### *The Importance of Cash Flow*

The next concern for the buyer is cash flow (figure 2.14). There is a saying, "Cash is king." This old adage represents the need to assess a project's impact on the corporation's cash flow. Cash

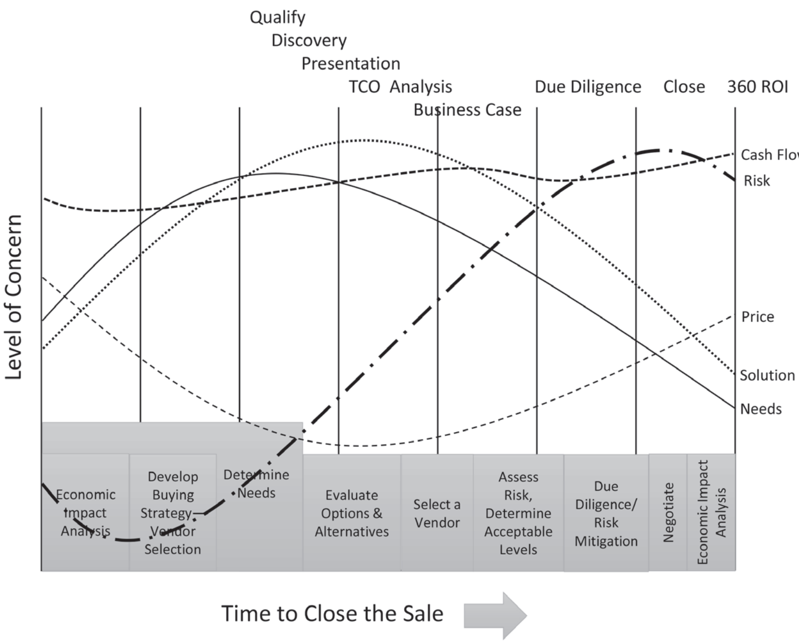



Figure 2.14 Buyers process / Concerns

flow was considered in the strategy-planning stage; however, as a sale progresses and especially at the end of the sale, the cash flow impact becomes clearer. The key point about this concern from a buyer's view is that it begins high on the Level of Concern axis and ends even higher at the end of the sale. This is a key factor in many strategic buying decisions. Corporations rely on cash flow for much of their day-to-day operations. If you positively impact cash flow, you improve your opportunity to close the sale. On the other hand, if you negatively affect cash flow, you could be in trouble. Cash flow is one of the most important concerns when making a major strategic buying decision. The buyer is looking for you to structure a deal where a negative cash flow is avoided.

The subject of cash flow is a great opportunity for you to be creative in your executive presentation. You have all the information you need to determine your impact on the project and the corporation's strategic goals. Use the data you have collected during discovery to develop a strategy that will help your prospect improve their cash flow. For example, one of our customers uses current maintenance agreement fees as the basis to reduce costs and increase cash flow. They structure their deals to eliminate the current monthly maintenance fee and replace it with a lower monthly fee that includes maintenance. They have sold a new system and reduced their customers' monthly cash flow requirements. Later I will cover how you need to look at your value proposition and its impact on cash flow. For now, simply realize cash is king!

### *The Bottom Line*

The final line on our diagram is the economic impact line (figure 2.15). This line represents the buyer's concern over the economic impact of a major strategic purchase on their financial reports and C-suite metrics. Buyers will typically look at a major strategic buying decision from many angles. One of those angles is the financial impact on a dozen or more key metrics. For example, a purchasing decision may impact their net profit, gross profit, ROA (return on asset), debt-to-equity ratio, ROE (return on equity), DSO (days sales outstanding), or any other number of metrics. These metrics help C-suite executives, investors, and shareholders determine the financial health of the organization. Negative impacts on any one of these metrics could affect the buyer's stock price and shareholder value, and limit the amount of investment coming from the outside. This is one of several reasons why economic impact analysis is such a critical part of the buyer's process. It also confirms the need for a sales professional who understands how their solution would affect an organization's overall financial health.

