AUSTRIAN SCHOOL OF ECONOMICS

BROUGHT TO LIFE IN PIPELINER CRM

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Contents

"If you are not taking care of your customer, your competitor will.”

— Bob Hooey

Introduction:
Prime Economic Principles in Pipeliner CRM

If you're a member of a sales force, or in sales management, there is always practical information you must know. You need to know as much as possible about your own products. You need to have a firm grounding about your particular industry and market. Today especially you must have as much insight as possible into your prospect companies, their buying processes and their decision makers.

But what about the overall economic environment in which you operate? Seen or unseen, that environment has principles operating every minute of every day. The very idea of sales is actually rooted in economic theory. And while it may seem that such theory would constitute very dry reading, be a struggle to understand and really not needed or desired to operate in the day-to-day sales environment, the exact opposite is true. These principles are in fact easily grasped—and the vision they provide can go a long way to assisting you in understanding the background of your very existence within the business world.

It is no surprise, then, that such principles form the very foundation of Pipeliner CRM.

Salespeople, Sales Managers and Natural Laws

Whenever you are conducting an activity, you are following a concept. While doing so, how aware are you of the philosophy or natural law underneath it? Through many mistakes and (for some of us) painful personal experience, we have learned that the law of gravity must be followed. When you fall, there is often pain. As we're growing up, we learn not to jump from too high a height. Misestimating that height, we learn just how real that law of gravity is.

There are core principles underneath everything we experience. If you don't understand these principles or, worse, neglect them, your life can be ruined. You can't go out and say, *"I'm jumping off that cliff, but hey, everything will be fine!"*

In the same way, there are core business principles that are founded in very similar laws. For example, if you have not learned the basic principles of mathematics, you'll end up being badly ripped off in commerce and in the business world, simply by not knowing how much you should pay or even something as simple as how much change you should receive back.

This all goes forward into sales. There are core principles rooted in economic theory that we will be laying out in this ebook that, when followed, make sales successful. You can apply them on a daily basis.

Fortunately, all of these core principles have been programmed into Pipeliner CRM—and we will be showing you how as we lay out each of them in this ebook.

Salespreneurs and The Big Wave

What is an entrepreneur? An entrepreneur is someone that is able to see opportunities that others would not, and possesses the ingenuity to figure out how to exploit that opportunity for his or her own benefit, the benefit of the community and even of a nation. They have a reliable instinct for estimating the risk in an opportunity and gauging when they should act or not. Entrepreneurs welcome the challenge of being responsible for their own incomes through good and bad. They naturally operate by their own observations, their own conclusions and their own decisions.

I invented the term *"salespreneurs"* because salespeople are very similar to entrepreneurs. They are, in fact, *"entrepreneurs within the enterprise."* They, too, excel at spotting opportunities and acting upon what they see. Sales reps are born risk-takers, and generally have an idea of which risks to take and which to avoid. Rather than be salaried employees, they much prefer working on commission and creating their own financial gains, willing to take any losses in stride. And they definitely operate through their own observations, conclusions and decisions.

It's crucial, however, that salespreneurs—salespeople and sales managers—understand the laws under which they're operating. Today we're in an expanding economy, the *"big wave"* side of a boom-and-bust cycle. I'm sure that everyone reading this wants to successfully ride that big wave. There are principles behind it that are as foundational as gravity, and Pipeliner CRM, programmed with these principles, will greatly assist you in riding that wave.

Exploring Principles

In this ebook, we will be exploring these principles that make up the economic landscape in which salespeople and sales managers operate, and how each of them works within Pipeliner. We'll cover the importance of sunk costs—costs that your company has already invested in products or services that must now be profitably recovered through your sales efforts. We'll go over opportunity cost—the investment your company must make to achieve a sale, and how that affects your actions. We'll take up the vital importance of subjective value—the perceived value of your product or service in the mind of the prospect. We'll address comparative advantage—the principle of optimizing a sales force based on differing strengths of salespeople. And we'll take a firm look at sustainable value—the longer term value of your and your company's sales activities and how they affect your economic survival potential.

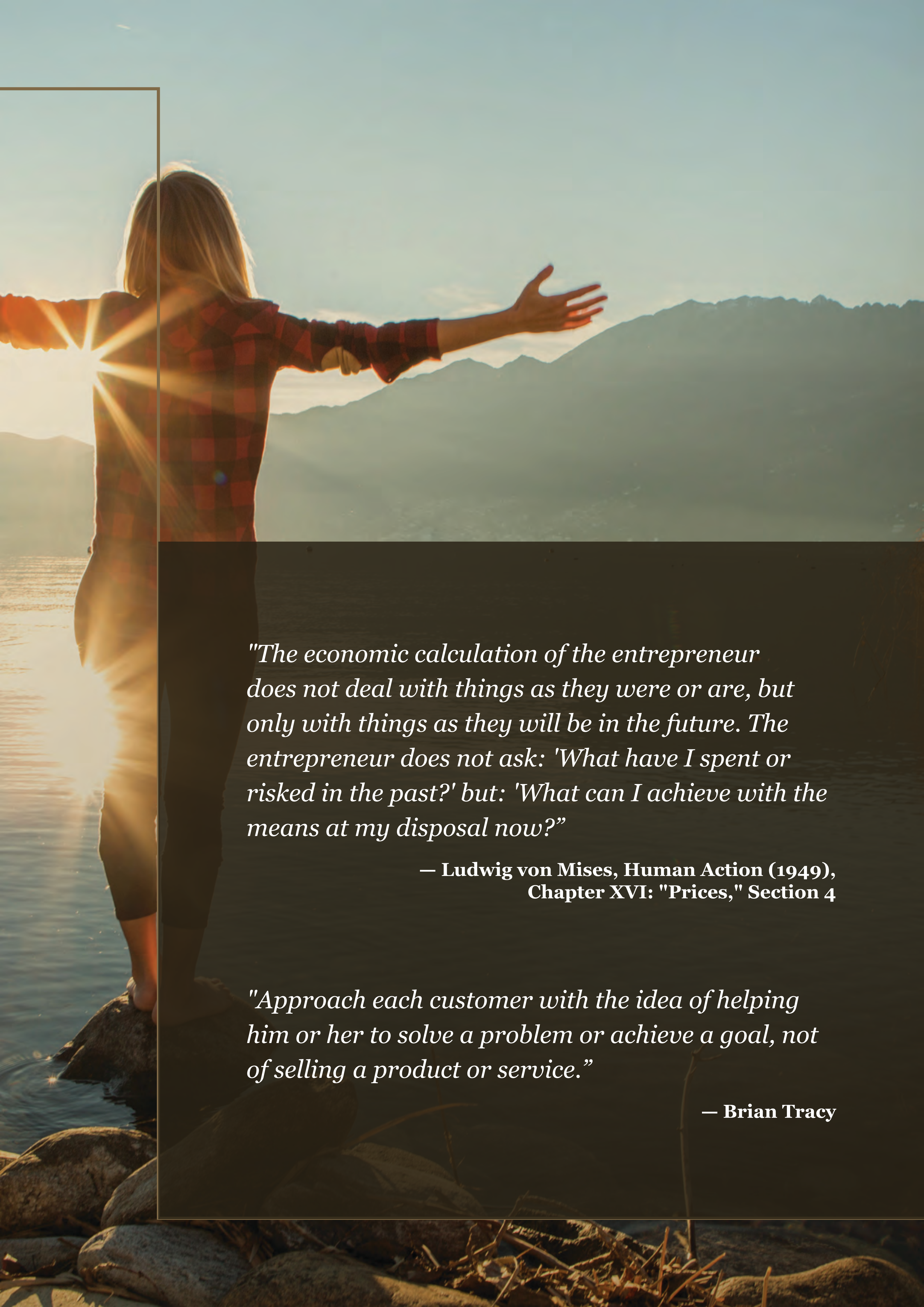
The principles which we'll be discussing, and which have been programmed into Pipeliner, are not new—in fact they are 150 years old and come from the Austrian School of Economics, a school of thought that is probably more relevant in today's economy than when it was first invented.

In applying these principles, you will in fact be following the lead of an economic founding father, Henry Hazlitt, who I am paraphrasing here to to fit our sales platform:

The bad salesperson sees only what immediately strikes the eye; the good salesperson also looks beyond. The bad sales manager sees only the direct consequences of a proposed course; the good sales manager looks also at the longer and indirect consequences. The bad salesperson or sales manager sees only what the effect of a given market principle has been or will be on one particular group; the good salesperson or sales manager inquires also as to what the effect of the market principle will be on all groups.

So how do these principles apply to sales and sales management and, further, how are they utilized in Pipeliner CRM?

We welcome you to make the discovery with us. «



"The economic calculation of the entrepreneur does not deal with things as they were or are, but only with things as they will be in the future. The entrepreneur does not ask: 'What have I spent or risked in the past?' but: 'What can I achieve with the means at my disposal now?"

