This is an edited transcript of the October 15, 2014 SmallBusinessTalent.com podcast interview titled *How Smart Entrepreneurs Win Customers For Life: An Interview with Dr. Richard Ruff*.


Stephen Lahey: Welcome to the SmallBusinessTalent.com podcast. I'm Stephen Lahey, and I'll be your host.

Winning customers for life is the Holy Grail for most of us as self-employed professionals, but it's not so easy to do, and that's why I invited world class business-to-business sales expert, Dr. Richard Ruff, to join me on the podcast today.

Over the past 25 years, Richard's work has varied in scope from delivering sales training to entrepreneurial start-up companies to international sales performance projects with large organizations.

His clients range from global corporations, like UPS, to consulting firms, such as McKinsey and Booz Allen, to medical device companies, including Boston Scientific and Smith & Nephew.

Richard coauthored with sales icon Neil Rackham two outstanding sales books, *Managing Major Sales* and *Getting Partnering Right*. He's also authored numerous articles and white papers related to increasing sales effectiveness.

Speaking as one solo entrepreneur to another, I have a question for you today. Are you ready to learn what it takes to master consultative selling and win customers for life? If so, then get ready to take some notes.

Welcome to the podcast, Dick. Thanks for making the time to be here.

Richard Ruff: You bet.
Stephen Lahey: You have a really impressive background. To kick things off, tell us more about your professional journey and what prompted you to become an entrepreneur in the first place.

Richard Ruff: Well, educationally speaking, I started out at Rensselaer Polytechnic Institute for my undergraduate work and then went on to the University of Tennessee and got a doctorate in organizational psychology with a heavy emphasis on research methodology and psychometrics. Career wise, I actually started out doing educational research, primarily with a research institute at Ohio State University.

In 1980, after spending about 10 years or so doing educational research, I had an opportunity to get into the sales training business, which was substantially different than what I had been doing for the first 10 years of my career. It was with a company called Huthwaite, and the guy who started that was a gentleman by the name of Neil Rackham who developed SPIN Selling.

Huthwaite was really one of the founding companies in the sales training business, so it was a tremendous opportunity and it was during the start-up time in Huthwaite. So I decided, after a little bit of deliberation, that getting into the sales training business would be a terrific opportunity.

I spent about 20 years at Huthwaite and during that time explored many aspects of the business, from designing sales training to selling and managing our major accounts, and at the end I was actually directing our sales team. So that was 20 years learning all about sales and sales training.

And then as the century turned to year 2000, my partner and I decided to start our own sales training business. Again that’s a pretty major jump. When you’re with a company you have a tremendous support system, so when you go out into the your own business there’s obviously some risk involved, but we decided to do it.

So in the year 2000, we started Sales Momentum and we’ve been doing it ever since. Our focus for starting was specialized in serving Fortune 1000 companies that were engaged in the classic B2B kind of sale. Fourteen years
later, I think it was perhaps one of the best decisions of my career. At the time, it was a little scary, and it took us a little time to get going, but I think the reason for it, honestly, Steve, was a matter of control. In the end, after you spend a long time in anything and you develop a certain skill set in a profession, you really like to try to go beyond and do what you think is right and the kind of work that you think is really important. That's hard to do inside of any company because there are constraints.

As a solo entrepreneur, yes, there is risk, but you do have the opportunities to do that which you think is important. I think that was probably the driving reason to make the jump.

**Stephen Lahey:** First of all, I just want to tell everybody, if you haven't read the book *SPIN Selling*, I don't know how many editions it's up to now, but it's a very popular book. And it's absolutely outstanding.

Dick, as I mentioned before the interview, when I first started selling in the early 90s *SPIN Selling* changed my sales life. I mean, it was an incredible resource. When I realized that you had worked with Neil Rackham and that you had been heavily involved in developing that, I was thrilled to talk to you for that reason alone.

But, in what you've said just now, as well, I think so many of us can relate to it on a personal level. When you launch your own company, it all comes down to having more control, as you said.

