The Essentials of Executive-to-Executive Selling

by Robert B. Miller, Founder, Miller Heiman

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The conventional wisdom: "In the selling process, CEOs and other C-suite executives are needed just to close a deal or to put out any fires."

The reality: "CEOs and other C-suite executives need to regularly participate in a defined program for executive-to-executive selling."

C.C. Baldwin, Jr. is a sharp man. When he was CEO of Cambrex Corp., a specialty chemical producer, he fully recognized the need for top executives to be involved in the selling process. "The success of any global sales strategy hinges on the CEO's willingness to take an active and direct (but not intrusive) part in selling,"[1] he once wrote. And Baldwin not only talked the talk, he walked the walk. Back in the 1990s, when Cambrex was trying to make a big push into markets in the Far East, he and Jack Mack, Cambrex's then COO, would each spend at least a week or two every several months traveling to Asia to meet with current and prospective customers.

Baldwin isn't the only top executive who rightly understands the crucial importance of the sales function. Consider the strong words of Robert W. MacDonald: "It is more important for a CEO to know what the sales process is all about and have been involved in it than it is, for example, to have been an accountant or lawyer… When you have CEOs that don't have sales or marketing background, their companies are at a very strong disadvantage."[2] MacDonald speaks from experience. He began his career selling insurance by going door to door, and from that humble beginning rose to become the CEO of three major companies: ITT Life, LifeUSA and Allianz Life.

In fact, some people would argue that sales is not only a necessary function for top execs, it is *the* most important responsibility. "My job is that sales and the customer need to be in a bull's-eye... I spend 99 percent of my time worrying about sales for the company," said Piyush Patel, when he was the head of Cabletron, the New Hampshire-based provider of networking computer equipment that has since been split into four subsidiaries.[3] As CEO of Cabletron, Patel made it a point to personally involve himself in numerous deals. At the time, Patel's goal was to lure 20 new customers from the competition every quarter. "I eat, breathe, and walk these deals, even in my dreams," he said.

Indeed, many CEOs, including the heads of large Fortune 500 corporations, fully appreciate the prime importance of the sales function. Those that immediately come to mind are Jack Welch, former head of General Electric; Steve Jobs, Apple CEO; Louis Gerstner, ex-IBM CEO responsible for the company's massive turnaround; and John Chambers, head of Cisco. These execs, often called "salesmen CEOs,"[4] understand that sales is the lifeblood of any company. In fact, many of these top corporate execs – like Sam Palmisano, current head of IBM – worked their way up the corporate ladder through a career in sales.

But perhaps the people who are the best at recognizing the importance of being involved in sales are those who run start-up businesses. That's because those execs often have no choice: they need sales ASAP or their fledgling firm will perish. When Jim Koch first founded The Boston Beer Company, he set himself a goal: land at least one new account a week. That kind of attitude helped Koch grow his business to annual sales of $400 million. "If more CEOs had to go out and sell their products, day in and day out, they'd pay a lot more attention to what they were making," asserts Koch. "The more unwilling they are to put themselves in the middle of that transaction, the better chance they have of missing out on a critical element of their business. When you're out there selling, face-to-face with your customer, there's no place to hide. It's the acid test."[5] That sentiment is echoed by Pat Cavanaugh, founder and CEO of Cavanaugh Marketing Network, a promotional products business based in Pittsburgh. When Cavanaugh first founded his firm, he was on the road relentlessly, signing up a new customer a day. Even as his startup grew into a multimillion-dollar business, garnering him honors as "Entrepreneur of the Year" by Ernst & Young, Cavanaugh stayed active in sales. "It helps you understand the challenges of your salespeople," he explains.[6]

Unfortunately, though, far too many execs give short shrift to the sales function. Ask them to participate actively in selling and they procrastinate or delegate. Some may not want to be bothered by their sales group *unless* help is needed either to close an important deal or to smooth things over with an irate customer. Many might think that the sales function is an isolated activity, separate and unrelated to their other "more important" corporate duties like strategic planning or risk assessment. Worse, some top execs think of sales as a "necessary evil," a poor stepchild to R&D, finance, marketing and other departments. But nothing could be further from the truth.

