



The Don Hutson Report

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Global Expert on Sales & Negotiations

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Have You Ever Been in a Race to the Bottom?

It is not a good race, so don't sign up for it.

Over the weekend, Schwab publicized that it would now charge *zero commission* on all stock trades. No matter how you compute margin on this structure, it still comes out *zero*! Within forty-eight hours, TD Ameritrade, E-Trade, J. P. Morgan and Fidelity followed Schwab. In this morning's Wall Street Journal Schwab advertised a "Satisfaction Guarantee". *I wonder if others will follow suit.*

Just remember - anybody can choose to give their "stuff" (product or service) away! So, if you and your colleagues look at *price* alone and have no confidence that your *differentiators* make your proposal better than your competitors' zero commission deals, follow suit! But, don't expect anything good to happen. If you preserve your market share with zero commission transactions alone, you do so at your own peril.

My friend and client, Martin Michael, was telling me about an excellent salesman with his company, Will Schulte, and how he dealt with the price objection with a large sale of commercial seating.

Will already knew that the price of the chairs in his proposal were a good 20% more than the line the customer had been carrying for their rental division. Will's approach was to build his presentation on the quality and performance of the chairs in his proposal in order to justify the additional front-end cost.

At his first meeting with the prospect, Will realized that this sale was not going to be easy. As he had anticipated, price continued to be the primary objection. After several unsuccessful calls on the buyer, Will persisted in looking for the right button. Finally he found a way to let facts and figures do the selling for him.

Will did an analysis based on the records of the rental company he was negotiating with regarding their replacement and repair costs, along with life of their current line of chairs (being provided by his competitor). He compared these figures with records on his company's chairs in similar installations.

When this analysis was laid out in front of the decision makers, Will made the sale! He showed the rental company that, even though they were currently paying *less* on the front end for the competitor's chairs, they were really paying *more* over time.

Will's research demonstrated that, with his chairs, the customer would pay less in returns and repairs and enjoy a longer rental life by a substantial margin. The customer was also delighted to learn later that the resale of Will's chairs – *even after several years of rental* - turned out to be higher than the company was experiencing before! That customer became one of his biggest "advocates", and he kept their business for years!

Keep these principles in mind...

1. There can be a significant difference between "*Apparent cost today*" and "*Ultimate cost of time*"
2. Sell *VALUE*, not price!
3. Be certain that you know how your prospects define *VALUE*, as their definitions are the most important ones.
4. Respect the importance of margin and remember - when you give your company's products or services away to protect your market share, you compromise the viability of your enterprise and mortgage the future of every employee in your organization!
5. Don't participate in races to the *bottom*!

Here's a special note on a different topic:

Mark Sanborn, good friend and author of the million plus seller, *The Fred Factor*, just came out with a new book which I highly recommend. It is *The Intention Imperative*. Order your copy today – you'll be glad you did!

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