The most significant point regarding the economic impact line (figure 2.15) is the path it travels. It begins as the most important factor in the buyer's process and then drops to almost insignificance during the middle stages of the sale. Then it gradually rises to be-

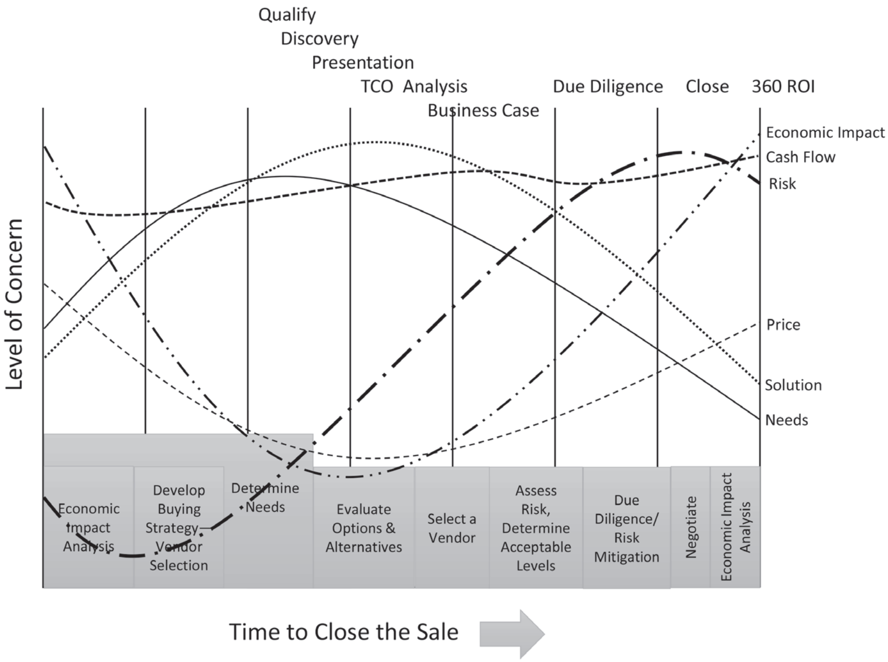



Figure 2.15 Buyers process / Concerns

come the most important factor at the end of the sale. This is a key point you need to realize when selling. Buyers won't even begin the buying process without an idea as to the economic impact of their buying decision. Once they go through the entire sales process with you, they may not buy at the end because their value hypothesis proved the economic impact analysis just wasn't producing the expected results.

### *Selling Then and Selling Now*

You have likely added tools and technology to your sales process to become more efficient, effective, and competitive. However, it is likely you continue to approach a sale as you might have in the past. Selling in today's B2B world is far more complex than in the past, and a straightforward step-by-step sales process will likely fail in the end. In other words, you cannot simply look at a sale as Target, Qualify, Meet and Greet, Presentation, Proposal, Due Diligence, and Close. These lines have now been blurred, and steps have been jumbled, delayed, and in some cases skipped. Mostly because of the unpredictability of the buyer.

Notice how simple selling was in the past (figure 2.16) and how much more complex it has become now. In the future it is going to be even more complicated, more blurred, and more difficult to predict.

You can see from the difference in the two diagrams that today, there are many more steps in the buyer's process, and many more concerns (lines) to deal with in the seller's process. Today's buyers are more careful and more focused on the economic impact a major purchase will have on their corporate financial health. In addition, the final strategic buying decisions are now made higher up in the organization, with a broader view of their needs in mind. In the past buyers focused more on features and benefits; today the focus has shifted to solutions. Buyers expect more from sellers, in that they want the seller to understand the corporate vision, and also to be aware of cash flow, economic impact, and ultimately risk mitigation when selling their goods and services.

The differences in the two diagrams is significant enough that you must think about the changes you need to make in your own process, approach, skills, tools, and training, so that you can compete at a higher level.