Making the Case for Exec Involvement

If the execs at your company are unconvinced of the need for them to participate in the sales function, show them the following statistics. Every year Miller Heiman conducts a survey of sales organizations around the world. This research includes companies that are not Miller Heiman clients as well as those that are. The survey is worldwide with more than 23,000 total participants, and here's what we recently found. For companies in general, about half of the respondents said that their top executives – CEOs, COOs, CIOs, CFOs or other C-suite executives -- were actively engaged in their sales processes. But at World-Class Sales Organizations, that figure is nearly 90 percent! (World-Class Sales Organizations were determined by looking at various factors, including revenue growth and acquisition of new accounts. Based on those criteria, only the top sales organizations – about 7 percent -- were classified as "world class.") In other words, at the vast majority of the world's leading sales organizations, top execs are involved in the sales process.

Here's another important result from the Miller Heiman data. C-suite people tend to believe they're more "involved" than their sales reps think. Specifically, about 65 percent of C-suite execs said they were "actively engaged" in the sales process of their companies, yet only about 40 percent of salespeople and just 50 percent of sales managers agreed with that statement. And here's another eye-opening statistic. Fully 70 percent of top execs believe they provide value when helping salespeople close deals, yet only half of the sales force feels that way.

Why the big disconnect? Here's what I think is happening. Sales management typically has meetings with C-suite individuals to discuss what's in the sales pipeline. So the C-suite people think they are "involved." After all, they've being briefed and know what the sales group is doing. But what the field sales force wants is more "hands on" involvement. The frequent complaint from people on the frontline goes something like this: "Gee, we could really use help with some corporate *presence*. It would be great if the CEO, COO, CFO, or other high-level exec would help show certain clients how important they are to us."

So there's a huge disconnect between what C-suite execs believe and what the sales frontline thinks, and the people caught in the middle are typically the sales managers. But that doesn't mean you should shrug your shoulders and toss in the towel when your execs have the attitude of "Why do I need to sell? I'm not a salesman." Instead, your job is to make a strong case to change that mistaken perception.

To convince your top brass to participate, you should emphasize that they know best the corporate message that needs to be delivered to customers. They also have the stature to tell the story and commit their company to their counterparts in the customer organization. Moreover, they can open doors: executives at the customer company are more likely to meet with other execs at their level.

You should also mention that participating in the sales process offers one huge benefit: your executives will get unfiltered access to customers. This can be invaluable when they have important strategic decisions to make. For instance, a colleague of mine, who was the VP of sales, had a past job in which his CFO routinely made decisions based on his assumptions of what he thought customers wanted. And whenever my colleague disagreed, he would challenge the CFO by saying, "Okay, tell me what customer did you hear that from?" And of course the CFO couldn't answer because he wasn't in touch with customers. So eventually the CFO agreed to accompany my colleague on future customer calls. Of course, the CFO sometimes found out things that my colleague wished he didn't, but overall the experience was good because at least the CFO gained a better understanding of the market. "It's amazing how smooth and regular a marketplace can look from the comfort and isolation of the executive suite," says Baldwin, the former Cambrex CEO. "There is no substitute for actually getting in the field to check vital signs for yourself."[7]

Finally, you should point out to your top execs that they are uniquely positioned with a "big picture" perspective that cuts across divisions and subsidiaries, enabling them to spot opportunities that salespeople might miss. For example, they might recognize that a particular customer would be better served by having two competing internal divisions work together to provide a solution. Or they might spot potential synergies for partnering that middle managers and staffers can't recognize. Sometimes, when top executives are talking about how their company was founded or what their corporate principles and future plans are, that will spark the customer executive to say, "Hey, we've got an initiative we never even thought to discuss with you because we assumed you wouldn't be interested." In the customer's mind, that kind of discussion can move your firm from being just a supplier to becoming an important business partner.

