

Inflation

How to Prepare and Protect Your Small Business

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STRATEGIC
SALES
SOLUTIONS



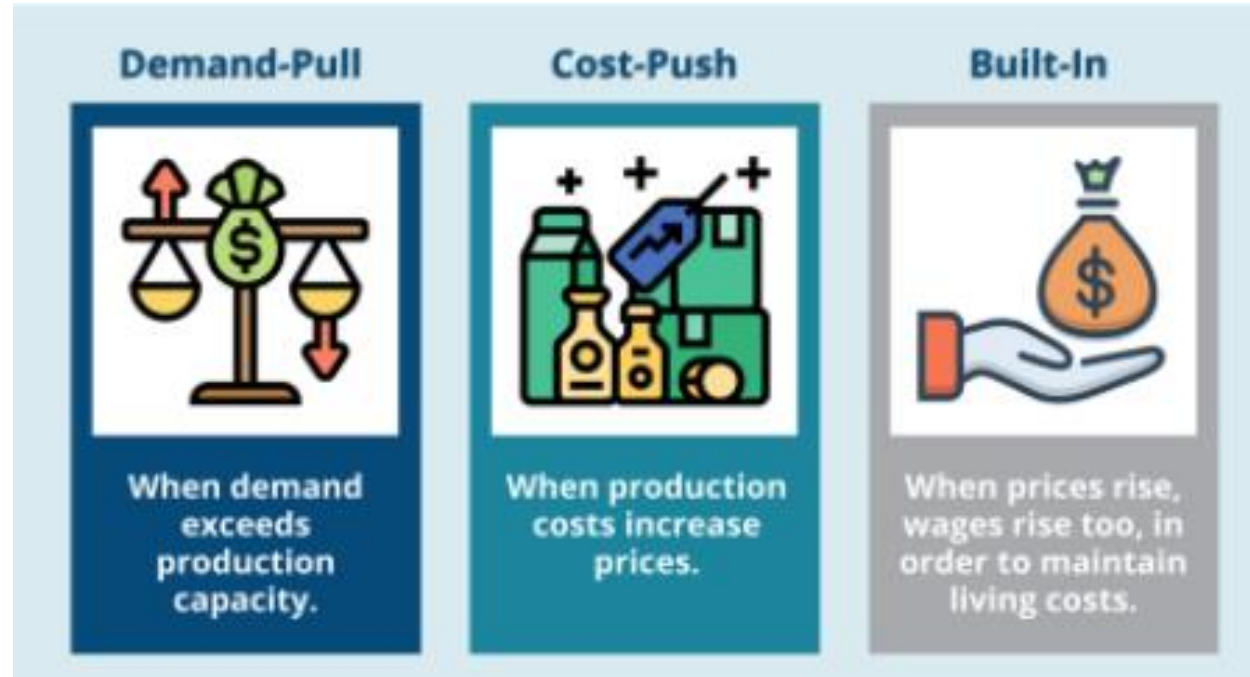
POWERED BY:
SALES
XCELERATION
STRATEGY | PROCESS | EXECUTION

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Outsourced VP of Sales
Strategic Sales Solutions, LLC

Introduction

- Owner of Strategic Sales Solutions, LLC in Birmingham, MI
 - Outsourced VP of Sales
- Create a sales foundation for small to medium-sized businesses
 - Design sales process and establish sales infrastructure for sustained revenue growth
 - Produce compensation plans that tie into important measures of the company
 - Hire and build sales teams
 - Implement and/or re-design CRM systems for efficiency
 - Train sales leaders
 - Not a sales consultant. I do the work.
- Licensed Advisor with Sales Xceleration
 - 180 Advisors, all with a minimum of 25 years of executive sales experience
 - Six separate client services offered, all fine-tuned through Advisor best practices
 - Out of 3,300 client engagements, 98% showed a positive revenue growth in the first year with an average increase of 32%
- Work in all industries in the US and Canada, with a focus on Michigan

What Causes Inflation?

