

What Is The Buyer's Next Step?

Use The 7 Step Buying Model To Predict Your Customer's Next Steps & Improve Your Prequalification, Forecasting and Closing Rate.



Imagine if you could predict what the buyer was going to do next. Well you can! That is if you understand your customer's buying process and the standard steps that are typically involved.

The steps that most buyers follow are influenced by one all powerful model; The 7 Step Strategic Procurement Model.

In this white paper we will explore how sellers can use this model to better understand what the buyer is going to do next. The model can be used to ensure you don't misread the steps of the buying process.

“Does how you
sell reflect your
prospect's
buying steps?”

Do You Understand The Buyer's Steps?

Most buyers have steps to follow. The salesperson who knows those steps will enjoy greater success. He, or she can even predict what the buyer is going to do next.

The problem is that most buyers like to keep their steps a mystery. That means sellers are often left guessing about the likelihood and timing of important deals.

While sellers must re-double their efforts at encouraging the buyer to reveal his, or her steps, there is a back-up plan that can be followed. That involves using standard or universal buying process models to illuminate the buying decision.



Just How Predictable Are The Steps Your Prospect Will Follow?

The likelihood is that 8 out of 10 of your prospects are following buying steps that have been heavily influenced by just one particular procurement model. For the seller this is good to know.

In the absence of full information on a prospect-by-prospect basis, the seller can refer to the industry standard – that is The 7 Step Strategic Procurement Model – for guidance.

In the case of tight-lipped buyers the model can tell you what the buyer won't. It can help you to:

- Predict the buyer's next step.
- Predict how long and complex the buying decision is going to be.
- Predict how quickly a decision can be made.
- Predict the type of information that the buyer is looking for.
- More effectively qualify and forecast the opportunity.

The 7 Step Strategic Procurement Model

The 7 Step Strategic Procurement Model is 'the origin of the species' when it comes to buying process. It is a model in which pretty much every procurement professional has been schooled and is to be found in many office bookshelves, or drawers.

Despite its importance to buyers and its influence on buying, the 7 Step Model is unknown to most sellers. It represents a powerful yet unused sales tool.

The 7 Step Strategic Procurement Model is pretty good at predicting how most buying decisions are made. The model has been around for a long time. While originally it was used by large organizations, it is now pretty much standard industry-wide. That means it can help the seller to predict what the buyer will do next.

“A greater understanding of the model can increase sales success.”

The Generic 7 Step Strategic Procurement Process

A basic level of understanding of the generic 7 Step Buying Process will give you a greater appreciation of the buying decision generally. So, with this in mind we will examine the model.



Before we examine each of the steps in the model please consider the following questions:

What comes to your mind when you study the diagram above?

One of the things that jumps out at salespeople on looking at this model is, of the seven steps, four of them are taken up entirely with analysis and strategy. It is not called strategic procurement for no reason!

At what step are you typically involved?

Most salespeople will talk about being involved as late as step 5 and the challenges that can bring. The general agreement is the later the seller is involved, the lower the chances of winning the deal. What is clear is that the start of the buying process is not to initiate contact with sellers, just as the end of the process is not the purchase order!

With those questions out of the way let's take an overview of the standard 7 Step Buying Process.

What Are The Steps Of The Generic Buying Model?

For sellers the 7 Steps Model can best be understood in reverse, that is from the point of working with the new supplier backwards and that is how it is examined below:

Step 7: Implementation & Review, including making the switch to the new supplier and thereafter ongoing supplier performance management (or supplier relationship management for the more enlightened buyer).

Step 7 is the feedback/continuous improvement loop whereby performance and compliance are reviewed with lessons learned and corrective changes made.

At this step compliance both internal (e.g. the extent to which preferred supplier has been adopted throughout the organization)



and external (contract compliance by the vendor) is of key importance.

Step 6: Negotiation and contracting with the chosen supplier(s) - a step that is pretty much self explanatory.

Step 5: Solicit & Evaluate Bids. Identify Suitable Supplier(s) based on the RFx, or competitive bid process (including proposals or tenders, presentations and interviews). That is the process for pitting suppliers against each other in order to get the best solution at the best price/terms.

Step 4: Set Sourcing Strategy. This links assessment of requirements and the supply market analysis to business strategies and objectives to determine what the needs are and how best to meet them. It may include factors such as; volumes (min and max), regularity of orders, order sizes, supplier concentration/dependency, supply chain management and integration, risk/resilience, compliance and other factors (e.g. the company's supplier policies on sustainability, ethics/standards and diversity).

Step 3: Supplier Search. Casting the net in terms of suppliers and working from a long list to a short list of suppliers who will then be asked to bid.

Step 2: Supply Market Assessment including: Who offers what? What are the key trends with regard to supply? Who are the emerging suppliers? What should it cost? Is now the right time to source?

Step 1: Internal Assessment. Analyze the company's current requirements, including an element of spend analysis (i.e. analysis of what is bought, where and at what cost) and demand management (i.e. How can what is bought be reduced, consolidated, or managed more efficiently?). This often takes place at a category level and will form the baseline for the procurement initiative.

“For sellers the
7 steps model
can best be
understood in
reverse...”

What Are The Implications Of The 7 Steps For Sellers?

Sellers should approach each sale with the expectation that the prospect is going to follow many, if not all of the seven steps. This would likely reduce the number of shocks and surprises, improve forecast accuracy and even help to increase win rates.