Executive Call Programs

For those reasons, I strongly urge companies to set up an executive call program to get their top brass more actively involved in the sales process. The program needs to define two crucial things: 1) the interaction between the executive and the sales function, and 2) the interaction between the executive and the customer. With respect to the first issue, executives could serve a variety of functions, including coaching and counseling the key account sales team; lending a corporate perspective to the strategic planning process for key accounts; communicating corporate vision, policy and direction; helping to develop the sales team, especially at the senior levels; and resolving any internal issues. With respect to the second issue, the reasons for an executive call include the following: bringing credibility that is missing or needs enhancing; discussing strategic direction and corporate vision, policy and procedures; helping move the sale forward in the buying process; committing corporate resources; and making other high-level decisions.

In general, companies tend to establish an executive call program in conjunction with a larger effort for managing key strategic accounts (see “Treating Strategic Customers as Corporate Assets”). A key requirement for such initiatives is that they need support from the top, preferably from the CEO and other C-suite executives. Not only should those individuals help implement and manage the program, they should also be active participants. At a client of ours – a large shipping and logistics company – the president himself oversees the overall program, and each member of his executive circle is in charge of at least one team that manages a strategic account. Functioning as “sponsors,” those top executives work with the salespeople and others on their team, attending account meetings to keep up-to-date on the status of that particular customer. Part of that support needs also to include periodic contact with a counterpart executive at the customer’s organization. Such executive-to-executive interactions can be crucial not only for maintaining customer accounts but also for growing their business with you.

The exact specifics of such executive call programs should be tailored to your particular company, customers, and market, but a number of general rules apply. First and foremost, you need to be very respectful of your executives’ time. That’s why I recommend that each executive sponsor should ideally be matched with just one or two customers, and definitely no more than three. Otherwise, the time demands will be too great and the executive call program will suffer. Remember that, if you’re extremely careful to respect your executives’ time, they’ll be more likely to participate. That said, it’s crucial to have some minimum defined periodicity of interactions between your executive sponsors and their customer accounts. This might include phone calls at least on a quarterly basis and face-to-face visits annually. Otherwise, executive call programs that are based on just sporadic customer contact always seem to lose steam and eventually disappear.

On the other hand, the last thing you want is for the program to become a burdensome chore. So, for example, you should try to minimize any additional air travel that’s required to visit customer sites because most executives already find themselves sitting in airports and planes more often than they would like. Thus, when pairing executives with customers, you should consider miscellaneous factors such as people’s home cities and college towns. That way the execs might be able to combine a customer call with a personal trip. The important thing here is that it’s up to you (and not the executives) to find ways to make the most efficient use of the sponsors’ time. At a global high-tech company based in Silicon Valley, for example, the manager of the strategic customer program takes it upon himself to find out what industry conferences and trade shows his firm's executives will be attending and he then gathers that same information for the customer execs. By doing so, he's often able to save his execs some extra travel by arranging customer meetings at those events.

Once a customer meeting is scheduled, you have to plan the agenda to figure out who will take charge of what discussion items. Otherwise, what could easily happen is that the executive will take charge of the meeting. It's a natural tendency because the sales rep or account manager will tend to defer to the exec, who is used to being in charge anyway and knows how to get the conversation rolling. And once the exec starts, he won't stop. It's like putting a saddle on an old warhorse and letting it go. But this can be very self-destructive because, from the customer's perspective, the exec then becomes the account manager. To avoid that, the exec has to be educated about his supporting role. "Viewing sales support as a prime responsibility does not mean the CEO always marches in front of the parade, beating the big drum," says Baldwin, the former CEO of Cambrex Corp. "In fact, it frequently requires restraint – with the CEO enabling others, such as fellow managers and field salespeople, to step to the foreground."[8]

So you definitely need to set the agenda for the meeting ahead of time to determine who will handle what parts of the discussion. This can be tricky because you don't want to alienate your exec, so diplomacy is crucial. But you do need to make the exec aware that the danger of his taking over the discussion is that the customer could then start to view him as the account manager. Usually, when you warn execs of that possibility, they will say, "Oh, thanks for explaining that because the last thing I want is to manage an account. I'm already way too busy for that."