Now, to switch gears, what actually brought you to the podcast? Well, what really triggered it was that you recently published an article on LinkedIn titled *Don't Just Close a Deal, Win a Customer for Life*. I think that's a fascinating topic and it's a philosophy that I agree with. It's one of the reasons why I started to work on my own because I think the only way to do that is to really partner with and work with the client, not just to sell them stuff that your company wants to push.

So, Dick, talk to us as consultants. A lot of us are basically independent consultants and other professional service
providers. How can we “win customers for life” from your perspective?

Richard Ruff: It is a topic that's a big deal, if you view it from a solo entrepreneur point of view. And let me take it from a couple perspectives. First of all, why is it such a big deal? Why is that important? And why does that make sense? I think there are a couple reasons that make the short list.

One is one of the things that I’ve found both personally and from my colleagues and other folks that I’ve run into who are solo entrepreneurs is they really love their work. That's why they do it. And they work really hard at it. The point about a “customer for life” approach is that you have an opportunity to do more interesting work. It's going to be the odd situation if you're constantly just doing one-off projects with clients that they're going to give you the really interesting work. They don’t know you that well. I mean, there's no proof base.

So I think one of the reasons for doing the customer for life perspective is it provides you the opportunity to do really interesting work, and I think that's a reason a lot of us are doing what we do. So that's reason number one.

The reason number two is I think that it helps you to avoid burn out. I think one of the problems of a solo entrepreneur is you don’t have an infrastructure. Like in our organization, by intent we’ve kept it very small. It's just my partner and myself. In order to scale it, we use alliance partners and 1099 folks, but there are only two of us when push comes to shove. And it's really easy to burn out if you're constantly doing one-off projects. So you get a project, you put a whole bunch of work into it, therefore you don’t have time to sell, so by the time you're done with the project there's nothing in your pipeline and then you got to run around like crazy and try to generate business, and it's a vicious cycle.

Well, if you have a customer for life perspective, you're going to get repeat business. That means that you can start to break that awful cycle that in the end, if you do it for a long time, it will burn you out.
The third one is very pragmatic. I think you actually end up making more money. You get a chance to do larger projects. You get a chance to not only do more interesting ones, but ones that the clients are willing to pay top dollars for. So the notion of developing a customer for life, which is another way of saying repeat business, it's really important. I think it just makes real good sense.

Now, how do you do it? There are a couple of things, I think, that we’ve learned. One is you do have to be selective. Not everyone who is a customer wants to develop the kind of partnership that would characterize a customer for life situation.

So in your own mind and with your own discipline, you have to figure out some indicators of what a customer might look like who would have an interest in forming that kind of long-term relationship. And it takes a lot of work to lay the foundation for building a customer for life, so you’ve got to get that right because if you put all the work into it and then go, well, this was kind of one-off, we’re not the kind of company that likes to do repeat business, then it’s pretty expensive both physically and psychologically.

So I think you have to know what characterizes the client who would be interested in doing that and understand how to get early indicators of that. So that's a be selective perspective.

The second thing, which I think is true, and again, this is if you're a solo entrepreneur, I think you have to specialize. And let me take our own case. We're in the sales training business, my partner and I and the dog, and so we're competing against very established companies, companies that have very large staffs, very well funded, and when you're going after Fortune 1000 companies as clients, you're going to compete against the very best.

So we've tended to specialize by market. About 75% of our business, Steve, is in the health care market. I think that's important because it makes us competitive. We know a lot about health care as an industry. As a matter of fact, we know as much about it as our larger, more heavily funded
competitors. So when we compete with them for business in the health care market, we can stand our ground.

If it's just you and maybe one other person, you can't be an expert for everyone on everything. So pick what you're going to do because I don't think you can develop a customer for life unless you're really an expert in something that they value. I think that's important to get the work because like in our case where we deal with large billion dollar companies in health care, they expect us to know that industry. And I think it's important from the perspective of doing the work, too. It's very hard in our world, and I'm sure in most of your listeners worlds, to do what they do without a deep understanding of the business context within which they're operating.

So the first thing was being selective. The second thing is specialize by some parameter. We picked market. You can specialize by product, etc.