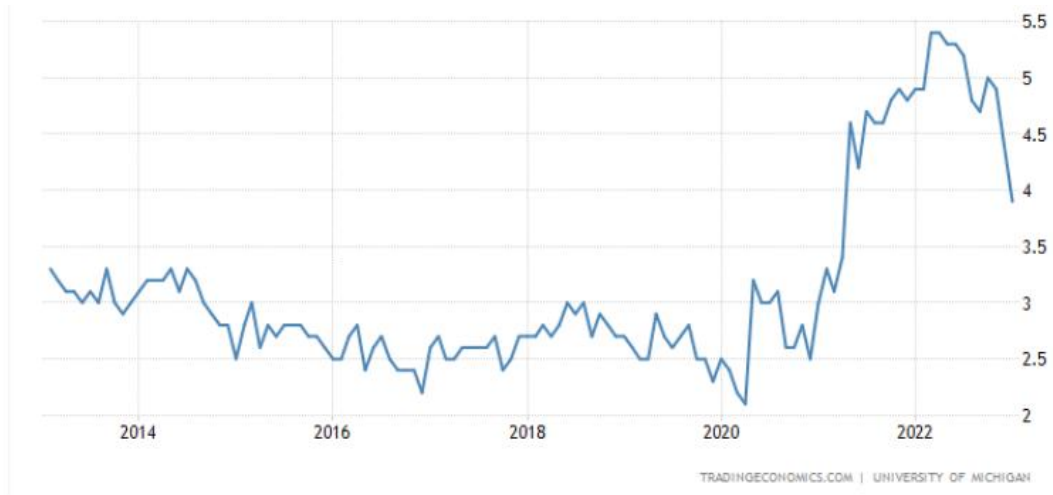


A continuous rise in the price of goods and services which translates to the decline in purchasing power over time

Then and Now – Michigan Inflation Rates



- 12-month revolving time frame
- January 2023 – 3.9%
- Average – 5%



- 10-year time frame
- Average – 3.2%

Small Business Inflation Challenges

- Higher costs of goods as suppliers raise prices
 - Small businesses have limited resources and limited purchasing power compared to large businesses
 - Harder time accessing credit to finance operations
- Supply chain disruptions – As suppliers experience their own issues with staffing and operations
- Higher operating costs through increased overhead throughout the company
- Tighter margins, if the company's prices lag behind increases made by suppliers
- Higher interest rates for new debt
- Reduced sales or market share, especially if the company's goods or services are seen as non-essential or now too expensive in the marketplace
- Painful cost cutting, including operating costs, which may require staff or benefit reductions

Business Owner Reactions

The U.S. Chamber of Commerce/Met Life Survey reveals:

HOW BUSINESS OWNERS ARE REACTING TO INFLATION



85%

Surveyed are
Concerned About
Inflation's Impact



33%

Rank it as Their
Top Concern



2 in 3 Report
Raising Prices
Due to Inflation

How Can Small Businesses Protect Against Inflation?

- Review and adjust prices regularly: To stay in line with inflation to maintain profitability. This may not be feasible or desirable, as it could lead to lost customers.
- Implement cost-saving measures. Reduce or eliminate unnecessary expenses:
 - Renegotiate vendor contracts to get better deals, and determine if all services received are necessary
 - Cut back on employee benefits
 - Revisit what is no longer in use – Co-working space, subscriptions, phone service, etc.
 - Re-examine **telecom** expenses:
 - Utilize cost-saving technologies such as voice over IP (VoIP) or cloud-based communication systems
 - Consolidate services by choosing bundled packages, or combining different types of services, such as broadband and mobile services, into a single bill
 - Evaluate and adjust your plans regularly according to usage patterns to ensure that you are paying only for what you need

How Can Small Businesses Protect Against Inflation?

