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Chapter Six: Uncovering the Prospect's Budget

► Chapter 1:
Why Have a System?

► Chapter 2:
Bonding &
Building Rapport

► Chapter 3:
Up-Front
Contracts



► Chapter 4:
Identifying Pain

► Chapter 5:
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Uncovering the Prospect's Budget

Chapter 6: Summary & Learning Objectives

Chapter Description:

Participants will understand why to talk about the investment issues early in the process and they will identify the key areas required to assure commitment to making the required investment.

Chapter Outline:

- ☐ Willing and Able
- ☐ The Sandler Budget Step
- ☐ Step 1: Summarize and Review
- ☐ Step 2: Is Money Available?
- ☐ Step 3: How Much Money?
- ☐ The Monkey's Paw
- ☐ The Bottom Line of the Budget Step

Chapter Objectives:

At the conclusion of this Chapter, you will be able to:

- ☐ List the three steps to uncovering the prospect's budget.
- ☐ List the three things that the prospect must be willing and able to invest.
- ☐ Realize why your money belief can be a problem.
- ☐ Explain a Monkey's Paw.



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Willing and Able

If you cannot work out the budget problems successfully, you cannot achieve a sale.

The prospect must be willing and able to invest:

- ☐ Money
- ☐ Time
- ☐ Resources

The roadblocks to completing a thorough Budget Step fall into two categories:

- ☐ Technical—knowing what questions to ask and how and when to ask them.
- ☐ Conceptual—selling behavior is affected by your own ideas about money.

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The Sandler Budget Step

There are three major steps in the Budget Step:

1. Summarize and review what you covered in the Pain Step and set the contract to talk about budget.
2. Find out if the prospect has money available to buy your product or service and where it will come from.
3. Find out how much money is available by responding effectively to the prospect's *yes*, *no*, and *maybe* responses (stalls or put-offs such as "We'll have it if we need it" or "We've used all our budget").



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Step 1: Summarize and Review

Summarize and review what you covered in the Pain Step and set the contract to talk about budget:

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Step 2: Is Money Available?

Find out if the prospect has money available.

Use various techniques:

- ☐ Reversing and negative reversing.
- ☐ Third-party stories.

EXAMPLES	NOTES
"Bill, have you given some thought to how much you'll need to invest to bring the production line back up to capacity?"	
"Joan, I don't suppose that you've put a budget aside for this project yet, have you?"	
"Tom, have you come up with a monthly allocation for this purchase?"	



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Step 2: Is Money Available?

EXAMPLES	NOTES
"Bill, usually when I work with companies that are as committed to reducing their down-time delays as yours seems to be, I find that they've given some thought to how much they would invest in new equipment. I was wondering if you might share your thoughts with me."	
"Joan, when I work with other companies on a project of this size, I find that they usually have funds allocated for each phase of the project. Has your company done that?"	
"Tom, most often when I meet with a couple like you and your partner, I find that they have a budgeted amount they'd like to stick to. Have you and your partner come up with that amount?"	

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Step 2: Is Money Available?

There are three possible responses when you ask if money is available:

- ☐ A **yes** response could be simply yes, or it could be something like, "We finalized the figures last week."
- ☐ A **no** response could simply be no, or it could be something like, "Nothing's been carved in stone yet."
- ☐ A **maybe** response usually appears in the form of a stall or an objection.
 - ☐ Stalls are usually defensive, for example:
 - ☐ "I can't tell you."
 - ☐ "Our company policy is not to reveal that information."
 - ☐ "You tell me what it's going to cost, then I'll tell you if it's within our budget."
 - ☐ Put-offs generally deflect your question:
 - ☐ "Money's no object."
 - ☐ "If I like what I see, I'll buy it."
 - ☐ "We'll spend whatever it takes."



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Step 3: How Much Money?

So now that you know money is available, you need to find out how much they are willing and able to spend on your products or services.

- ☐ Negative reverses
- ☐ Round numbers
- ☐ Bracketing

Don't forget to ask, "What if that is not enough? How would you come up with the rest?"

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The Monkey's Paw

From time to time, you will find a prospect who is willing and able to invest in your product or service, but is not ready to commit all the funds up front. Rather than create an all-or-nothing situation, you can divide the sale into two phases—actually two separate sales. Phase one could be a preliminary study, a pilot program, or a trial period for your service.

This approach allows you to demonstrate your ability to deliver, and it gives the prospect time to get comfortable with you with limited financial exposure. Take care to have an up-front agreement with the prospect ensuring that he will go through with phase two if predetermined requirements are met or results achieved. As an inducement, if appropriate in your business, part of the fee for phase one could be applied to the fee for phase two.

This strategy is called a "monkey's paw," after the nautical term "monkey's fist." Large vessels are tied to the dock with a very thick rope, the hawser line. It's impractical and dangerous to toss that heavy rope from the ship's deck down to the dockhands. Instead a smaller ball—a monkey's fist—is attached to a smaller rope, which is attached to the hawser. A crewmember throws the ball to a dockhand who uses the smaller rope to pull the hawser line down to the dock.

Likewise, if a prospect is considering investing a large sum of money for a product/service that he isn't sure about, he may perceive it as a potential risk to the company. So, if you are selling something that you sense may be too risky or expensive for the prospect to handle/afford, try starting out with something smaller, less intimidating—like offering the prospect a smaller price for a smaller portion of the product or service.

This accomplishes two things. First, it will build the prospect's confidence in you as a new supplier. Second, you will be out of the buyer/seller situation, because now you are working together toward a unified end result. And there is a connecting up-front contract to proceed to the second phase.



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The Bottom Line of the Budget Step



You can't lose anything you don't have.

Most people avoid going after budget information that isn't offered for fear of offending the prospect and losing the sale. We believe that you either face the issue squarely and get the information you need or you disqualify the prospect.

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Lessons Learned & Knowledge Testing

Chapter Summary:

Key takeaways from this Chapter:

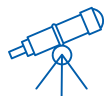
The Budget Step should begin only after a full and complete Pain Step has been reviewed by the salesperson, and he has removed the technical and conceptual roadblocks to conducting the discussion of money.

The prospect must be willing and able to invest the time, money, and resources needed to alleviate his pain(s). The major questions to be answered are: if appropriate money is available and how much money is available.

The monkey's paw is an additional valuable tool to use in the Budget Step.

Of course, being prepared with an appropriate story and the appropriate questions is only half the battle. The other half is having the confidence and courage to relate the stories or ask the questions.

In summary, you now understand the need for determining if budget is available and for identifying how much money is available.



Observations & Revelations:

During this Chapter, I learned:

As a result of what I learned, I will:

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Knowledge Testing

List the three steps to uncovering the prospect's budget:

1. _____
2. _____
3. _____

The prospect must be willing and able to invest _____ ,
_____, and/or _____ .

Before you leave the Budget Step you must be able to answer these questions:

- ☐ How much _____ is _____ ?
- ☐ Where is _____ from?
- ☐ What if it is not _____ ?

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Knowledge Testing

Why is your belief about money your number one problem during the Budget Step?

Why would you use a Monkey's Paw?



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