected, the best place to look is within the walls of your own organization, just starting off.

Share with us a little bit more about what a great seller should be doing as they're kind of assessing the impact or the implications of a downturn.

Alexis:

Yeah, I think when it comes down to it, a great seller is really getting back to fundamentals. Inside of your customers, budgets are not going to go as far, so that means there may be competing initiatives. Making sure that you're asking the right questions, making sure that you're a good partner – that, I think, is what really great sellers are going to be doing right now, to understand the needs of their customers, and understand the needs of new stakeholders that are at the table.

Rick:

Cool. It's funny, I can remember coaching sellers in the past and saying, "Your biggest competition, especially in times like these where people are reassessing budgets, isn't necessarily another software provider, if that's what you're selling. Your biggest competition could be the need to retool a plant in Kansas City to get it to perform better, because now the company is looking at things a little bit more holistically, and some of those internal silos dissolve quickly when we're just trying to figure out the best bets to make when we don't have as

much as we thought we would."

Adam:

I think depending on what you're selling and how long these sorts of partnership plays exist. I had a conversation with a couple of different sales leaders that work for some of our large tech clients, and they were very transparent.

They said, "For some clients, we actually proactively go to them with a new offer, something that might look like a discount, whether it's a price discount or something that's more valuable to them that's maybe on a non-price topic. But we don't wait for their downturn to impact their budgets, for them to be scrambling, for them to be coming to us and begging for a discount. We like to proactively assess the situation for our clients and come to them, and we've found that that's a more successful long-term partnership strategy."

Rick:

Yeah, I think that that is an interesting, a really interesting approach. And I think it opens up a little bit of the question around, when we're selling in a downturn... Trying to extract the most value that we can, balancing that with being the very best partner possible.

To your point earlier, Adam, this isn't going to last forever, and you kind of want to be seen as the partner that helped them get through it and understood them. But at the same time, you don't want to give things away unnecessarily.

And to me, that kind of gets to that "repositioning yourself in the mind of your customer, potentially with new stakeholders..." And how a great seller can come in, whether it's with ideas for savings proactively, or even potentially increasing the size of the deal, because it's going to offer them efficiencies that they didn't realize before, or whatever that looks like.

But I would love for one of you to unpack a bit more of this whole concept of, "How do I basically reposition myself in the mind of the client?"

Alexis:

I had a conversation with a customer recently that finds himself in conversations where there's more C-suite stakeholders at the table than ever before. And so, previously [the customer] had a really great working relationship with the CEO, but the CEO is typically focused on growth, so is looking at top line, and is focused on "How can I grow this company?" And that makes sense. That's what a CEO is supposed to do.

But now, the CFO is at the table along with the CEO, because there's a lot of volatility in the market, and the CFO is trying to mitigate risk. So, in that

conversation, the CFO is saying, "But what if you don't get the growth? What happens if we're flat?"

So, what the CFO was suggesting is, "Typically, we would re-sign with you with a three-year contract. That's what we have typically done with you in the past. Now, what I would like to do is just sign a one-year contract just to see how the next year goes, just to get us through this period of volatility."

That's an easy thing that, as a seller, you may say, "Okay, good, let's lock it down," to be able to handle their own volatility that we are seeing, right?

And instead, as a good partner, was able to say, "Right, if we do that, that's a 10% loss in your overall contract for us. And if enough customers do that, we are going to be raising prices. So when you come back to us in a year, you're going to see a price increase. Actually, the best way for you to mitigate the risk is to sign the three-year contract and lock yourself into secure pricing over the next three years." And that's ultimately what the CFO decided to do.

That, I think, is what your best sellers are doing: they're fully rooted in what's happening in the moment, they've done their homework on what this customer needs, they've done the discovery of what the new stakeholders need, and then they're able to position themselves to make sure that everybody wins in the long run.

Rick:

Yeah. That is actually a really great story because I think in a lot of sellers' minds – especially if some of the things they had forecast to happen are already not happening – they could be really tempted to say, "I'm going to be a great partner," and dive on this one-year contract.

Where being really upfront with your client, and saying, "Hey, this is not best for you, and it's frankly not best for me." I can remember, in really heavy negotiations, basically it becomes, "The only way I can go lower is to reduce the scope or have you reduce my risk." And if I am offering the same scope and taking on more risk, I know it is a bad deal.

Adam, what would you add as you think about the best way to increase your network or get access to some of those stakeholders that you know are probably going to be involved, but that weren't before?

Adam:

I think there's two things there.

First of all, I love your scope and risk comment because that's important for any business leader. I think there's first a fundamental skill gap that we see with our

clients around financial acumen. And I'm particularly looking at sort of macro- and micro-economic stuff. If you don't know the difference between gross margin and operating margin, it's really difficult in a recession to understand how this is going to impact your customer's business. So, we're trying to sort of re-educate a lot of our sellers on things like the income statement. Where does the stuff that you sell to your clients impact this? Where does that show up on the balance sheet? Where are things getting squeezed that weren't being squeezed before? Where do budgets show up? Where are budgets shrinking right now, and how does that show up?