— Ludwig von Mises, Human Action (1949), Chapter XVI: "Prices," Section 4

"Approach each customer with the idea of helping him or her to solve a problem or achieve a goal, not of selling a product or service."

— Brian Tracy

Principle 1:
Averting Sales Risk with Sunk Cost

What is the principle of sunk cost, and how can it be practically applied to sales? For it certainly can.

Sunk costs are costs a company has already invested in products or services that must now be profitably recovered. These are costs that your company has already *"sunk"* into raw materials, development or production and, where applicable, storage. They are fixed costs because the money has already been spent; they will not fluctuate.

In terms of sales, sunk costs are the time and effort a salesperson or a sales team invests in an opportunity. They include travel costs, meeting costs, calls, organized lunches, and other expenses involved in closing a deal.

As we'll see moving forward, sunk costs are also taken into account in other economic principles.

Sales Process and Buyer Signals

A principle used to reduce risk when it comes to sunk costs is to watch the buyer's signals. Pipeliner CRM utilizes this principle.

For example, a company might deliver a model or prototype of a potential product to a prospect company. They would then wait to hear back from the prospect before laying out further expenses. If they get a positive signal back—the prospect is happy with the direction—the sale can continue. A tried-and-true sales process in place reduces risk simply because best sales practices are being utilized as the opportunity progresses. You then know what signals to watch for that indicate you should progress with the deal.

Monitoring the buyer's action against the seller's activities is part of Pipeliner's sales activities—the seller waits for a particular signal from the buyer before engaging in the next activity.

Of course, these signals and activities are unique to any company, and for that reason, Pipeliner can be totally tailored to a company's sales processes and sales activities.

Having such a system in place—watching for buyer signals—you know when to move and when not to. If your prospect isn't indicating that they're moving toward a purchase, you cease spending time, energy and money. Of course, you can continue to do things that don't cost you, such as emails or calls.

Sales Step Activities

Relating seller activity to buyer action is greatly enhanced with our Sales Step Activities feature. This feature allows companies to embed a real sales playbook—like no other CRM solution available today—providing true sales guidance to salespeople. This new functionality is totally visual, just like all Pipeliner features, allowing a salesperson to rapidly grasp and use it.

Sales Step Activities allows an enterprise to lay out particular steps to take in order for a deal to move out of that stage and into the next one. But here is where we leave other CRM solutions in the dust: Since no two companies are alike, we provide eleven different types of activities that can be added to a sales process step. Automation can even be applied to sales process steps.

A stalled opportunity isn't necessarily dead, it's just stalled. It might stay in that one place for a year. It can still be lost, but it isn't yet. At some point, that prospect might give you the signal that the deal is hot—and the additional sunk cost is then worthwhile.

Sales Team Priorities

On a sales management level, having a firm eye on sunk cost is vital. To do so, the sales manager prioritizes opportunities for the sales team, indicating which of these—or which type—should be pursued.

This is done through another outstanding feature: Tagging. Tags are an incredibly useful way to flag—or categorize—accounts, contacts, leads or opportunities in Pipeliner. Users can select multiple Tags per record as needed and create new ones *"on the fly"* from inside the web app. *Tags can be color-coded when they're created*. Clicking on a Tag from one record dynamically drills down into a list view of all other records with the same tag and the data can be actioned directly from the list.

You could flag any problem: What might be a sunk cost factor for that opportunity, account, contact or lead?

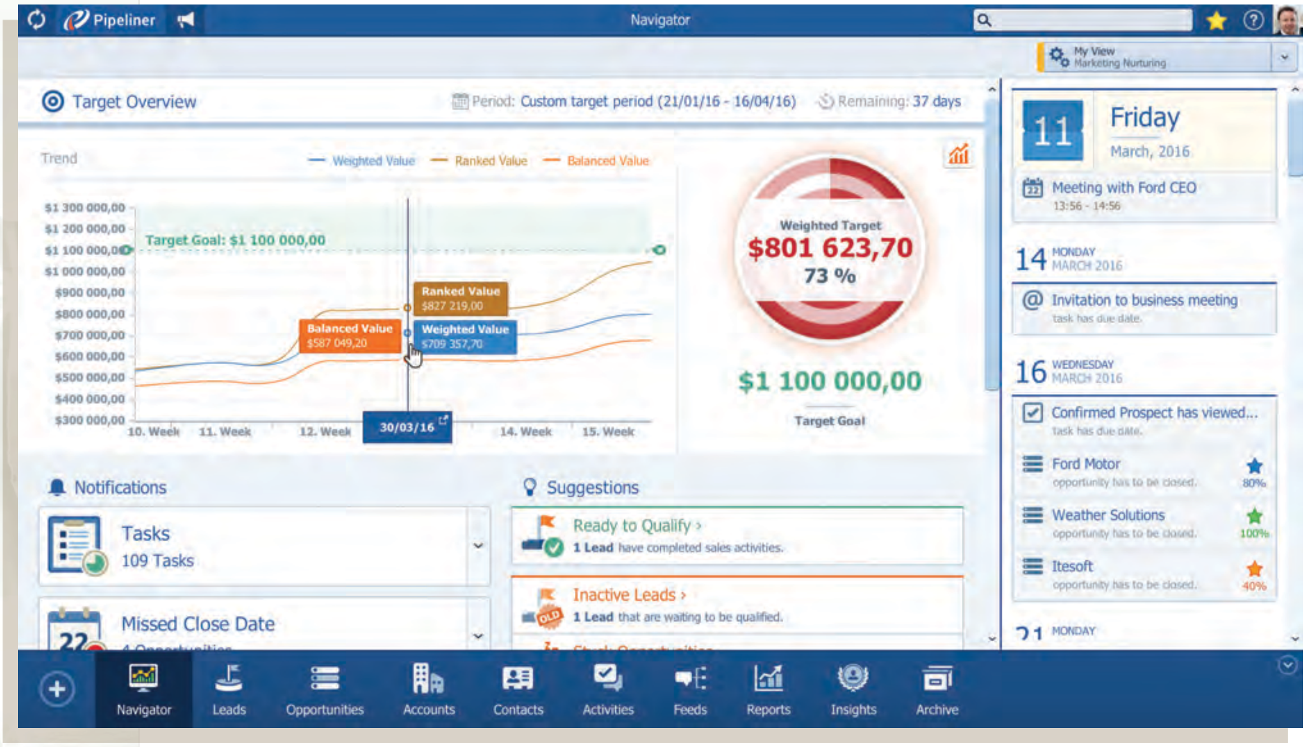
The Archive

Pipeliner CRM is the only solution in the world through which sunk costs can be viewed in past opportunities. The Archive allows you to view all lost opportunities, complete with all their data. You can also view lost leads, contacts and accounts, all critical for every account manager. As we all know, it is much more costly to win a new customer than to retain a current one, which is why the whole SaaS industry is focused on the churn rate.

What happens if the prospect for that lost opportunity calls you a year later and decides to move forward with the deal? The entire opportunity can be restored to the live pipeline with one click.

Never Risk-Free

Sales is never a risk-free proposition; there is always risk involved with engaging in an opportunity. But with a good sales process, by prioritizing deals, through the Archive, and utilizing buyer's actions as signals for sales activities, you can greatly minimize the risk and the sunk cost.



General Application

Now, let's examine how a salesperson or sales manager can apply this principle generally in their daily work.

The Free Lunch

According to renowned economist Milton Friedman, *"There's no such thing as a free lunch."* This is certainly true for a salesperson or a sales manager; there is always effort involved in making a deal. However, there comes a point in the life of an opportunity when a line must be drawn—will it pay off for sales to invest further time, effort or perhaps even money into it, or should we pull the plug?

Alice and the Giant Opportunity

There was once a salesperson named Alice, who sold services for a web development company. One day, Alice brought in a potentially huge deal for her company—a website for an enormous non-profit corporation.

To land the deal, the company had to make a considerable investment: a prototype site had to be designed and built to demonstrate the company's capabilities to the prospective customer. There was a serious risk involved: what if the company didn't win the deal after making this substantial investment?

Once the demonstration had been made to the prospect, Alice and her company waited for word back. This was, in reality, the dividing line: the investment made in the prototype was the sunk cost, the money already invested. If the potential customer didn't get back to them, it was probably time to withdraw from the project, as considerable expenditure had already been made with no return.

As it happened, though, the prospect did get back to Alice, indicating they truly liked the concept. That gave Alice's company the confidence to make yet more investment, and the opportunity was ultimately won.

Establishing Judgment

As happened there with Alice's company, the judgment factor enters for every company at some point in the life of an opportunity: should we continue investing or withdraw? That judgment factor is even more applicable for accounts.

A salesperson or sales team cannot afford to invest endlessly because they must deliver a result at the end of the month or quarter. Chasing an opportunity ceaselessly in hopes of a big win puts the company at serious risk. The salesperson betrays themselves, the team and the company.