Instead, the exec's goals should be on a higher level, which might include the following:

1. Provide a "big picture" view of your organization, including its corporate vision and goals.
2. Build customer confidence in your company.
3. Assure the customer of your commitment to his business.
4. Discuss the overall relationship between your two organizations and how that might grow in the future.
5. Transfer credibility to you, the account manager, the sales rep or someone else in the sales group.

The last item – the transference of credibility – is particularly important because the meeting will also include a high-level executive from the customer's organization. Thus the meeting is a golden opportunity that your exec needs to take advantage of. So say, for example, that the goal of the meeting is for John (your executive) to transfer credibility to Barbara (the account manager). During the meeting with the customer, John should make it clear that he entrusts Barbara to follow up in the coming weeks with important items, telling the customer things along the lines of, "Yes, we'll be glad to get you that information. Barbara will be in touch with you on that." And John should allow Barbara to take the lead in the meeting. She might, for instance, say to the customer, "One of the things that I'd like to do today is for John, our COO, to go over our strategic plans for your particular market." In other words, Barbara would invite John into the discussion (and not the other way around).

High-level topics that might be appropriate for John to talk about include your organization's plans for future investments, new products in the pipeline, strategic partnerships, changes in technology platforms, and so on. In general, his discussion should focus on the future, not the past or present. For John, the conversation will be almost like he's talking to a Wall St. analyst. In other words, he wants to give a strategic overview of where the company is and where it's going, but he doesn't want to get into fine details – those are better left for Barbara to handle. So, for example, Barbara (and not John) should handle the discussion of product implementation at the customer's site.

Of course, the customer might direct all questions to John and not Barbara. But that's when it's important for John to remember that he doesn't want to become the account manager. So, for instance, if the customer asks John about the servicing of a particular product, John might say something along the lines of, "Actually, Barbara is much more knowledgeable about those issues because she's in the field way more than I am."

A potential problem that can arise in these meetings is that the customer wants to negotiate price with your executive. Of course, that type of discussion is best handled by the account manager, sales vice president, or someone else in the sales group. But the customer might want to take advantage of the executive's presence to try to get a better deal. The executive should try to avoid that kind of negotiation, but he also doesn't want to look like he's being evasive. This type of situation comes up all the time. And that's another reason why I strongly recommend that the executive have a pre-meeting discussion with the sales group to ensure that everyone's on the same page.

In that briefing session, the account manager, sales rep or someone else in the sales group needs to prep the executive with any difficult or uncomfortable issues (like those related to pricing) that the customer might raise during the meeting. The exec needs to know what's been on the customer's mind. This is not the time to withhold any important information, either good or bad. The last thing you want is for your exec to be blindsided, so you need to share with him your account plan and a current relationship analysis. "In real estate, the three most important things are location, location, location. In these types of meetings, the three most important things are information, information, information because you don't want any bad surprises," says the senior director of sales development for a medical equipment company based on the West Coast.

If product cost has been an issue, for instance, you could suggest ways for the executive to move any pricing questions to a discussion of customer value by using a return on investment (ROI) or economic value added (EVA) analysis that you've prepared. Or if the customer's pricing concerns stem from budgetary problems, you could suggest a proposal that would segment the proposed project into smaller chunks that could each be billed separately over a longer time horizon. Of course, the danger here is that you could overload your executive with information, which might then discourage him from participating in your executive call program because of time demands. So, to prevent that from happening, you have to exercise the necessary discipline. A global high-tech company based in Silicon Valley has a simple solution – a two-page form (called an "executive planner") that forces the sales group to summarize only the important information that the executive needs to know before a customer meeting. "You have to keep it short so that people read it," notes the manager of that firm's strategic customer program.