In addition, the buyer's process is ever changing. Of course I realize not every buyer buys in the same manner. The typical B2B buyer, however, has many of the same buying patterns I've mentioned. I

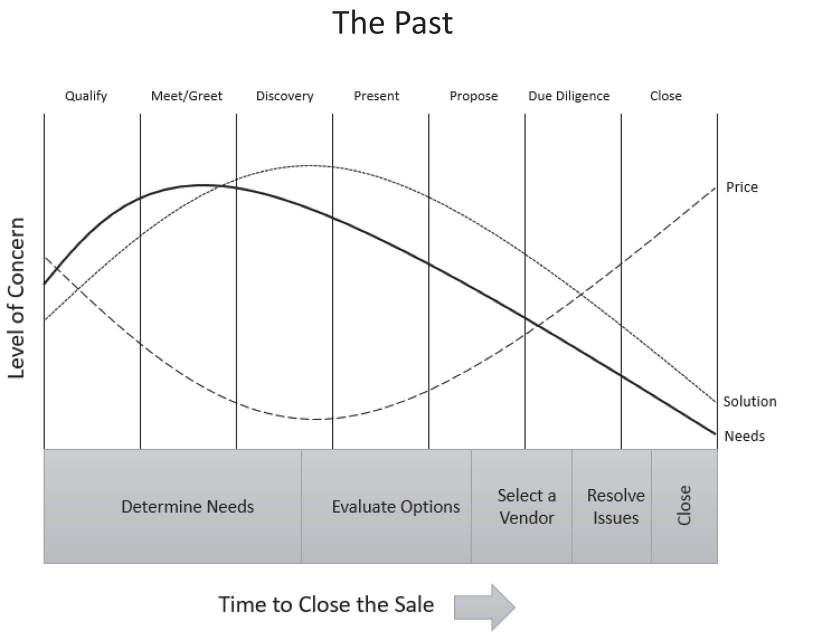
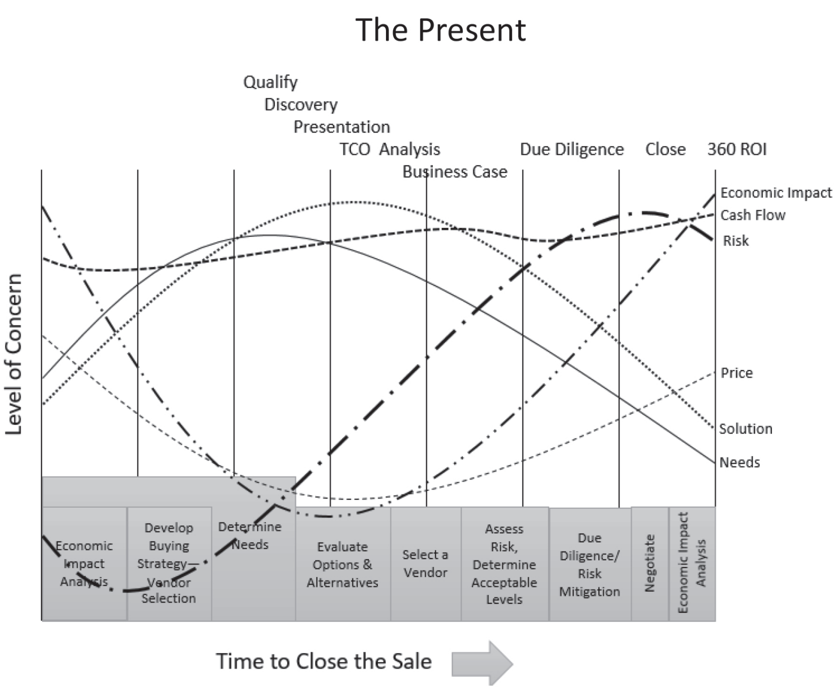



Figure 2.16 Buyer’s process / Concerns



will review these in more detail in the coming chapters. The most important point to remember, I think, is that as the buyer changes the way they approach the buying process (and ultimately, the way they buy), you, the seller, must adapt by making changes in the way you sell.