Of course this judgment must be made depending on the market, type of product, and length of sales cycle. In high-ticket complex sales, there are technical teams and others involved. There might be travel to customer locations. Such sales cycles can take a year or more. Judgment as to when to draw that line must be made with extreme care in such situations. «

"The cost of any action is the value which the acting man attaches to the satisfaction he must renounce in order to carry out that action."

— Friedrich A. Hayek, The Pure Theory of Capital (1941), Chapter II: "The Nature of Capital"

"Either you run the day or the day runs you."

— Jim Rohn

Principle 2:
Know Your Opportunity Cost!

Opportunity cost is the investment your company must make to achieve a sale, and it affects every company activity associated with a sales cycle. It is applicable equally to the higher level of entrepreneurship as well as to the sales force—which, of course, includes sales reps and sales management.

Pipeliner CRM

Knowing and operating from these principles, at Pipeliner, we have made sure our CRM solution makes it possible for a company to calculate opportunity cost accurately. The system is fully customizable, so fields can be tailored for all parts of opportunity cost, which can then be accurately compared with the opportunity value.

It is evident that opportunity cost is an economic principle immediately applicable to entrepreneurs, salespeople and sales managers—and, in fact, anyone engaged in business.

AI in Pipeliner

Part of how Pipeliner clearly defines Opportunity Cost is through the AI now embedded in the application.

Since 2018, Pipeliner CRM has been a trailblazer in embedding AI into our CRM, making tedious tasks a breeze and letting sales teams focus on what they do best—selling!

From automating mundane tasks with the Automatizer to providing sharp insights with Voyager AI, Pipeliner CRM has been at the forefront, ensuring sales teams have the best tools to succeed.

For example, one of our AI capabilities allows users to query documents. They can now summarize the content of selected documents or ask the *Document AI* to sum the total of several selected invoices.

Custom Entities

Our Custom Entities feature is another Pipeliner CRM feature that allows companies to be much more aware of *Opportunity Cost*.

Pipeliner already provides the entities that most companies need: accounts, leads, opportunities, contacts, quotes, projects, activities, and products. But all companies are different, and some may need to create their own. The *Custom Entities* module allows you to create—and then work with—a completely new type of entity in Pipeliner, which you can then link to existing entities.

Intelligent Fields

Pipeliner CRM's Intelligent Fields can mathematically calculate your opportunity costs. An *Intelligent Field* is a field that has been automatically calculated using other data obtained elsewhere.

An example of how a real Pipeliner client utilizes *Intelligent Fields* is calculating freight costs. For them, freight costs are a crucial part of opportunity costs, and with *Intelligent Fields*, freight is automatically figured in.

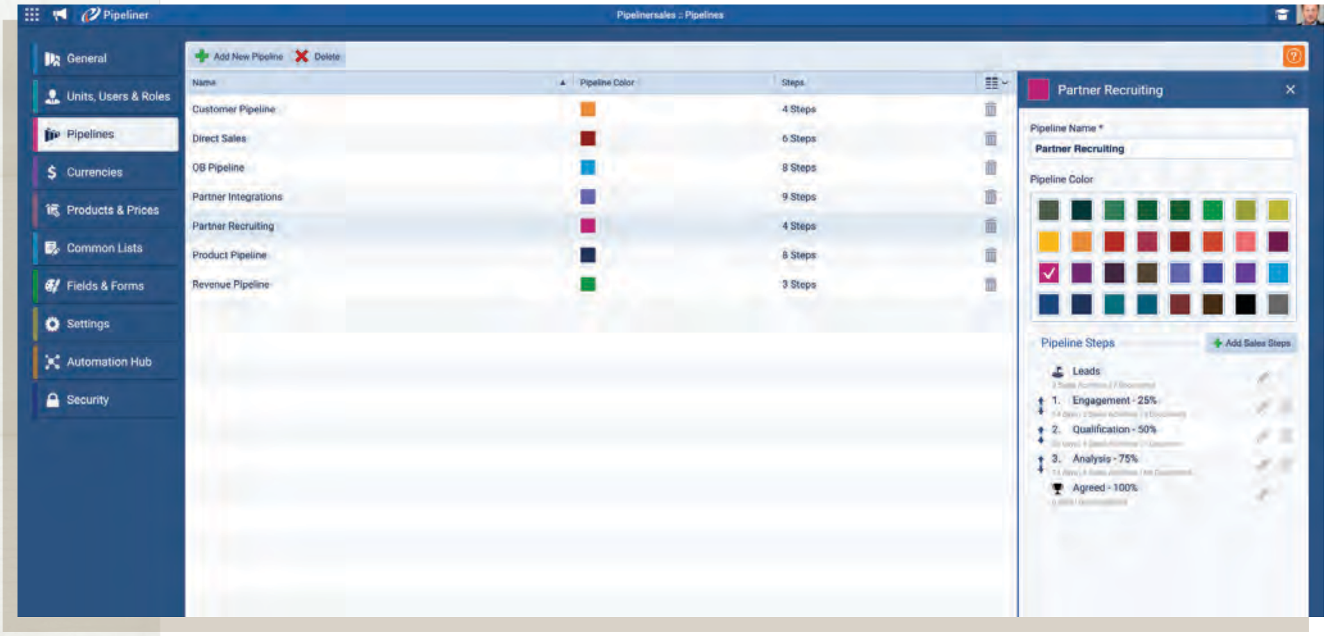
General Application

Now, let's see how *Opportunity Cost* is applied generally in the sales landscape.

Alice and the Opportunity Cost

Catching back up with our sales rep from the last chapter, Alice, there came a time when she took a good look at herself and her teammates and wondered about the expensive company cars, the lunches, and the trips in Business Class that were all part of selling at her company. Sure, sales were good, but wasn't the company dishing out an incredible amount of money to bring in those deals?

Alice had a degree in accounting, and in her own time, she started nosing around. She figured out the rough marketing costs. She averaged out all the travel expenses. She included the SDRs and other attached sales personnel in the costs. She figured in the average time it took to bring in a deal.



When she was done, she brought her figures to company management. They were shocked. *While the average deal size was **$55,000**, the average opportunity cost was **$60,000**!* Nobody had really sat down to totally figure it out. Needless to say, some major changes were made to the company's business model. Fortunately, their services were in great demand, and within a year, they began to show real profits.

Sales Reps

The sales force is on the front line and is venturing risk on behalf of the company. Hence, sales management should be acutely aware of all the costs associated with that opportunity. Opportunity costs should then be made transparent to the sales force so that sales reps can act with them in mind.

Why should the sales force be so aware of opportunity cost? It's simple: because sales reps are the ones actually making the deals. A sales rep must know the bottom threshold so as not to go below it when negotiating that deal. Without having opportunity cost data, a salesperson can close a deal for which the company will only break even or—worse—take a loss.

Profit Versus Opportunity Cost

As demonstrated with Alice's company above, there are many situations in which the opportunity cost is not fully taken into account. *For example, a deal might close for $40,000, but the total opportunity cost is $60,000. How many of those deals will be made before the company goes under?*

In the last few years, this practice has become incredibly widespread in the VC-driven business world.

Cash is burned up in the interest of closing that deal and putting it on paper. This kind of business behavior is why something like 9 out of 10 businesses fail.

It is, then, in the interest of every business—and, really, every sales force—to analyze the opportunity cost for every company's offering completely.

While a sales rep is most often paid strictly on commission and is not paid directly until the deal comes in, the time a salesperson spends on that sales cycle is time not spent on other deals; some of these others may even have a higher probability of coming in or a higher profit margin. That is certainly part of the cost of an opportunity.

For longer-range deals, multiple salespeople are often involved, and this can be a missed cost. In such a case you have to take into account the items sketched out in the above paragraph for every rep involved with the sale. Also, often, other personnel, such as consultants, are brought in for such deals. There can be an actual monetary investment laid out, such as for special presentation materials put together just for that deal.

Behind all that is the infrastructure behind the rep, which, of course, means the whole company. While that particular cost may be difficult to totally nail down, it is certainly something to bear in mind. A company is risking a portion of itself in the pursuit of every opportunity.

Other factors can affect opportunity cost. *For example, a company I do business with in Europe charges between $3,000 and $5,000 per year* *for its services*. However, when a contract is signed with them, it is for 10 years. *Therefore, it can calculate its opportunity cost based on $30,000 to $50,000 per closed deal.*

Timing

The real focus on opportunity cost may not be as crucial in a company's startup phase. The importance of initially getting your products or services sold, in use, reviewed and publicly known may well outweigh the importance of trimming costs, and in the beginning it should.

Shortly after a company is up and running with a client base, however, it should begin paying sharp attention to opportunity cost. It must be figured out as precisely as possible because it will directly affect your profit margin. «

"The only relevant thing about a resource is what it can do for its owner in the future, and every choice implies the rejection of an alternative use of that resource. The cost of any action is the value of the alternative forgone."

— Ludwig von Mises, Human Action (1949), Chapter V: "Time," Section 2 (paraphrased for clarity)

"Keep your sales pipeline full by prospecting continuously. Always have more people to see than you have time to see them."