- Increase productivity:
 - Implement technology and tools to automate repetitive tasks and streamline processes
 - Invest in new equipment or software
 - Evaluate and adjust processes regularly for efficiency
- Diversify suppliers and products: Broaden the sources of supplies and the types of products offered to allow for alternate product and material sourcing
- Government assistance: Small businesses can seek government assistance such as grants, tax incentives or low-interest loans
- Maintain a strong cash position:
 - Helps maintain stability and pay for expenses during periods of high inflation.
 - Send out timely invoices
 - Reduce payment terms

How Can Small Businesses Protect Against Inflation?

- Monitor economy and inflation trends: Keeping an eye on economic indicators and inflation trends can help businesses anticipate and prepare for economic changes
- Seek advice from financial experts: Accountants and financial advisors, can help businesses navigate the challenges of high inflation
- Hedge against inflation: Consider financial instruments such as Treasury Inflation-Protected Securities (TIPS) or commodities
- Focus on employee retention:
 - Align pay with inflation rate
 - Proper onboarding
 - Train
 - Flex or remote work to cut down on commuting expense
 - Childcare stipend

Protect Against Inflation Through a **Sales** Focus



Discounting is **BAD** for Business

- It lessens the perceived (and therefore, actual) value of your product or service

“An item is only worth as much as someone is willing to pay. So, if the price is lower than your claimed value, the actual value can only match the price paid”

- It creates an expectation of future discounting
 - Sets a bad precedent that undermines your future opportunities to maximize margin
- It demonstrates a lack of confidence in your solution and erodes trust in the brand

Alternatives:

- Emphasize value
- Eliminate non-value-added components of products or services
- Walk away
- Revisit commissions, **placing heavier weight on margin**

Two Very Profound Statements

Any salesperson can double their revenue quota
if they give away the product or service

Sales reps are motivated by money

Then Why?



Compensation Mix

Sales Analysis

How Small to Mid-Size Businesses pay their Sales Reps Compensation?



Focus on **Margin** Through Compensation

- The best mix for compensating your salespeople and attracting top sales talent:
 - 50 percent base salary
 - 50 percent variable (commissions, bonuses, awards, etc.)
- Example:
 - Base salary of \$60,000
 - Variable pay opportunity of \$60,000
 - **Margin – 50% = \$30,000**
 - New product or customer – **25%** = \$15,000
 - Client retention – **25%** = \$15,000

Did You Know?

THE
DATA
SAYS...

91%
of Companies Don't
Issue Individual
Sales Rep
Quotas



One of the Top Ten Lowest Scores Ranked by Companies who Took the SAA 4.0.

www.salesxceleration.com

Protect Against Inflation Through a **Sales Focus**

Execute and Grow Sales

Empower your sales operation by:

- Precisely defining goals for sales and business growth potential
- Managing your sales team and holding them accountable
- Creating/utilizing forecast and pipeline management tools
- Developing sales metrics to measure key sales objectives and daily activities

Improve Your Sales Process

Does your sales process work within the current competitive landscape?

- Include customized sales cycle steps that fit your company and industry
- Produce predictable sales forecasting
- Create rules of engagement that are understood by everyone
- Implement CRM automation to streamline your processes

Protect Against Inflation Through a **Sales Focus**

Enhance Your Sales Plan

A new economic landscape can change industries and marketplaces almost overnight. Ensure your sales plan is relevant:

- Leverage business intelligence to increase your sales growth rate
- Create the sales organization that fits your sales objectives
- Build the proper compensation model to drive desired behavior
- Hire the needed sales resources

Protect Against Inflation Through a **Sales** Focus

In Summary:

A well-designed, carefully constructed and effectively managed sales organization can:

- Ease the inflation burden through revenue and profit growth
- Help your company improve decision-making
- Reduce turnover
- Enhance sales team performance

Thank You!



STRATEGIC
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Foundation for Success**



Visit www.s3selling.com to take a free assessment and get started!

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