Let's explore some of the implications in more detail by answering a few of the most common questions asked:

Q.: What does the 7 Step Model mean for sales people?

A.: The adoption of the model tells you about the type of buyers you are dealing with and the sales approach you must adopt. That is because it typically signifies both the power of the procurement department in an organization and the sophistication of the organization's approach to buying. The buying decision is likely to take longer. It is also likely to be more structured or formal and is likely to involve cross-functional involvement.

What would happen if sellers approached each sale with the expectation the prospect was going to follow many, if not all of the seven steps? Specifically, how would it impact on the sales strategies employed? Well for a start, sellers would likely ask slightly different questions, they might also slow down and would likely revisit the role marketing plays in the sales process.

Q.: How to adjust your sales approach based on the step that the buyer is at?

A.: Here are some pointers on how to adjust your sales approach:

1. At a general level don't underestimate the buyer - they are likely to have done much more homework and analysis on their requirements as well as on the supplier industry.



2. Much of the buying process takes place without the supplier in the room. Indeed, the salesperson may not be met until Step 5 (i.e. request for proposal, etc.)!

The problem is that when the RFX process begins interaction is often limited and your ability to influence requirements restricted. The challenge for the seller is to get involved earlier. Only then can they truly influence the sale.

3. If you are called in early in the buying process (i.e. pre RFX or steps 1 to 4) then the requirement is to inform, rather than to sell. That means sellers should:

- Put the emphasis on information and documentation, as opposed to sales collateral, or marketing brochures. In particular on providing the buyer with insights into his requirements and the supply market.
- Slow down and stop selling. The objective is to advance to the next step, rather than to close the sale.
- Revisit the role of marketing, recognizing that your web pages and case studies may be the only contact that buyers have with your organization until the buying process is well under way. They could play an important role in determining if your company gets on the initial supplier list.

4. Respect the buyer's process, adjusting your sales process, or approach accordingly. That often means slowing down.

5. Identify ways in which you can help the buyer through his/her process (from technical papers/analyst reports, to workshops on requirements).

6. Focus on what the buying organization is trying to achieve (that is the 'Why' of the buying decision, or strategy) – the issues that are the focus of the earlier steps of the process. If you are focusing on the competitive advantages of your solution make sure you do so in the context of the results/performance impact that they can deliver for the buyer.

“The adoption of the model tells you about the type of buyers you are dealing with...”

7. Feel empowered by your knowledge of the buying process. The creative salesperson is not held captive by the buyer's steps. Even if he, or she is called to the table when the requirements and strategy have been set, the sellers efforts can bring the buyer back to consider requirements and strategic issues in an effort to leverage them to advance the sale.

Q.: Should you be impressed if the buyer tells you that the 7 Step Model is being followed?

A.: Well, 'yes' and 'no' as the following suggests:

'Yes' because the model (whether it is customized by the organization, or used as is) is a consistent framework which is aimed at better procurement outcomes, principally measured in terms of cost savings. It's objective is to ensure greater control over how the organization spends its money. Having said that, it is how such a model is applied (as opposed to the model itself) that determines the level of success.

'No' because the 7 Step Model has been around a long time (since the 1980s and 1990s) and a lot has happened since then. Many of today's supply chain leaders (e.g. Amazon and Dell) did not exist when the 7 Step Model was developed and many of today's major supply chain innovations (e.g. the Internet and Chinese outsourcing) could scarcely have been imagined when it was created.

The trend in procurement is towards more innovative, strategic or creative sourcing focused on business goals and more broadly on the supply chain's role in maximizing business performance. It also marks the extension of procurement best practice to indirect spend categories (e.g. marketing and consulting spend), where a more creative approach is often required. These are dimensions that are typically outside the 7 Step Model.

Q.: Is there more than one standard procurement model?

A.: There are lots of buying model of various degrees of sophistication. However, it would be fair to say that the 7 Step Model is one of the more universal.

Don't worry if your prospect is following an 8 or 9 step process, or is using a 7 step approach that has been customized to their business. The 7 Step Model is so universal that most of the steps being used by your prospect are likely to be found there.

When comparing it with other models consider the following:

- There are generally 7 Steps, but even if there are 8 or 9, the core steps are likely to be the same.
- Many of these variations are linguistic and although the emphasis may vary in some versions (e.g. more on setting out the supplier selection steps and less on sourcing strategy) most models have more in common than not.
- The exact details of the different steps can vary from that originally set out by A.T. Kearney, or others. In this respect what we have listed here is a common interpretation of the process.
- One thing that is consistent is the use of the term 'strategic' in conjunction with the model.

“The trend in procurement is towards more innovative, strategic or creative sourcing...”

The Science Behind This Paper

These insights and tools form part of the GPS (Getting the Purchase Sanctioned) methodology underpinning SellerNAV®. They are based on:

1. **Buyer Research** – our ground-breaking research into how modern buying decisions are made and the implications for sellers.
2. **Best Practice Research** – Over 1 million pages of best practice sales case studies, books and research.
3. **Common Practice Research** – Our peer comparison benchmark of 1,000s of your competitors and peers.

The Sales Engine® and SellerNav™ are trademarks of The ASG Group.

The entire contents of this document are copyright of The ASG Group and cannot be reproduced in any format without written permission.

Want help in tackling your sales challenges? Contact

enquiries@theASGgroup.com

www.theASGgroup.com