— Brian Tracy

Principle 3:

Subjective Value and What It Means to Sales

Subjective value is the perceived value of your product or service in the prospect's mind. According to one of the founding fathers of the Austrian School of Economics, Ludwig von Mises, *“Value is not intrinsic, it is not in things. It is within us; it is the way in which man reacts to the conditions of his environment.”*

Interestingly, an entire industry has been created out of the concept of subjective value: insight sales. The idea that product or service insights—and thereby subjective value—could be created in the minds of prospects or customers has resulted in enormous ventures such as HubSpot, Marketo and other marketing automation solutions.

Subjective Value and Pipeliner CRM

A salesperson uses subjective value very effectively within Pipeliner. A salesperson’s subjective value of a prospect or customer is expressed within Pipeliner’s graphical Relationship Mapping, Buying Center and Org Chart. With these tools, a sales team can accurately express each person's subjective and objective value within a prospect or customer organization. They are graphically shown as to how they relate to each other, both in hierarchy and as to how they influence a sale. Each person is labeled as a naysayer, a budget holder, a decision maker, an influencer, and so on.

Pipeliner is actually the only CRM in the world that contains, right out of the box, the correlation between the Org Chart, the account, the contacts and the Buying Center within the opportunity. Why do we believe this is important? The more complex the offering, the more high-end the product or service, the more important relationships are.

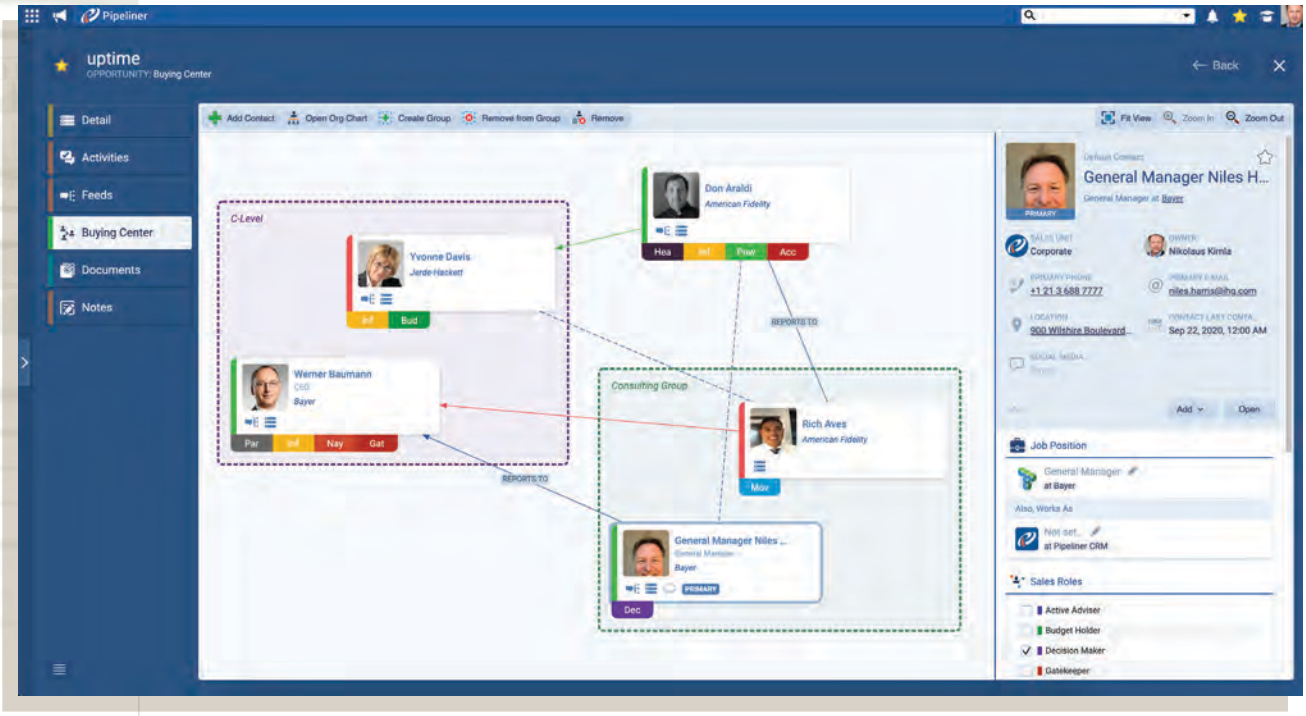
Note that some CRM solutions that are considerably more expensive than Pipeliner require the purchase of extensions to obtain this functionality, which is not only superior in Pipeliner but is included in the basic software cost. Pipeliner CRM performs a vital function utilizing this functionality: it demonstrates the intangible and makes it tangible.

General Application

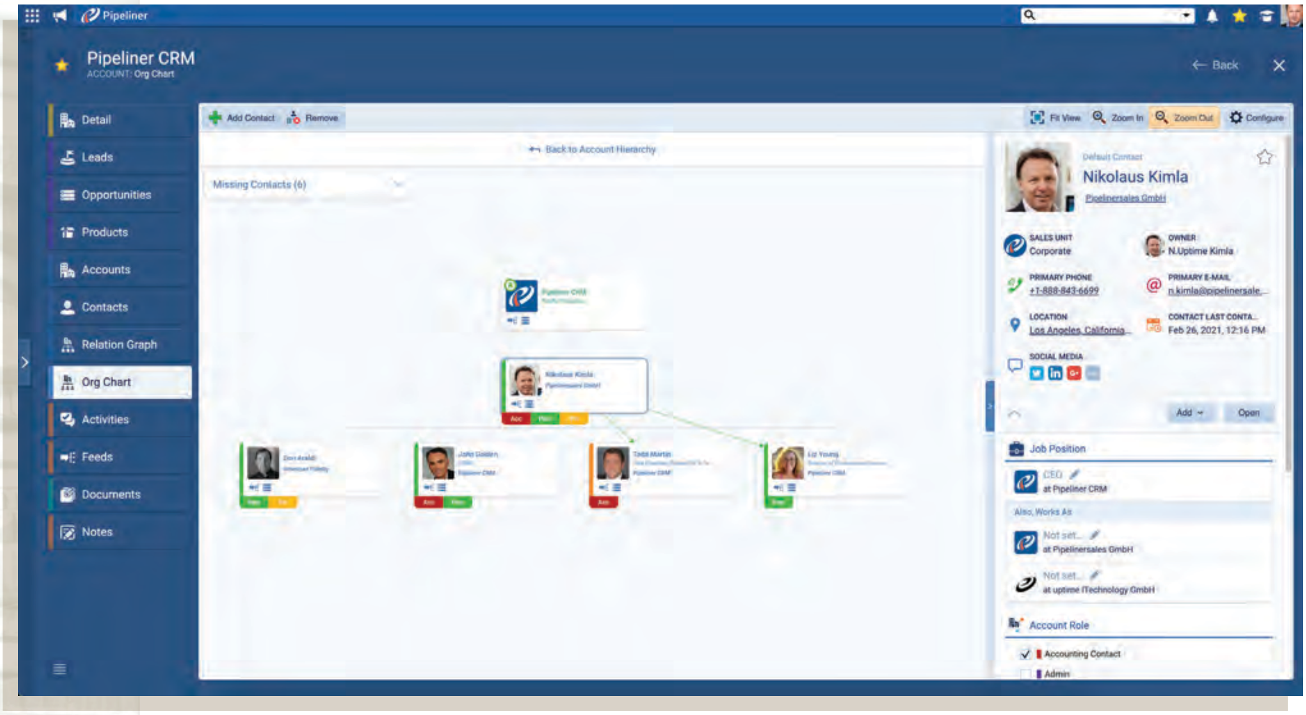
As we have done with earlier principles, let's examine how Subjective Value is generally utilized in commerce and sales.

Elements of Subjective Value

Marketing automation solutions provide a consistent flow of information to prospects and customers. The entire intention of this is to create that subjective value. Of course, subjective value is also created in many other ways such as direct salesperson contact.



Subjective value exists in the mind of the prospect or customer—as opposed to *"objective"* value which can be plainly seen, such as with a gold nugget. An extreme example of subjective value can be demonstrated by what is known as the *"diamond-water paradox."* The value of a diamond versus the value of water totally depends on the subjective preference of the receiver. If someone were carrying a diamond around in New York City and became thirsty, it is doubtful they would be willing to trade that diamond for a bottle of water, as water is quite plentiful there and easy to come by. Place that same individual in the Gobi Desert, however, hundreds of miles from the nearest water source, and a purveyor of water might well gain that diamond in exchange for water. The subjective value of water for the holder of that diamond is quite high in that circumstance.



Bringing the concept closer to home: If your company sells database software, for example, that makes it incredibly easy for data to be ported from a legacy system into your system, that factor might mean everything to a prospect who has experienced nothing but grief in trying to port legacy data. In their mind—or in the minds of decision-makers at their company—that database feature is highly valued. For a company that doesn't have a legacy system, though, and would be starting new with your product, other database functionality would have a higher priority, so the subjective value of the porting feature would mean less to them.