But you can't be all things to all people. And some folks I've run into who are solo entrepreneurs do take that perspective because they think, well, I've got to generate business, I've got to do what's necessary. I think you end up going down the wrong trail if you do that because the smarter clients, the clients that want to form a relationship for life, recognize nobody can be good at everything.

I think the third thing is you really do have to get good at selling. You have to put more time into preparing and planning for every interaction with a client. This is over and above your technical expertise. You have to plan how you're going to bring value in every interaction with a client and you have to get good at the fundamentals of selling.

There are some fundamental principles that customers for life value, in particular. And they're straightforward. It's things like do what you say you're going to do, and if you don't know, don't pretend. These are smart folks on the other side of the table. Principles like that are easy to say, but the big deal is that you have to do them all the time, every time, and do them better than anybody else. And so you've got to know those principles and you've got to live by them if you want to develop a customer for life.
Let me give you one example of the payoff. When we started our business all those many years ago, one of my major clients at Huthwaite was UPS. And UPS is obviously a major logistics company. Worldwide they have 3000 sales reps. They have 200 national account executives. So from a sales training perspective, they're a big deal. Well, I had worked with them at Huthwaite. I didn't have non-competes and stuff like that. And when I left, I had developed such a relationship with them that a contract was literally in the mail when we opened the door, and that's because of the relationship we had. We have literally continued doing business with them over a ten year period, and that's just the two of us with a company that's a Fortune 500 company. At the time, that contract in the mail when we were first starting the company meant a lot.

So I think the payoff of developing the perspective is really difficult to overestimate. But that was kind of the thinking behind the article, Steve.

Stephen Lahey: Loved it – great message. And I want to back up just for a moment. You said so many interesting things there. I'm going to hold myself back from asking too many questions, but I'm going to ask one to start. You mentioned something that I so agree with. That is basically you need to really know how to recognize a potential ideal client or a client for life. Can you give me an example of what you look for in your current practice, some of the indicators of a client for life and what they represent?

Richard Ruff: Yes, I've actually spent a lot of time thinking about that. And at this point I can often tell almost in the first phone conversation. I look for indicators. Like in our business, we have clients that will call up and say I want to do a training program in sales negotiation and I've got some time at the national meeting. We've got Friday afternoon because we don't have anything in that spot and I want you to do something that's kind of quick and fun and engaging in three or four hours. Well, right there you know by the way the client has defined the opportunity that they're not a prospect for a customer for life. They're not really taking sales training seriously. If you genuinely believe in the potential of sales training, then you're not cramming it into Friday afternoon at
your national sales meeting where everybody is thinking about catching a plane home. So you can know things from how people frame the problem.

You can also assess by asking certain kinds of questions initially. What has been their history? For example, in our world, the person who does sales training because they're in a pickle is one thing. Like, wow, we didn't meet our revenue numbers last year. Everyone is screaming at me. We've got to do something. Sales training is one thing we could do, so I've decided to do some of that. It's all about fixing something. The need has been generated because something went wrong versus a more proactive person who says I've looked at our industry, our industry is changing, I need to help our sales to adjust and adapt their skill set for stuff that they're going to have to face two or three years from now. That's the perspective of somebody who is looking for training to help them to drive a strategic direction of the company versus getting somebody off their back.

I think each industry has a set of indicators, but I think they do center around the seriousness with which someone is taking your solution. Is it just about magic and fixing something? Or is it a strategic component of the direction in which they want to go? It's very difficult to imagine someone working with you over time if what you're providing is just a Band-Aid.

Stephen Lahey: Well, it's absolutely the case that some industries are going to have more of a need for sales training, for example, than others from a strategic standpoint because they're sales driven.

Richard Ruff: Right.

Stephen Lahey: I would say to any listener who is thinking about the question "Where should I focus my business?" that if your current strategy isn't working, then you might want to think about how can I focus on an industry, or type of client, decision maker, whatever, where what I am providing close to the hub of the wheel for them and their company. You mentioned strategy. Well, if you look at health care, I'm going to
imagine it's not marketing driven. It's sales driven as an industry.