So, just giving people a chance to understand how the game is played a little bit more with respect to money, that's sort of the first part of the answer, because I think that's table stakes to being able to have more impactful conversations with more senior leaders, being able to show up and say, "I understand how this recession is impacting your business." If you talk about how interest rates are impacting financial services in a negative way, you're probably saying the wrong thing. They're making more money from that. [How] interest rates impacting tech companies – that makes sense. So being able to have that foundational understanding and then being able to utilize that with senior leaders, I think, is really important.

The other thing I would just say is the champions that you've potentially sold to – they may be protecting the economic buyers. They may not want you to go talk to them directly. But in a recession, or in a downturn, it might be imperative that you do. So, in the past where they've always been able to tell you, "Hey Adam, it's good, man. The budget's coming. We're good to go," you might want to trust but verify now and see if you can get through that conversation and have that dialogue together.

Rick: Yeah, and actually that, to me, is a really great segue into looking at that client with totally fresh eyes. That this is the right time to break out the fundamentals of however you do pursuit planning and make sure you've got the map right.

Adam: Yeah, Rick. I mean, a lot of our clients, especially in technology, they use the MEDDICC (Metrics, Economic Buyer, Decision Criteria, Decision Process, Identify Pain, and Champion) methodology when it comes to opportunity qualification. It's a scientific process and has a lot of rigor attached to it.

But I think it's even more important to reassess some of the people who actually have the title champion, or economic buyer, in those cases. Are they the same people, or do I need to go to new people? Do the metrics that I know about today – is the pain that I know about today,

is it painful to this person still, or is it painful somewhere else?

So, fundamentals, for sure, need to be reevaluated. And it's fun, right? You get to look at your client brand new? See if you can meet some new people? Why not?

Rick:

Yeah. The other thing that's probably true is as things continue to change at the macroeconomic level, things will continue to change within the client organization. So, I would think that things would be much more fluid even after you've done some initial assessments. I'm guessing it would be an ongoing challenge.

Alexis:

The one thing that I do think about with this, is... That there are a lot of sellers out there... That this is their first downturn.

And I think that there's something to that emotional piece of it that they haven't... 2008 was really the last time that we had a big one. So yes, they've learned these mechanics of selling, but now this is the first time that they're really going to be in it, and I think that there's something to... It's going to be okay. Work the process. Get back to the basics, because there are a lot of sellers that haven't really been in the trenches like this before. It's going to be okay.

Rick:

The whole kind of winning-mindset thing: people that believe they can't fail, usually don't fail. People that think it's raining fire, tend to get burnt!

One of the things that I heard you all talk about is this whole concept of we've got to potentially widen our aperture in a downturn and look more broadly within our existing clients or potentially new or different clients. Could you say more about that?

Adam:

Sure, Rick. We talked about in the last session about how you get to sort of look at your accounts new... Many of our clients are overly reliant sometimes on a very few clients to produce a lion's share of our revenue throughout the year.

So, you can be a little bit exposed, so to speak, I think, when too much of that is tied into companies that are at risk during a recession. And in a downturn, you have the opportunity to reevaluate, or rebalance, your portfolio of clients or customers that you're selling into, and reshape it with ones that are a little bit more downturn resilient: different types of industries, different types of business units within your own accounts. So, I think that's critically important that we should be doing throughout the decade – not just when a downturn happens, but a downturn is certainly a good time to hit reset and look at other places.

Alexis: Yeah, it's not all doom and gloom. There's definitely going to be opportunity that comes out of the downturn. There's going to be places that are doing really well in this. And what it's going to take is making sure that you're keeping your head up; you're looking around for those opportunities; you're looking for new applications for your products. I would also recommend that you're reaching out and talking to different marketing partners that you have, the rest of your sales team. Find out what's going on in different territories. See if anybody has found new places of really great opportunities that maybe you haven't thought of.

Rick: First, I think that that's fantastic advice because I think, for great sellers, their mindset really, really matters. Your client's not going to believe anything you don't believe. Keeping that positive outlook, I think, is critical, even just from a psychological aspect. I'm getting up every day to do my job; it feels a lot better.

Adam: You're such a visionary, Rick.

Rick: Exactly, exactly. It's a position that's hard to argue with, but I don't think many people think about, and that's that nobody gets up in the morning and says, "Gosh, I hope I suck at work today."

Adam: Fair.

Alexis: It definitely matters.

Rick: Adam?

Adam: Well, no, I'm reflecting on Alexis's comment. I feel like it's that Robin Williams theme in *Good Will Hunting*: "It's not your fault, it's not your fault."

I remember the last downturn, I was a seller. I was also going to school full-time at USC getting my MBA. And all of a sudden, in a full-time MBA program, 30% of the class became full-time students because they had lost their job. Right?

I don't think this downturn is going to be as gloomy as that. I do think it's going to be held under more scrutiny in terms of buyer decisions and how buyer decisions get made, because last time, it felt like the world was ending. And I was younger then, but we all got

through it, and we'll get through this one.

Rick: Really great insights, and I think they fall together nicely. Thank you both so much for the time today and for sharing your insights with our audience. Have a great one.

Adam: Thank you, Rick.

Alexis: Thanks so much.

Masami: If you'd like to stay up to date on the latest from the Fearless Thinkers Podcast, please subscribe. Links to all the relevant content discussed in today's podcast are in the show notes, or you can always reach us at bts.com. Thanks again.