Today, data has highly subjective value, depending on context. With the web and with data mining, an infinite amount of data is available to everyone for low to no cost. For most people and companies, though, most of that data is worthless as it's not correct for that company.

At one time, I had a company called uptime that programmed for World Check risk intelligence software, utilized by banks throughout the world. The data provided by World Check directly relates to money laundering, fraud and terrorism. It is incredibly valuable to banks. Without this software banks take high risks, as anyone listed with World Check cannot legally open a bank account. Hence it has a very high subjective value.

Use of Subjective Value in Commerce

Today, many *(or maybe even most)* products and services are fiercely competitive, and it is only subjective value in marketing that makes it possible for one to overtake the other. A prime example is automobile marketing. The SUV, from product to product, has nearly identical available features. The only way for manufacturers to *"position"* their product above others in the prospect's mind is to add subjective value. They add extra services, such as their own roadside repair. One manufacturer even adds their own concierge to book hotels, travel, or entertainment events.

This isn't as true in my own industry, CRM, as they're not as easy to compare. But because we designed Pipeliner with these principles in mind, we have made excellent use of subjective value in Pipeliner.

Subjective value is yet another economic principle that is highly applicable to sales forces worldwide. Fully understand it to increase the number of deals your company closes. «

"The exchange of goods is advantageous to economizing individuals because each can obtain a greater satisfaction of his needs by devoting his efforts to those activities in which he excels relative to others, and trading the surplus for goods produced by others who excel in different ways."

— Carl Menger, Principles of Economics (1871), Chapter IV: "The Theory of Exchange" (paraphrased for clarity).

"The difference between a successful person and others is not a lack of strength, not a lack of knowledge, but rather a lack of will."

— Vince Lombardi

Principle 4:
Sales Management and Comparative Advantage

There is an economic principle called comparative advantage, which can tremendously benefit sales management.

In economics, the term is used to describe the ability of a party to produce a particular good or service at a lower cost than another party and take advantage of that fact in trade. For example, one country with an advantage in producing beef at a lower cost than another country can trade with another country that, say, produces dairy products at a lower cost than the first country. Both obviously benefit from this arrangement.

Another ebook I wrote that ties in with this subject is *Trade: A Time for War…or Peace*? President Donald Trump is applying this principle right now by saying that trade should be reciprocal. I have always said that a good deal is one that hurts both sides a little bit—that is also reciprocal. Comparative advantage has an application within the realm of sales management, however: optimizing a sales force based on salespeople's differing strengths.

Why would such a principle be needed? Today, it's a hotly competitive environment. We all need to get better. For that reason, millions are spent on sales training—according to one report, each company spends an average of close to a million sales training dollars per year. This is all done simply to make a sales team more competitive.

Comparative Advantage in Pipeliner CRM

A sales manager needs to be able to review the sales pipeline of the sales force and rapidly assess which reps are stronger at which stages of the sales process.

Pipeliner CRM has numerous features for applying comparative advantage, which I'll detail below. Without such a CRM application, analysis will be based mostly on instinct and guesswork. While those are fine qualities, especially for a sales manager, they won't allow that manager to operate with the precision needed in today's highly competitive market and sales environment.

To fully measure comparative advantage, the visual features we mentioned in the last chapter, which help eliminate risk, are vital: the ***Buying Center****,* ***Org Chart****,* ***Relationship Mapping****, and the* ***Archive****.*

Other features greatly assist with comparative advantage. While many other CRM solutions provide these at added cost, these are all included in Pipeliner's base price:

- Multiple Views › Pipeliner's powerful visualization and ease of use extend to giving you multiple Views—different ways of seeing and organizing your data, which you select depending on your immediate need. These include the Pipeliner View, the Compact View, the List View, the Map View, the Bubble Chart View and the Task Board View
- Navigator › Navigator is your personal organizer and a great place to start each sales day. It is one of the places our AI engine Voyager provides you with intelligent insights and alerts. This allows salespeople to cut through the noise and laser focus on what is most important at any given moment.
- Dynamic Target › The Pipeliner CRM Target is one of its most important features. Always visible to the right of the main Pipeline View, the Target constantly reflects the overall result being focused on by the sales force. Because it is constantly visible, the Target feature keeps the goal front-of-mind for any salesperson. It is always a conscious or even unconscious motivation for the rep to make that quota. In Pipeliner,

5 different Target views are available, accessed through a dropdown menu simply by clicking to the upper left of the target itself.

- Power Panel › The Power Panel is a place in Pipeliner where you can modify what you see in your current view. Within the Power Panel, there are four tabs: The View Tab, which provides dropdowns and checkboxes for things you want to see or not see in your current view; The Role Tab, which provides the ability to view only things that are owned by you, your sales team or your sales unit; The Filter Tab, which provides the ability to show you certain things in your current view; and The Target Tab provides, with which you can select the type of Target you would like your Pipeline to be based on, as well as over what period, and set an overall target goal.
- Bubble Chart View › The Bubble Chart View shows a multidimensional view of opportunities plotted by sales stage, closing date and size. Like other views, it is fully interactive.
- Report Engine › With Pipeliner's Report Engine, Sales managers can easily create their own reports and monitor their teams in real-time. However, reports are not just for sales management—salespeople can greatly benefit from having an easily accessible and customizable sales report at their disposal. This allows every sales team member to efficiently manage their own pipelines.
- To facilitate meeting and appointment scheduling, we have reprogrammed the Calendly scheduling application and included it in Pipeliner, for which people using other systems pay separately.
- Our Online Forms feature—which we have made superior to Survey Monkey—lets you create, edit and share web forms and surveys. It is fully integrated with your Pipeliner CRM data.

Lastly, Pipeliner's Duplicate Checker rounds off our feature set for comparative advantage. Data quality is a crucial factor in managing customer relationships—a single, clean record for each customer, giving visibility of your teams' previous interactions and future plans, is the key to successful collaboration, helping to ensure long-lasting relationships and high customer satisfaction.

All of our AI functionality totally relies on the Duplicate Checker. If data is not clean, it becomes "Garbage In, Garbage Out." AI is only useful with good, clean data.

Applying Comparative Advantage

Let's now examine how the Comparative Advantage principle can be generally applied within a sales organization.

Train by Weakness...or by Strength?

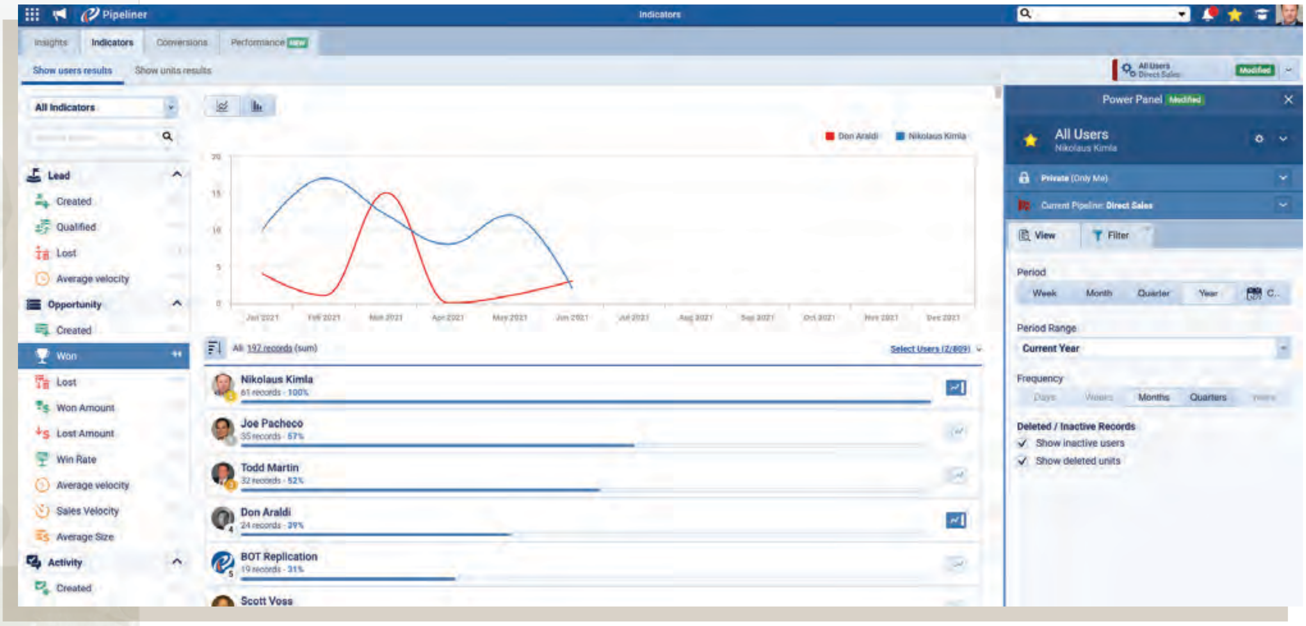
Good salespeople are never easy to find. When one is located, a sales manager's instinct might be to focus on that person's weaknesses to strengthen them. While there's certainly nothing wrong with that, there is another approach that is actually far more effective: isolating that person's strengths and placing them where they'll do the most good.

