

SCARED STRAIGHT: SELLING TO THE RISK-AVERSE BUYER

The Buyer's Dilemma: Every purchase involves some element of risk. Stakeholders are challenged to balance the business outcomes (impact of your solution minus the cost) of a purchase decision with the downside risks—both personal and business—as perceived now.

In many cases, the preferred supplier isn't the one offering the least expensive product but the company that can best predict, minimize, and correct sources of risk. Buyers are struggling to craft a plan that insulates themselves and their organization from harm.

The Seller's Challenge: Buyer-centered sellers help buyers manage the perceptions of risk and feelings of fear that can undermine their willingness to change.

The seller's ability to help buyers put aside fears can make the difference between winning and losing a deal. Why? Purchasing decisions often involve several or many stakeholders, each harboring different perceptions of risk and fears of failure.

Types of Buyer Risk

1. Financial	7. Physical
2. Unfamiliarity	8. Time
3. Personal	9. Natural
4. Operational	10. Execution
5. Resource Allocation	11. Reputational
6. Performance	12. Dependency

Risk

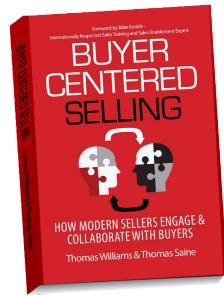
Risk is the chance that something can go wrong.

Risk Aversion

A disposition to act or avoid action based upon a person's perception of risk.

How Buyer-Centered Sellers Mitigate Buyer Risk and Fear

1. Plan Frequent and Open Communication
2. Identify Review Processes
3. Plan On-Site Technical Expertise
4. Solicit Frontline & User Feedback.
5. Share Relevant Testimonials, References & Case Studies
6. Customize Planning Documents with Realistic Timelines
7. Build "Change Coalitions"
8. Engage Pockets of Resistance
9. Identify "Owners" and "Loaners"



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The Risk Assessment & Mitigation Worksheet can help you identify the twelve major buyer risk categories and the reasons underlying a stakeholder's perceived risk. You can use the worksheet to rank the probability of each risk as high, medium, or low. Finally, you can develop specific risk mitigation strategies for your sales organization. This exercise should be done for every major product or project that you sell. Once completed, share this process with several stakeholders and get their input.

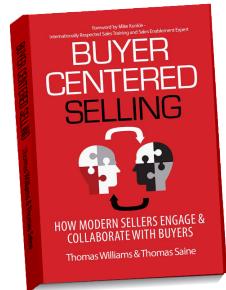
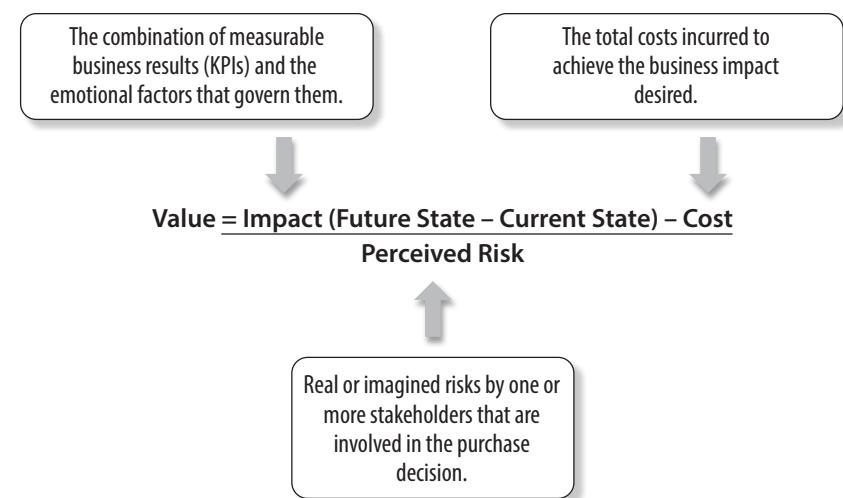
ADDENDUM 9: RISK ASSESSMENT & MITIGATION WORKSHEET

Risk Assessment & Mitigation Worksheet					
Buyer Risk	Stakeholder & Title	Probability			Mitigation Strategy
		High	Medium	Low	
Financial					
Unfamiliarity					
Personal					
Operational					
Resource Allocation					
Performance					
Physical					
Time					
Natural Disasters					
Execution					
Reputation					
Dependency					

Value Equation

Risk is a component of every purchase decision. Stakeholders, either individually or collectively, must assess its probability and impact. This Value Equation shows that the Business Impact of a seller's product, service, or solution must exceed the current solution minus the cost to purchase, implement, and use the solution divided by the perceived risks of doing so.

ADDENDUM 10: HOW "RISK" FACTORS INTO THE VALUE EQUATION FOR STAKEHOLDERS



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