The main goal of any prep work is to prevent what you most want to avoid – executives caving in to the customer by, for instance, agreeing to a 25 percent discount. Unfortunately, that happens far too often. And that's why I also recommend that executives who participate in the sales function need to go through some kind of training beforehand. This doesn't necessarily need to be any formal training, but you do want those executives to at least be familiar with common sales challenges (such as pricing pressures) and how to handle them. At a medical equipment company based on the West Coast, for example, the top executives who participate in customer calls are all knowledgeable about the company's sales function because, not only do they attend sales training meetings, they also help to establish some of the sales group's rules and processes. Such involvement has helped ensure that the execs don't do anything that might inadvertently undermine or circumvent the sales group.

Avoiding Common Mistakes

Executive selling is yet another of those corporate processes that is far easier in theory than practice. Indeed, many companies have made big – if not crucial – mistakes in their executive call programs. In my experience, organizations have to be extremely careful about how they utilize their executives in the sales process. Otherwise, the programs can actually do more harm than good. In particular, sales managers need to be aware of the following common pitfalls:

Mistake 1: Using your executive for a social call. All too often, account managers or sales reps will use one of their execs for a pure social call, perhaps to schmooze over lunch or dinner. But that's just wasting an extremely valuable resource – your executive's time. Remember that every meeting with a customer must have a *Valid Business Reason*. Here, I am not referring to *your* reason for the meeting but the *customer's* reason. In other words, why should the customer agree to meet with your firm? Specifically, in what ways will the meeting potentially benefit his business or provide future value so as to justify his investment in time? Do you, for instance, have a proposed solution for the customer's problem of increased manufacturing defects? If you don't have such a valid business reason, then the meeting will likely be wasting the customer's – as well as your exec's – valuable time. Moreover, before bringing a high-level exec into any meeting with a customer, you need to ask yourself the following question: "What can the exec do on this call that I (or others in the sales group) can't do?" If the answer is nothing, then why are you including the executive?

Mistake 2: Not standing up to Technical Buying Influences. The Technical Buying Influences at the customer organization will often take it upon themselves to protect their execs from meeting with you. ("Technical Buying Influences" are people who have the power to veto a vendor based on technical requirements, such as certain product attributes or legal constraints, but don't really have the authority to give final approval on a purchase.) At the same time, those same Technical Buying Influences may insist on meeting with your exec. Again, though, this is not a good use of your exec's time, and if you bring him into such a meeting he will likely leave thinking, "Why was I even here?" and you will lose all credibility with him. To prevent that from happening, you need to push back with the customer, diplomatically but firmly, saying "Covering the technical bases with you is my responsibility, not my executive's." If the customer still insists, you need to stand firm. I've found that a direct, no-nonsense approach often works best. If you say, "Hey, come on, you know how this goes. You're asking me to do something that isn't acceptable in my organization. Would you ask your people to do that in your own organization?" Often, by putting your foot down and calling out customers like that, you'll earn their respect, which will help facilitate your future dealings with them.

Mistake 3: Failing to take full advantage of your exec's participation. Instead of having your exec meet with Technical Buying Influences, you should use him to make contact with key people at the customer organization who have been inaccessible to you in the past, such as the final decision maker for your product purchases or even the C-suite people to whom those individuals report. You can greatly increase your odds of getting such a meeting by, for example, telling the Technical Buying Influences something like, "My executive VP wants to meet with your COO to discuss future business opportunities." Remember that customer executives (and execs in general) will often meet with people whom their direct reports ask them to see, but they'll rarely see anyone who solicits them by phone or e-mail. And they'll much more likely to meet with other execs who are at a comparable level in their organizations.