There are many sound reasons for this approach, but the primary one is very simple: you'll find that when someone is great at something, they truly love doing it. And reversely, when someone loves doing something, they are generally very good at it.

Optimizing the sales force on each salesperson's different strengths is how you utilize comparative advantage in sales management. However, one drawback must be dealt with: how do you tell the difference between a weakness and simply laziness? Someone might be good at something but just be lazy. For example, someone says, *"I can't call anyone."* That's just a laziness, not a weakness. On the other hand, when someone says, *"I'm really not the best person for cold calling. I've made hundreds of calls, but I really hate it."* You know, then, that this would be a weakness. This would not be your SDR.

I'm not implying that training should be left out—not by any means. No matter how expert someone becomes at something, training will always be required. For example, take a virtuoso violinist in a top orchestra. How often does she practice? How many hours per day? The same is true for a salesperson; training will always be needed.

Today, sales isn't just one job. There are many roles that are vital within the sales process. Each one is a specialist. One will be excellent at being a *"hunter"*—that is, finding and bringing in new opportunities. Another might excel at being a "farmer," nurturing leads and readying them to be closed. And of course, there are the closers, who excel at bringing signed deals through the door.



Applying Comparative Advantage

Taking a step back, a sales manager will see that by applying the above method of operation, every time a new person is added to the sales force, the overall dynamic of the sales force changes. For example, a new rep is added on and, after a short time, the sales manager can see that the new rep excels at closing. The sales manager then puts that rep onto closing deals that others have found and nurtured. What does that mean for the rest of the team? It means that other reps weaker on closing and have had to do so simply for the lack of a strong closer can be placed where they are stronger, and the closing can be left to the new rep. It can even mean that the sales manager, who has had to step in numerous times for closes, can revert to being more of a sales manager, mentoring and coaching.

A company today needs the strongest sales force possible. For sales management, applying comparative advantage can go a long way toward achieving this. «

"The market economy, by allowing entrepreneurs to adjust production to the demands of consumers, prevents the waste of resources and ensures that capital is preserved and expanded for future generations, provided no coercive interference distorts the process."

— Murray N. Rothbard, Man, Economy, and State (1962), Chapter 10: "Monopoly and Competition," Section 4 (paraphrased for clarity).

"To build a long-term, successful enterprise, when you don't close a sale, open a relationship."

— Patricia Fripp

Principle 5:
Sustainable Value Means Sales Effectiveness

What is *sustainable value*? Stated simply, it is *“value that keeps on giving.”* For the customer it is that quality of a product, service or company that always delivers, and is always there. For the seller, it is an opportunity or an account that pays for itself over and over.

Sustainable value should be a seller's highest aim— keeping and expanding one customer is far more cost-effective than obtaining a new customer. Of course, a company should always be after new business, but equal if not more emphasis should be placed on delivering sustainable value and keeping that existing customer. This can be seen as a real necessity with a SaaS business; if a customer isn’t happy, they can simply switch services with a few clicks of a mouse.

In fact, the SaaS model in itself is a sustainable business model from the Austrian School. Why? Because, simply said, you want to keep your customers and keep them expanding. That’s exactly the function of the SaaS model.

Sustainable Value in Pipeliner CRM

In applying sustainable value, Pipeliner CRM totally supports businesses in keeping clients.

One feature of this support is Account Health. Account Health gives you an at-a-glance, *“state of the nation”* view of your Accounts' health. You choose which Pipeliner fields to use for your business as *"Health*

Indicators," what to call your *"Health Categories,"* and what scoring calculations to use.

Another is the Automatizer. The Automatizer is a workflow automation tool that is the heart of CRM of the future. Automatizer processes can be fully automated or manually triggered by the user for complete flexibility. For triggers, identify what action will trigger a process, such as creating a new record or even more granular, such as when a field is updated. A process can also have what are termed *"Conditions"* which occur when a process is triggered. For example, if a field is updated to a specific value, it executes one or more actions. You can have multiple conditions in a process.

Sustainable Value and the Whole Enterprise

While sellers should prioritize sustainable value for customers, this purpose cannot be solely the responsibility of the salesperson. In fact, if only the salesperson has this aim while the rest of the company does not, the salesperson will fail to deliver sustainable value to customers—and, unfortunately, will the company.

A comparison could be made between an enterprise an an orchestra. The salesperson we just mentioned could be the pianist. Finance could be the brass. Customer Service might be the strings. If the players are all virtuosos—which must be the case for any world-class symphony orchestra—then the company's customer will have a remarkable experience, just as the symphony orchestra's music would ecstatically move a listener. However, if the orchestra's pianist is fantastic while the rest of the orchestra is mediocre, the experience will not carry through.

This means every place in a company where a prospect or customer touches that business must create its own sustainable value. Today, a great deal of emphasis is being placed on the vital importance of *"customer experience"* and sustainable value for every company touchpoint is what is meant. When every touchpoint—from marketing, through the SDR, through sales, through finance, through Customer Success and beyond—delivers a spectacular experience for the customer, that customer's experience cannot help but be so good that sustainable value is delivered for the company. That customer will remain loyal for years to come.

Far-Reaching Benefit

Another way of looking at sustainable value is to determine how much it benefits. A product or service that only benefits the seller—such as the financial instruments that caused the financial crash of 2007-2008—can be seen to have no sustainable value.

A product or service that benefits both the seller and the buyer could be said to have some sustainable value.

A product or service that benefits not only the developer and seller of that product, but the customer, the community and society as well, could be said to have far-reaching sustainable value.

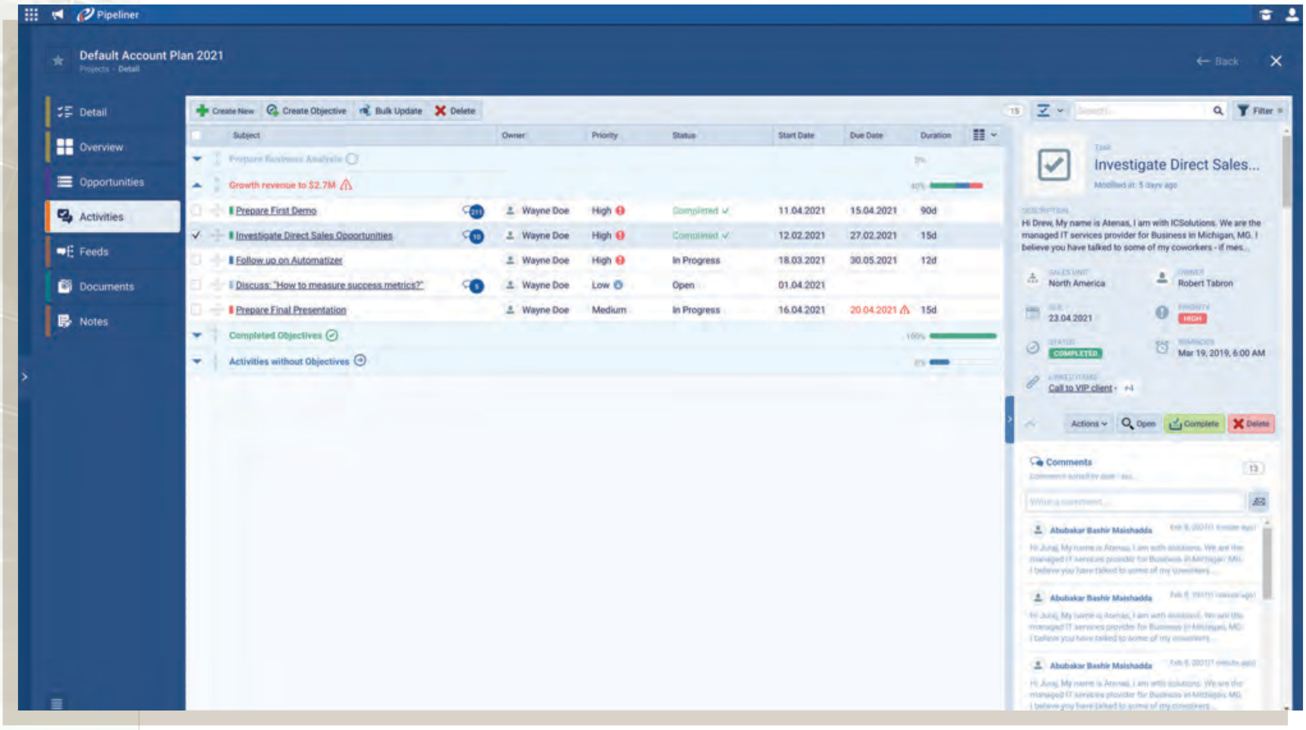
A Bit of History

How far back does the concept go? At least in our contemporary society, sustainable value was initially described by the *"father of modern economics,"* Scottish economist Adam Smith, all the way back in the 18th century. Smith wrote about something he called the *"invisible hand"*: in a free market, individuals' efforts to maximize their own gains may benefit society, even if they begin with no particular intention to do so. Not long afterward, the same concept was expressed by French political thinker and historian Alexis de Tocqueville in his famous work

Democracy in America as *"enlightened self-interest"*: individuals who act to further the interests of others *(or the interests of the group to which they belong)*, ultimately serve their own self-interest. The concept runs all through the Austrian School of Economics and has been popular for the last 150 years: trade is only lasting and sustainable when it benefits society.