And then the same way, if you look at say really big companies in the consumer packaged goods arena like Coca Cola and so on, you could say they're sale driven. Well, to some degree, yes, but they're also marketing driven, as well, and you can see that in their advertising approach. They're spending a lot to reach consumers.

So if, for example, you have different types of services that you can sell to Coca Cola, well, if their marketing results are going to be improved, then you probably have their ear. If you can prove it, then you might have a customer. But it really has to be that hot button towards the hub of the wheel. Something that is central to their strategy. Wouldn't you agree?

Richard Ruff: I don't think there's any question about that. There are companies, for example, that are very manufacturing or operationally driven and sales is on the sidelines. Other companies, for example the Xeroxes of the world or the IBMs of the world, they're sales companies. They genuinely believe that the whole company has to come to the party when it comes to sales. But if you picked to try to get a customer for life for a company which is fundamentally an operationally driven company in our world, that's like pushing a boulder up a hill. You're probably just not going to get there because they don't value sales. That's not part of their core culture. They're a manufacturing company, that's how they think. But of they're a marketing company, that's where they think they're going to get the edge.

So you've got to know that, and that's back to that “be selective” thing. You've got to pick something. Like health care is a good example. We gave a lot of thought to that. Right now, for example, health care is really serious about sales training because of the Affordable Care Act. That has totally changed what hospitals are doing. Hospitals in the next three years will change everything about how they buy and what they buy. Well, that means if a customer is going to change how they buy, then the vendors have to change how they sell. So it is an industry that has to seriously
consider sales and hence sales training as a strategic part of their future. If I picked something else, it could have been a bad choice. You’ve got to get that right because as a solo entrepreneur, you unfortunately aren't allowed too many missteps.

Stephen Lahey: As we move towards the last third of the interview, I would love to give folks an overview of what I would term the “consultative sale process”. That's something that you know a great deal about because you've been doing this for a long time and you live it in terms of your own business.

So I would love it if you could give us an overview of the consultative sales process, and then also drill into some of the resources that you provide to help people actually get those consultative sales skills.

Richard Ruff: Again, Steve, let me tell the story from a personal point of view. As I mentioned, I'm a psychologist. Previous to going to Huthwaite, I had never sold anything to anybody. I didn’t know anything about it. I never took a course in it. I didn’t even take a course in marketing in school. So I must admit having gone to RPI and getting a doctorate in psychology, when I thought about going into sales, that was a really intimidating thing for me personally.

Part of the reason for that, I think, was that my image of sales was driven not from my own studies or previous work, but rather it was driven by all sorts of images floating around out there.

I had this image that sales, in order to be successful at it, you had to be really assertive. You had to be pushy. You had to do what it takes to close the deal. So as I thought about those things, I thought, first of all, I don’t like those things and, secondly, I'm not sure that's who I am. I view my competence as my profession, not this I got to talk somebody into buying something. So I had this somewhat negative image of sales and if I was going to have to get good at it, I was going to have to sort of trade off a lot of things which I, quote, valued.
Well, that's all nonsense. Sales is none of that. Sales is a profession just like marketing, just like engineering. It's not about tips and tricks. It's not about magic. It's not even about charisma. It's about a set of skills. There are a set of fundamental principles, there are a set of best practices, there are a set of skills that if you get good at, you'll be good at consultative selling.

I think that for a lot of people who come from somewhat technical backgrounds and who are now solo entrepreneurs, they've got to learn a new set of skills called consultative selling. And this is just like learning any other thing. It's just like learning mathematics. A matter of fact, it's hierarchical like mathematics. So it's just learning skills, not tips and tricks, and it's not being overly aggressive or overly assertive, any of those things. It's being competent. I think that mindset is important because if you think you can do it, you really can. Trust me, if you're an engineer and you learned calculus, for example, you can learn selling. That's the first perspective.

Now, what is consultative selling? Consultative selling, first of all, is not about pitching in a clever way. It's about becoming a trusted advisor. In today's markets, irrespective of the market, what customers expect—and the higher up, by the way, in the organization that you go, the more this is true—consultative selling is about doing what it takes to help the customer to define their problem in a better way than they could do it by themselves and to bring imagination and creativity, you're solving it.