Mistake 4: Trying to use your exec after you've already been blocked. Many account managers and other sales professionals try to use their executives to gain access to someone at the customer's organization (for instance, an important decision maker) after others (usually technical buying influences) have already blocked that access. Be forewarned that this is an extremely risky tactic that could easily backfire. The person you are trying to reach at the customer's organization will often be offended by what you're trying to do. Consider what he is likely to think: "My people have already evaluated this vendor. They went through a formal process and said 'no,' and I trust my team. Now, suddenly the vendor wants me to get involved and overturn my team's decision. Why in the world would I want to do that? It'll only make me look like I don't trust my team, and then my team won't trust me."

Mistake 5: Using executives just for firefighting. Sometimes it's unavoidable. Despite your best efforts to stay on top of an account, something happens and you're in grave danger of losing that business. Perhaps a reorganization at the customer has left you with no "inside track" to key executives there. Or maybe your competitor has gained a toehold at the customer with a product that is technologically superior. Whatever the case, before running to a top exec at your firm for help, you need to ask yourself three questions: 1) Is the problem too large for the sales group to handle on its own? 2) Does the seriousness of the situation threaten our business with that customer? 3) Will the executive be able to help? If the answer is yes to all three, then you should enlist the aid of that executive quickly. But the larger point here is that you shouldn't rely on your execs just for firefighting because that just signals to your customers that you're basically interested in just the revenues you can generate from them. Instead, if you've established an executive call program through which your executives have already been in contact with certain key accounts, then those customers will see the relationship as more of a strategic partnering and less of a buyer-seller transaction, which will help facilitate the handling of problems when they do arise.

Mistake 6: Letting your exec meet alone with the customer. Executive calls should never be made alone, between just your executive and the customer. The only exception is when the customer insists on it. But be forewarned: that's usually a tipoff that the customer is unhappy about something. A client could, for example, generally like your product and company but might disprove of working with a particular account manager. And an executive call without anyone from the sales group defeats one purpose of such a meeting – providing your account manager or other sales professional with an entry into the upper echelon of the client's organization.

Mistake 7: Using the wrong execs. You have to ensure that you have the right people in your executive call program. The best participants are those C-suite execs who recognize the value of regular contact with important customers and who are aware of the benefits of relationship building. You also want people who can *engage* with customers. If a high-level exec doesn't have that quality, you might be better off handling customer meetings without him. One sales manager recounts the horror story of the CEO of a vendor who, during an important meeting with a potential customer, kept on checking sports scores on his BlackBerry device. To this day, years later, the customer still makes jokes about that particular sports-fanatic CEO.

To be sure, executive-to-executive selling is a demanding task, and there's no magic short cut: Execs will either find the time to do it or they won't. And those who don't will face the consequences. Indeed, even with the right processes in place, a company can still hit some rough patches. Remember Piyush Patel, the former CEO of Cabletron? He recalls the time when Riverstone Networks, which had recently been spun off from Cabletron, lost a million-dollar customer – British Telecom – because a competitor had top connections at the board level. "Once we lost that deal," remembers Patel, "we actually re-doubled our efforts."[9] Eventually, Riverstone Networks was able to win back that business, in no small part because of Patel's efforts. And the ex-CEO says he has taken a huge page out of the management book of his former boss -- Andy Grove, the noted CEO of Intel from 1987 to 1998. (Patel and Grove worked on the same floor at Intel.) Patel says that he was "paranoid" about losing business and personally involved himself with the sales force, regularly asking crucial questions such as, "Does the customer have the budget?" and "Are we talking to the final decision maker?" At the time when Patel ran Cabletron, he stated, "If you wake me up in the middle of the night, I could tell you about every small deal."[10] Obviously, not every executive will have that kind of intense commitment to the sales process, but you need to use the participation that you do have in the most efficient and effective ways. After all, an executive's time is an absolutely terrible thing to waste. ■

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