Your Product or Service

How far-reaching is your company's sustainable value? The more beneficial a product is, the more sustainable value it has. An example can be seen in the modern trend in fashion. Apparel has always had some sustainable value to consumers: it makes them more attractive, provides protection and maintains modesty. However, in the last half-century, apparel has become very unsustainable in the way it has been made: using third-world labor, carcinogenic dyes, manufacturing processes polluting the environment, and lower quality processes and materials reducing longevity.



Today, an increasing number of manufacturers are utilizing sustainable-grown cotton with non-poisonous dyes that are made using only fair labor practices. Therefore, the customer not only looks better, but the clothing has a lasting sustainability on all other fronts. In B2B sales, your product or service can be rated as to its sustainable value. If you are, for example, selling a software product that greatly benefits its users, those users will be better employees at their companies, the company itself will be better performing, and will, in the end, have a positive impact on the overall economy. The examples of sustainable value are endless.

Sustainable Value—Added Value

Today's sales forces have to add value for each customer—you must learn all about prospects, their particular issues, and how your product or service will precisely benefit them. A question any salesperson can ask themselves is: what sustainable value will my product bring my prospect? The answer to that question should be pretty detailed for each prospect: the more ways a product can be shown to benefit a client, their company and beyond, the more sustainable value it can be shown to have. You will find that long-term sustainable value will be the primary selling point of your product or service.

The more a sales force is able to isolate sustainable value for each sale, the more likely the deals will close. This is probably the most powerful factor in sales force effectiveness. And as we can now see, it also means everything for the whole company's success. «

"The entrepreneurial element in human action involves alertness to opportunities for profit, often realized through persuading others of the value of what is offered, a role that bridges gaps in knowledge and drives the market toward equilibrium."

— Israel M. Kirzner, Competition and Entrepreneurship (1973), Chapter 2: "The Entrepreneur" (paraphrased for clarity)

"Dream big! There are no limitations to how good you can become or how high you can rise except the limits you put on yourself."

— Brian Tracy

Afterword 1:
What Do Salespeople Mean to the World?

As a salesperson, you are engaged day in and day out in moving deals toward closes. You have most likely given little thought to what your activities might mean in the grand scheme of things, to the world at large. If you have, you might have even brushed them off as having little to no consequence. But believe it or not, your role as a salesperson has a more profound significance than you might think.

One-third of the world's workforce population is in a sales-related job. In addition, the middle class planet-wide is built around salespeople, therefore every community and household is much safer if it exists within a stable middle class. Peace produces wealth—not the other way around. Therefore, salespeople are the wealth creators and the peace producers of the world.

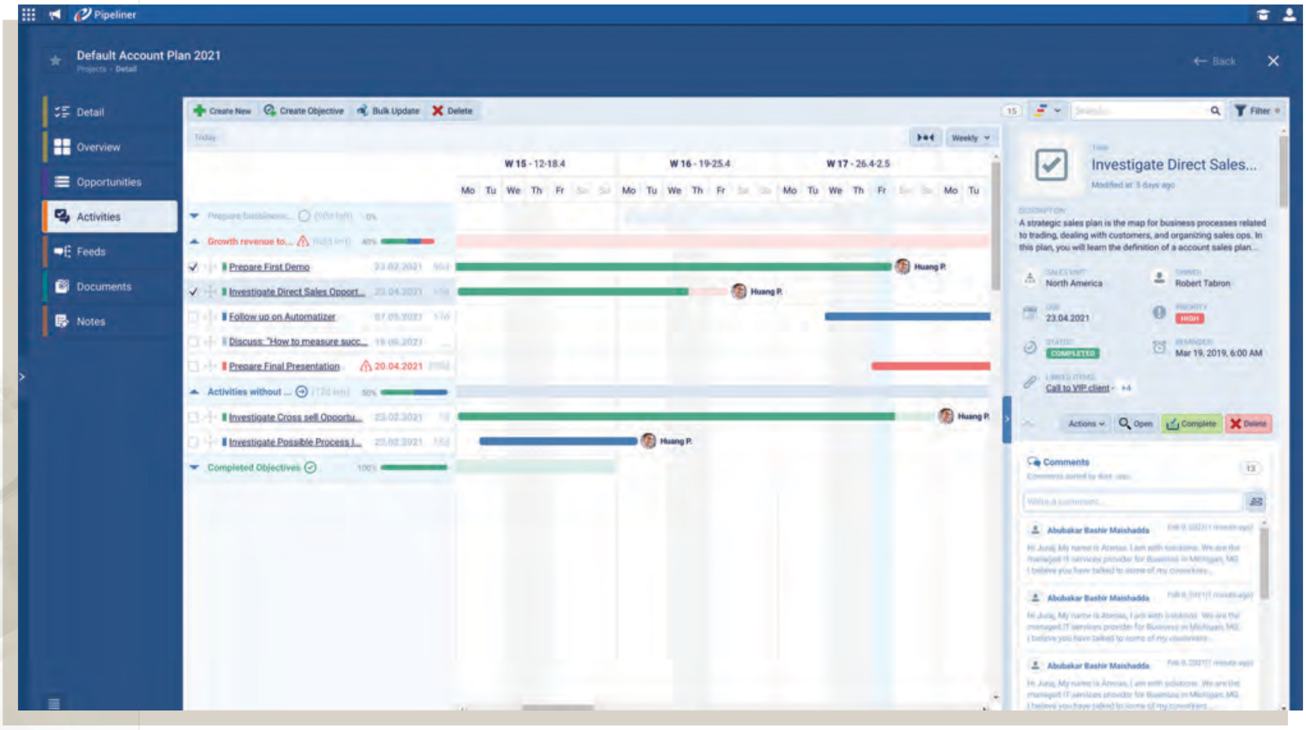
Trade Means Peace

Some 150 years ago, Carl Menger, the founder of the Austrian School of Economics, pointed out that trade itself is innately a peacekeeping element; countries can only trade with each other if they are not at war.

It is also true that trade can only occur within a free market economy—where entrepreneurs are free to innovate, seek out opportunities and act upon them to benefit themselves, their companies, their communities and countries, and their customers. A free market economy, it can be seen, can also only exist in times of peace.

A Global Village

Since the advent of the internet, Earth has truly become a *"global village."* The borders between nations, due to mass immigration issues, have once again become important. However, a frictionless crossing of borders for the purpose of trade is essentially significant as companies conduct business over them. In the last decade, virtual employment has also become common; companies have employees with physical locations worldwide, further lessening the significance of national borders.



Although various political interests continue to try to divide our global village and keep various factions opposed to each other, companies—especially small and medium businesses—act in precisely the opposite manner. It is in their interest—and factually in the interest of everyone else—to freely continue commerce with others, no matter their location. Only then can products with truly sustainable value achieve maximum benefit for all. A very good example is restaurants. They exist best next to competitors, and attract more customers through such location. Business competition always benefits the consumer by resulting in improved products—as long coexistence is peaceful.

Technology and Humans

It would seem that the more technology advances, the less humans need each other. This is actually not the case. The truth is, the more technology that is out there, the more a human is seeking another human. The more we connect with technology, the more we want relationships. A great example of this is Apple stores—today, every store has more sales consultants than ever before to help and support each customer.

What About Salespeople?

Despite the opinions of some who seem to enjoy portraying salespeople as *"necessary annoyances"* within companies, the hard, cold fact of the matter is that no business, small or large, could exist without them. A company is only as good as its sales force, for at the end of the day, it is that sales force that will bring in company revenue or not. While entrepreneurs start up and continue to run companies, the sales reps are the heart and soul of a company's success. As a company engages in commerce within a nation or across international boundaries, the salespeople conduct that commerce and keep it alive.

If companies are the true peacekeeping agents for the world—for again, commerce can only occur in the absence of war—it is the salespeople who are continuously working to create that commerce. So, see yourself for who you really are: the wealth creators and the peace producers of the world. «

"Value does not come out of the workshop, but out of the wants which goods satisfy."

— Eugen von Böhm-Bawerk

Afterword 2:
The Austrian School of Economics

In this ebook, we've stressed certain principles and their importance in sales and commerce. We have seen how empowering it can be to understand some of the root economic principles that guide sales and how that understanding can carry us much further in achieving corporate and sales goals.