It's a business conversation. It's not a pitch. There, again, the right mindset is important to have as sort of a foundational thing.

Now, what are some of the best practices and skills? Well, there are three or four that kind of jump out.

One is if you're going to be good, Steve, at consultative selling, you genuinely have to understand your customer. You have to understand their industry. So in our case when we specialize in health, we have to really understand what is going on in the health care industry. What are the trends?
What are the economics that are driving that industry? So you have to understand the industry.

You obviously have to understand the specific company which you're trying to get as a client. And again, if you're trying to do a customer for life, all these things just increase in importance. So what are the specific situations that the company you're trying to get as a client are facing? What are their problems? What's their strategic direction?

That takes time. You have to commit time to genuinely understand this company before you ever even make sales calls. Do the research. Do the background preparation. And today, we have so many tools that can help us do that versus 20 years ago that you can find out almost everything you need to know about a company without ever talking to them.

So, know the industry, know the company, and know the individual you're talking to. One of the characteristics of consultative selling is you're not selling a product, you're selling value. But the thing of that is each person has a different perspective on what constitutes value.

Inside an organization when you're talking to somebody, for example, at a CEO level, they have one perspective about what value is. CEOs, for example, tend to worry more about the future than the present. They worry about the unknown versus the known. They think strategically versus tactically. Well, for them, you've got to have that kind of conversation. Value to them is helping them to think about the future, to help them to think strategically.

If you're talking to someone on the operational side of the business, it could be how do you bring value to them by solving a very specific tactical problem. It's a different conversation. So you have to know the industry, you have to know the company, and you have to know the individual's perspective that you're talking to. That is just preparation and planning.

One of the major traps is people going in to interactions with customers not spending enough time in preparation and
planning before the interaction. That's one piece of advice I would have for anyone who wants to get better at consultative selling. Spend a lot of time in preparation and planning.

The second thing is—and this is part of trap, Steve—I had the opportunity over the years, we go on a lot of sales calls with our clients, so I get to sit in on calls and watch what people do. If someone were to ask me what is the number one mistake that salespeople in general make when they're trying to really do consultative selling, it's they talk too much. It's they talk too much and they talk too soon.

The research is clear. If you look at successful calls with customers—and these are classic B2B customers—successful calls, the buyer is talking more than the seller, and the sellers ask a lot of questions. If I had to pick a notional number just to judge, if a client is talking about 70% of the time in the sales call, you're probably about right. You look at most people when they're selling, they're spending 70% of the time talking. That is a classic trap.

The research that we did at Huthwaite and that Neil Rackham did so exquisitely documented this every day but Sunday that you have to spend time genuinely understanding the customer's needs and then positioning your solution against those needs. You have to talk about something that matters to the customer.

I use a little thing when I'm doing sales training with people, it's to say if you want to keep a little notion in your mind, keep this notion. Ask, listen, and then talk, and don't do that in reverse. So get really good at asking the right kind of questions so that you can genuinely understand where the customer is coming from, genuinely listen to what they're saying, and make sure they know you're listening and then start talking about how you can help them. Versus asking a couple of questions and saying, oh, you probably want something like this. That's a major mistake.

Those would be some of the things that I think are important to keep in mind in consultative selling. It's not tips and tricks, it's not magic, it's a set of skills. You've got to get good at
understanding the industry, the organization, and the individual customer and you have to get good at avoiding the trap of talking too much. You do have to get good at really asking questions and listening.

Stephen Lahey: Yes. And one of the things that you said that I just want to bring home for my listeners because it's so important. When we use the word customer, you might think, oh, I'm doing business with a company. Well, you are and you aren't. You've built trust with individuals within in that organization. And it's a constant process, especially when there are multiple people involved in making decisions, of keeping that trust, keeping that relationship strong, and sometimes expanding it because the people who you are doing business with today, well, they may change over time. That could be good for you. They could go to another great company and then you have a relationship with them there. However, I think we must never lose sight that it's about their individual needs.

