Come in from the Cold

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Cold calls. We've all made them (and hated it) and received them (and hated it). Yet even in the technology-driven world of the modern sales professional, cold calls still have their place. But a different approach is needed, argues Anna Britnor Guest.

Cold calling has a long standing place at the heart of sales and there are no signs that this is changing. In fact, a recent survey by Mentor (Infomatics May 2000) found that 25% of companies believed that telemarketing provided the best return on investment and 20% plan to increase expenditure in this area. However, over recent years the task of the cold caller has become increasingly difficult and recipients seem to be less tolerant.

Business life for the majority is frantic and pressure on time is ever greater. Steve Browning, an IT Manager, explains the changes to his working environment. 'Ten years ago I had a secretary to control contact and might have taken more time on the phone with the salespeople I did speak to. I certainly used to have five or six filing cabinets of 'useful' information from which I might source new products or suppliers. These days things are out of date and irrelevant so quickly that's no longer an option. 99.9% of the time I regard the telephone as an annoyance'.

In the meantime, the quantity of cold calling is increasing whilst quality is perceived to have decreased.

Andy Rawle, Network Manager, explains his approach to receiving cold calls. 'When the phone rings my first thought is 'Bet that's a salesman' and frequently it is. It amazes me how many databases my name must be on - I certainly get many more calls than I did a few years ago. They'll usually ask 'Are you responsible for…' or 'Do you have any requirements for…'. I normally suggest they call back in six months. It is a put-off but it's possible they may have something useful to contribute in a timeframe that suits me'.

IT Managers can readily identify some of their pet-hates when it comes to cold call technique. For Steve Browning it's over-persistence. 'When someone really won't take no for an answer they are probably destroying any chance of a relationship because I will remember them'. If pushiness is a problem then so to is 'mateyness' according to Rob Wyle, Desktop Services Manager. 'Cold calling is always problematic for both parties but the most annoying thing is when I've never heard of the caller and they treat me like their friend. I just need them to get to the point and tell me what they can offer'.

In considering how this situation has emerged, a few factors can be identified:

- Return on previous investment suggests that the approach is tried, tested and successful

- The wide use of sophisticated contact databases and CRM systems, many of which contain common data collected from sources such as exhibitions or supplied direct by the database provider, means that an individuals' details are more widely recorded

- Ever-growing pressure on margins and keeping existing, particularly for suppliers of 'commodity products', means increased cold call activity

- Inexperienced salespeople are often expected to cold call with little sales training, product knowledge or market awareness. No wonder, then, that recipients of these calls feel that cold callers often demonstrate a lack of understanding of what may be relevant to the customer's business

If companies are planning to extend their cold calling activities then surely customers will soon reach saturation point and new methods will have to be sought. There is no denying the fact that telemarketing or cold calling can be very effective when the right message is delivered to the right person at the right time - and in such a way that makes it immediately relevant to their business. However, this requires the individual to be knowledgeable and authoritative in communicating the message and the company to have the culture, systems and processes for capturing and managing such information. Few companies can boast this level of sophistication, often resulting in an approach only one step up from the days of 'face-to-face' cold calling, as immortalised by Willy Loman in Arthur Miller's 'Death of a Salesman'.

Business relationships are changing and companies that rely too heavily on cold calling may well miss the best opportunities. As Andy Rawle explains 'If we didn't have an existing supplier for something I would trawl through the business cards I had collected and then broaden my search to the Computer User's Year Book. Now I'll use the web and I'll be the one to make first contact. The relationship is changing - it's much faster-moving and flexible for the customer. I predict that business will increasingly go that way - cold calling is dead!'.

Whilst everyone acknowledges the explosion of the Internet, few suppliers seem to be optimising the opportunity. A study by Cranfield School of Management and Microsoft Business Barometer identified that 60% of companies interviewed are not implementing an ecommerce strategy and that CEOs claim that ecommerce will not alter the way companies work. Another recent survey by The Opus Group (Infomatics February 2000) identified that 94% of web-generated sales enquiries were ignored! Placing greater priority on responding to these warm leads would surely yield a greater return than cold calling, even if they do require greater qualification.

Establishing a web presence which encourages visitors to return and which allows interaction, whether through e-newsletters, discussion groups, on-line purchasing or personalised home pages, allows the supplier to understand areas of interest and to market to the customer accordingly. It also facilitates the development of trust within a relationship with very little risk to either party. These facts are true whether selling books or highly complex IT solutions, some just require more creativity!

The web may be a highly useful tool but, alone, it is not the answer to all new business development needs. There is no substitute for human contact. Using business contacts to network, identify leads and gain referrals is a very popular means of developing customer-supplier relationships. A survey by Mentor (Infomatics June 2000) found that 25% of new reseller business is generated from partner-provided leads. The accompanying statistic that these leads account for 85% of total leads suggests that there is an opportunity here to improve the conversion rate and therefore increase business. Anecdotally many SMEs reveal that all their suppliers have been identified through networking and referral but this approach is rarely used in a structured way by those selling to larger organisations, except at the top!

Finding opportunities to network with potential clients is especially important, whether through seminars, trade exhibitions, networking events or Institute membership. For instance, a supplier of CRM systems may find advantage in meeting Sales Directors in the neutral environment of an Institute of Sales & Marketing Management event.

In this fast-moving business world the companies that succeed will be those who proactively adopt a variety of marketing approaches and ensure that their communication is relevant and timely to the target audience - rather than those who simply play the numbers game.

So, whilst cold calling is here to stay, make sure your skills are ahead of the game by making sure you have something relevant and timely to discuss, and by avoiding the things prospects find most irritating:

- Asking 'Is there anything else we can help you with?' gives the desperate impression that you will sell anything to anybody in order to meet targets

- Being over-insistent - how can you build empathy if you are being pushy?

- Being 'matey' towards a prospect you don't know

- Displaying arrogance - the 'I can solve all your problems' attitude suggests they are helpless without you!

- Not doing your research first to understand something about the business or prospect's situation - at least look at the website!