The important principles we have touched upon—sunk cost, opportunity cost, subjective value, comparative value and sustainable value—all have their roots in the Austrian School of Economics. Here is a bit about the Austrian School's founding fathers and their contribution milestones.

Carl Menger (1840 – 1921)

Menger was the founding father of the Austrian School of Economics and was the first to regard the economy as the result of individual actions rather than an exact science. His works were initially rejected for being *"subjectivist"* and inaccurate, only to be praised later for unveiling the economy for what it really is: Individuals acting to satisfy their wants. Using his subjective theory of value, he arrived at one of the most powerful insights in economics: Both sides gain from exchange. Learn more about Carl Menger.

Ludwig von Mises (1881 – 1973)

A student of Carl Menger, von Mises was quick to evolve and push Menger's philosophy even further. Explaining what causes business cycles—and being able to save Austria from the inflation that troubled

Germany in the 1920s—Mises is truly one of the great minds of the Austrian School. His groundbreaking work on money and credit *(and his more profound exploration of the individual need behind the supply and demand and the "price" of money itself)* solidified the position of Austrian economics in the world. Learn more about Ludwig von Mises.

Friedrich August von Hayek (1899 – 1992)

Hayek was a well-known philosopher, thinker, and author of his era and is a legend in economics. His theories became extremely popular in the 1970s, and in 1974, he was awarded the Nobel Prize for Economic Sciences. His theories proved that financial crises in history were fabricated by powerful government manipulations—creating false booms, lowering interest rates, and more. His works defended the free market and entrepreneurial spirit driving business and the world economy. Learn more about Friedrich von Hayek.

Freedom of Action

The principles we have discussed in this book can only be achieved in an economic environment in which both sellers and their potential customers are free to act. Friedrich von Hayek, one of the founding fathers of the Austrian School of Economics, coined the concept of *"the spontaneous order."* The essence of this concept is that human beings will act as they see fit; their actions, for better or worse, shape an economy and make it the dynamic activity it is.

To quote another of the founding fathers of the Austrian School, Ludwig von Mises, *"Action is purposive conduct. It is not simply behavior, but behavior begot by judgments of value aiming at a definite end guided by ideas concerning the suitability or unsuitability of definite means... It is conscious behavior. It is choosing. It is volition; it is a display of the will."*

Free Market Economy

The above description applies to a free market economy. A free market economy is one in which businesses are minimally restrained by taxation, over-regulation and other burdens which make innovation and entrepreneurship difficult. It also means that the public is free to buy from whomever they choose, motivated solely by choice of product or service based on sustainable value—not being constrained by government intervention and other factors in their choices. That doesn't mean that laws and restrictions shouldn't exist to counter criminality—but most businesspeople and consumers are not criminals and shouldn't be *"assumed guilty until proven innocent"* either.

Responsibility

Of course, with freedom must come responsibility. A free market with no morals or ethics will ultimately self-destruct. To quote management guru and professor Fredmund Malik, *"The market does not bring about economic performance, it does not even prevent mistakes, it only punishes them. Also, it does not correct mistakes in the usual sense of the word, it merely brings in the undertaker after the patient has died."*

We have certainly seen disastrous examples of *"the patient dying"* in the last few years, which have cost the economy dearly. At the core of such actions is, in actuality, irresponsibility. If, for example, anyone directly involved in the toxic mortgage debacle had taken responsibility—had taken a good look at what such actions would mean down the line—it likely would never have happened. In that case, certain individuals and institutions were only considering short-term profit and not applying the vital principle of sustainable value, which we discussed earlier. As you can see, *"freedom"* does not equal *"irresponsibility."* A free market cannot thrive as an irresponsible one.

What It Means for You

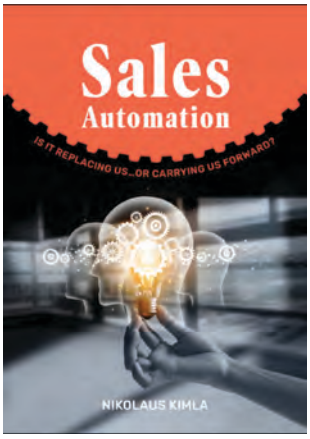
What does this all mean for salespeople? The only way we will achieve the goals we have set for ourselves is if we are able to help create, maintain and expand the economic environment in which we do business. We cannot simply be the *"victims"* of legislation, taxation or, on the opposite side, passive beneficiaries of freedoms—these are things that we must take a hand in controlling and changing while safeguarding the freedoms. In all but the most oppressive of regimes, we have rights as citizens: to vote, to campaign, to speak out, and to take part in the political process that shapes our lives and businesses. No matter what party you subscribe to, you have an interest in a free market. Why else would you be selling?

Remember that for that freedom to actually work, there must be responsibility. In the case of the sales force, they must take responsibility by creating truly sustainable value.

Throughout history, freedom has always had to be won. In pursuing your business and being part of the sales force, make sure you continue to win yours.

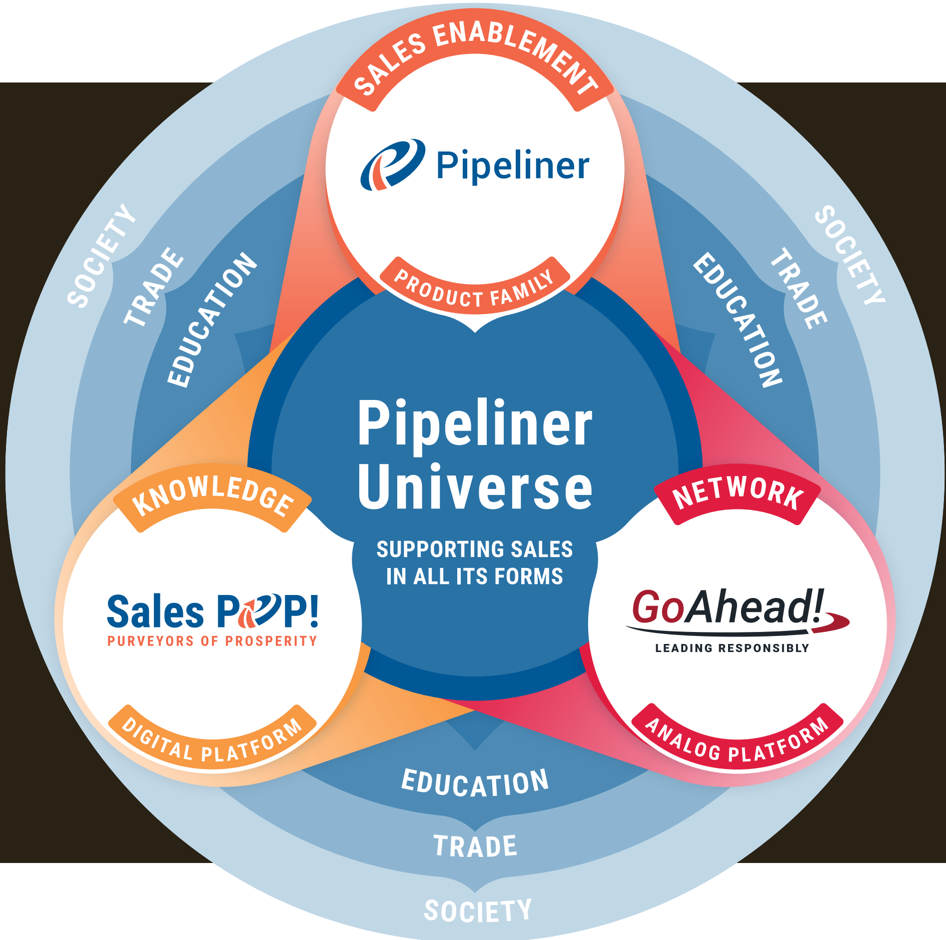
Visit our dedicated website for more information about the Austrian School of Economics. «

PLEASE READ ALSO THESE EBOOKS »»



The Pipeliner Universe

Supporting sales in all its forms.



Pipeliner CRM

Pipeliner CRM is a technology platform built to enable Salespeople & Sales Managers to effectively & efficiently manage their pipeline and drive increased revenue. The combination of its intuitive interface and sophisticated backend, Pipeline CRM delivers *Instant Intelligence, Visualized* to give sales organizations a competitive edge.

Sales POP!

Sales POP! is a digital content platform that delivers the best in sales and sales-related content and thought leadership to readers across the globe. Its unrivalled and growing network of contributors brings different, unique perspectives and insights on today's sales & business issues. By leveraging multiple content formats from written, graphical, video & audio, Sales POP! appeals to the widest audience possible.

Go Ahead!

Go Ahead! is an analog in-person networking platform where top speakers in cities across the globe deliver valuable, insightful talks to local audiences. These events serve as a way of keeping face-to-face networking alive and flourishing and provide a much needed alternative to the increasingly online and sometimes impersonal interaction that has become prevalent but not always preferable.

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Enabling Sales Teams, Minimizing Risk!

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