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Developing Relationships with Clients

This chapter covers:

- Customer Relationship Management Systems
- Key Account Management
- Negotiating with prospects
- The price factor
- Demonstrating and adding value
- Providing solutions
- Dealing with objections
- Walking away – unsuccessful negotiations

Customer relationship management systems

In order to turn qualified leads into actual revenue, it is essential for venue sales staff to efficiently manage those leads and develop relationships with them. Keeping track of where customers – and potential customers – currently are in the sales cycle is an important activity for every sales-driven business, and in order to do this, venues, just like any other businesses, need a formal, standardised way for staff to monitor their relationships with customers – especially when there is a team of people working in sales.

This is where a customer relationship management (CRM) system plays a central role. A reliable CRM system is vital to the successful functioning of any venue's sales activities. Such systems are usually built by the venue's management as a tool that allows their leads database to be efficiently managed through some form of software solution such as the Microsoft Windows package, GoldMine; or by using a web-based system such as Salesforce; or by simply using a system of shared Excel documents. More recently, open source CRM solutions have also appeared on the market – a group of software products, for which access to the source code is open, giving programmers the opportunity of making particular modifications to suit their company's unique business requirements. Open source CRM products are not free, but are often available at a significantly lower cost than commercial software, due to the differences in licensing agreements.

Whatever the technology used to drive the venue's CRM system, all relevant information about each lead in the database should be recorded there, as it will be useful at different stages of the sales process. In Chapter 2, we listed the basic information – to be captured on any prospect at the initial stage of being entered into the database. But for those leads qualified as being potential clients of the venue, all of the venue's dealings with the lead, as well as actions taken in connection with those dealings, should be systematically recorded. This will mean that any member of staff can log into the CRM system at any time and get access to this up-to-date information.

At a very basic level, the purpose of a sales CRM system is to organise the venue's sales process, improve communications between members of the sales team and managers, and free up staff time for sales tasks by improving efficiency. But CRM is not just the application of technology. It is an entire strategy which has as its objective a focus on customers' needs and behaviours in order to develop stronger relationships with them. One way in which this is achieved is through any effective CRM system's ability to develop more tailored communication channels between a venue and its prospects and clients.

Key account management

Another benefit offered by a CRM system is the effective management of key accounts. Key accounts are, fundamentally, those accounts (customers) who have been qualified as being of most value, actual and potential, to the venue. For example, the venue may have 10 accounts that, between them, are responsible for 60% of overall sales. These are known as key accounts, and they may be, for example, corporate clients, associations or agencies. Whatever segments of the meetings and events industry they represent, however, they are clearly of considerable strategic value to the venue. For that reason, their management is, by definition, among the most critically important of the venue's sales staff's activities.

Due to the significant returns which key accounts represent, the venue's sales force generally invests a significant amount of time and energy in establishing and nurturing these accounts. Larger venues may employ a key account manager (KAM) who is exclusively responsible for working with the venue's top 10 accounts or top five accounts, for example. For each of those accounts, the KAM should aim at establishing a close, personalised relationship in a way that he or she becomes a 'one-stop-shop' for the account – their designated contact within the venue.

For each key account, the KAM should develop explicit sales objectives and revenue targets. This can only be done if the KAM has extensive knowledge of the key account's business and its operations. For example, through their interactions with a key account, the KAM may learn that they hold 10 training events each year. Based on that knowledge, a target may be set, regarding how many out of the 10 events the venue can win. Half of them? All of them? Whatever the target set, this will give the KAM something measurable to aim for.

But, the management of key accounts should go beyond the mere setting of targets. An effective key account development plan would not only include sales objectives but also details of how the KAM will interact with the key account throughout a period of time, usually one year. For example:

- How many times in the year the KAM will meet with the key account for a review

- How many times in the year the key account will be invited into the venue for a refresher site-visit
- How and how often during the year the key account will be entertained, through, for instance, an invitation to lunch.

All of these interactions are opportunities for valuable face-to-face communication between the KAM and their key accounts. As such, they offer opportunities for the KAM not only to maintain the key account's value to the venue, but also to increase it. For example, one of the objectives in the key account development plan may be for the KAM to explore whether other departments, apart from the key account's own department, in that organisation hold events and, if they do, what types of events they are: training courses, awards ceremonies, hospitality events, and so on. A further objective might be to find out whether other branches of the key account's organisation – or their sister companies – may also require a venue for their events. Having obtained the details of other bookers in the key account's organisation, the KAM would then arrange meetings with them in order to qualify them and explore their needs. In this way, the key account's full potential as a client can be realised.

Negotiating with prospects

At any meeting between a representative of a venue and a prospect who is seeking a venue for a specific event, the negotiating process will inevitably get underway. The rest of this chapter examines the different elements of that process and ways in which venue representatives can most effectively win the confidence of prospects and convince them to become clients of their venue.

The ability to negotiate successfully is a key skill for any venue sales manager. Negotiations most often take place directly between the venue sales manager and a prospect representing the buyer organisation. But the negotiation may also involve an agency – the type of intermediary, working on behalf of the prospect, whose role is described in Chapter 4.

Negotiations between venues and prospects or agencies can take place in a number of different locations. But they usually occur when