Richard Ruff: That's a big deal. I mean, it's a big deal from all kinds of perspectives that in the end you absolutely are talking to an individual. And what is of value to that individual is unique. You have to genuinely understand where they're coming from. And if you're talking to a VP of finance in one company, don't assume that the next VP of finance in another company is going to have the same set of values. They aren't. It's very specific to each individual.

The other thing I found out that, to build on your point a little bit about the individual, when I've seen really good solo entrepreneurs, and this is—larger companies have people that maybe do this and the individual doesn't have to do it, but you're a solo entrepreneur, you have to do a lot of things all by yourself—it's keeping track of individuals. So when you develop a relationship with a person in a company, if they move keep track of them. Send them something. All the time. Make sure that you develop a rolodex or tracking data so that everyone that you have talked to, you know who they are, where they're at right now, and you're constantly contacting them for some set of reasons.
Like in our little world, we do a modest amount of writing, so we keep track of everyone we've ever had as a client and we send them every quarter a white paper of some kind on some specific topic that we've written about. And the whole idea there is right now they might not want to do business with us because they don't have a need for sales training, but the whole idea is how you keep yourself front of mind with people that you know. Because six months from now they may get the request to do some sales training and they just got a white paper from us and they remembered who we were, so they'll give us a call.

You've got to be sort of systematic about all this, but fortunately today there are so many computer-based tools that make that a world easier than when I started 25 years ago. But do it. And if you don't, I think the notion of developing customers for life is probably academic.

Stephen Lahey: I wish we could continue to talk about this because you have covered a wealth of really important points, but we do need to wrap up. And as we do that, I am sure a lot of listeners would like to connect with you online, learn more about you, and potentially look into buying your online sales course for individuals. So if you would tell us, first of all, where they can find you and, more specifically, what can they find in terms of online sales training for individuals.

Richard Ruff: Sure. First of all, the best way, and probably the most useful for your listeners, because we have several websites, is to visit SalesTrainingConnection.com. That's our blog site. We write three blogs every week about selling in the B2B market and the topics are wide-ranging all the way from how do you sell to senior executives, to how do you develop internal champions, to how do you do coaching, so we're covering all the broad base of topics that essentially go into the competencies required for consultative selling.

And we always post our white papers and eBooks there. You can download all that stuff for free. It's all free. For example, one of our things we just developed for free is a smartphone app where we included on the app all the best practices you need for things like closing and handling objections and asking questions. Kind of the core
competencies for planning and executing sales calls. We put it all in a smart telephone app. And you can download it either for Android or for iPhone for free.

The online sales course you mentioned, one of the things that we're doing, we're moving all of our stuff onto online training. The company that we chose to do it with is one of the large corporate online universities called Udemy. You can go to Udemy.com and they have all kinds of courses listed in every which thing. Ours is obviously listed under sales skills. So go to Udemy.com and there will be a place where you can key in what kind of course you're looking for. Just key in “sales skills” and our course will pop up. Our course is called Sales Skills-Communicate with Customers to Win more Business.

It's two hours. There are a couple of lectures that are free. You can look at those to see if you like it.

It's only $99 and it's the kind of stuff that we have done with our B2B clients in a classroom that we obviously used to charge $400 and $500 a person in a classroom environment. So that's sort of an affordable, quick way to get a whole bunch of best practices in consultative selling and you can kind of do it leisurely at your own time at a modestly affordable price.

Stephen Lahey: Yes, absolutely. It's such an important skill set, especially for solo professionals. And this is too reasonably priced to pass up.

Well, thanks again so much for joining me on the podcast, Dick. I'm sure we'll have to have you back again because this is fascinating. I appreciate your time.

Richard Ruff: It's been great, and thank you for the opportunity to talk with your audience.

Stephen Lahey: And to our listeners, thank you so much for spending your time with us today. If you like what you heard, visit SmallBusinessTalent.com now and subscribe to this podcast by email. When you do, you'll be alerted whenever I post fresh podcast content, of course, but you'll also receive
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