

B2B Sales is B.S.

There is no such thing as business to business sales. I am not saying that businesses do not buy products from each other, just that there are no sales. Sales means that money is made. B2B is just an exchange of money. There is not a case of just playing a semantic game. This is a change in philosophy that will enhance the understanding of anyone that either buys or “sells” products within a supply-chain. Money is only made once the product is sold to the end user. Whoa you say... what if the business I sell to is the end user. To you I say you do not know enough about the business you are selling to. Individual people are the end users. For example, GE sells an engine to Boeing to put on one of their planes. Boeing sells the plane to Delta. Delta sells the seats on the plane to end users for their convenience. Delta is making money, the others are just moving it around.

At this point you are probably ready to stop reading. That is too bad. But, for a second consider this scenario. I want air conditioning in my Florida house in the middle of summer. So, I buy electricity from FPL. FPL buys coal from someone in West Virginia. The guy in West Virginia buys mining machines from someone else. And the mining machine guy buys diesel engines from Caterpillar. Where did the money come from that paid the Caterpillar invoice? It did not come from West Virginia, it did not even come from FPL... it came from me. All of those expenses are being paid out of the account that me and my fellow electricity enjoyers are filling up each month.

Hmm... sounds like common sense huh. Not really though. Take a look at the salesmen that you know that sell to businesses. How often do they layout how the company they are selling to gets the money to pay for the product they are hawking.

Let's take a business near and dear to my heart. Everyone knows that I want to do business with Florida East Coast Railway (FEC). What I have to sell them is project management and general management consulting services. Why would they want to buy these services? Well, it will benefit them by adding a greater level of piece of mind in knowing that projects will get completed on time and within schedule. It will also benefit them by having another person on their team that can look at problem solving from a different perspective. However, if FEC is going to hire me, they have to be able to pay me. In order to pay me, under these circumstances, they will have to get more money from Tropicana, Rinker or the automobile companies that ship cars on their railroad. Well, in order for those companies to be able to afford the increased prices of FEC's service, they will have to pass those costs down to the distributors and local sales points. Those folks in turn will have to increase the price to you and me, the end-users of those products that are being shipped on FEC rails. Because, we are the only source of money flowing IN to those companies, we will have to experience some tangible benefit to warrant the larger expenditure. This is where it gets really esoteric and difficult to understand. How the heck is one person going to be able to institute a benefit that will be tangible to the individual buyers? After all, when was the last time you were in Publix and said to yourself, “I really wish someone would do a better job of shipping OJ to my supermarket”? In this case I probably have little to no chance of succeeding.

We could spend the next few minutes discussing supply-chain value added services. This would be interesting but it would not help us in our quest of generating additional revenue to pay my bill. All the warm fuzzy's in the world will not add zeroes to the checking account that FEC uses to pay its bills. Increased revenue is the ONLY way FEC could afford these types of services as I described above.

There is another way but it is not called sales. I like to call it "investment." Let's say that the amount of cash in the system is fixed at a certain amount. How can I possibly convince FEC to give me some of that money? At this point, I hope the answer is pretty obvious. I have to save them money. I have to save them just one additional dollar more than they were paying before and still be able to pay my bill. They do not necessarily have to see this dollar show up in net profit. This dollar just has to now be available to spend at their discretion. Let's take fuel costs as an example. If I can implement an idea that saves \$100, I can charge them \$99. Now they have one extra dollar that they can spend on some discretionary event such as new technology equipment for long-term benefits.

This sounds extremely simplistic, but there are only two ways a company can afford to pay a new bill. Either their revenue and the revenue of every business between them and the individual paying the bills goes up or they have to stop paying as much money to the other people they are already paying. This is a pretty tough answer all the way around. However, I believe that if you can explain to your potential customers that you understand this concept AND how you are going to live within this concept, you will have a much better chance of doing business with them.

Like I said at the beginning, B2B sales is B.S. Successful B2B transactions can only take place when people understand that the investment is going to save them money or add such an improvement that the entire supply-chain will be able to puff out its chest and declare that amazing benefits that have been incorporated into the product that you and I are spending our hard earned money to procure. I think the "investment" strategy is a little easier to accomplish.

Just my thoughts...

JB