SURVIVAL SKILLS FOR SELLING TO A CFO

WHITE PAPER AT A GLANCE

Selling to a CFO can feel like a bit of an ordeal for many sales people. They feel that somehow their lack of financial expertise will let them down. Yet, with some simple survival skills, sales professionals can create a positive impression with the CFO and advance their cause in making the sale. These survival skills include preparing properly for the CFO meeting, being familiar with the language of the CFO and including numerical data in the sales presentation. A willingness to share industry insights and perspectives will also help to make a positive impression. The end result of using these survival skills should be a positive experience for both the CFO and the sales person, one that they can build upon to do business together.

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BY VINCENT REYNOLDS

INTRODUCTION

Most sales professionals will only rarely get the chance to directly sell to the CFO. Yet, in the context of a large deal, it will often be critical to win the CFO's support in order to make the sale. This fact, coupled with the fact that the world of the CFO is often less familiar to the sales person than the world of functional or business line managers that they normally deal with, can make a meeting with a CFO seem like an ordeal. It doesn't have to be that way. With some key survival skills in selling to a CFO, sales professionals can make a positive impression on the CFO and enhance their likelihood of winning the business. This article examines some important survival tips for selling to a CFO.

1. LEAVE YOUR STEREOTYPES AT HOME

CFOs are accountants. Many of us have a stereotypical image of an accountant as someone who is cautious, risk-adverse, detailed, conservative, even humourless and boring. The problem with stereotypical presumptions is that they are very often wrong. Modern CFOs see themselves as business men and women first - and accountants second. As senior executives within the organisation, they will be focused on strategic, competitive business issues rather than just getting the books to balance. Rather than a small picture view of the world, the CFO will be thinking in a holistic way about the business, its opportunities, challenges and risks. It is better to think about CFOs as business professionals with financial expertise rather than simply as financial experts. That will make it easier for you to deal with them in a one-to-one setting. And it will create a climate for the meeting where you are focusing on the business issues that they care about.

2. DO YOUR HOMEWORK ON THE COMPANY'S FINANCIAL INFORMATION.

In my former life as a finance director, I have often been amazed to find prospective sellers of multi-million dollar solutions come into my office to meet me having done little or no basic research on the financials of my company. While I may not have said it to them directly, my internal dialogue in those situations has run along the lines of 'Are these guys serious about selling to me?' Surely the most basic thing for a seller to do when getting ready to meet a CFO is to go through the target company's latest earnings release, the key figures and trends in the income statement, balance sheet and cash flow and to look for the clear financial messages been sent out by the company. Where will they find this information? Well for publicly quoted companies, the investor relations web pages on the company's web site will show a wealth of financial information and may also profile the CFO as well. For private, non-publicly listed companies, there is information in Company House and further information is available from the company's web site as well as media coverage. If you come across a private company (a start-up perhaps) for which there is very little available financial information, well at least do some basic research on the financial drivers for their sector or market segment.

3. WATCH YOUR LANGUAGE!

In meeting with a CFO you will need to watch your language on two levels. Firstly, recognise that you may not be dealing with someone that knows all the technical jargon associated with your solution, especially if you are selling technology. Therefore, keep your language as jargon-free as possible. CFOs are often 'technology agnostics', not that concerned with the bits and bytes of your solution but more concerned with what your solution can do for their business. Secondly, watch your language by using terminology that will be important to the CFO. Know, and be prepared to use, terms such as shareholder value, return on investment, capex (capital expenditure), opex (operational expenditure), payback, net present value, total cost of ownership and cost/benefit analysis. Be willing to ask about their budgeting process, how they measure the financial success of investments and whether they have a preference for on-balance sheet or off-balance sheet solutions when it comes to capital expenditure. In using these types of terms, you are speaking the language of the CFO. A word of warning though: don't try to 'out-CFO the CFO'. They are the financial experts – not you! If you are unsure about a particular financial term, don't bluff your way through it - that may undo the positive impression you are trying to create. Instead, be prepared to ask the CFO to clarify what he or she means by a particular financial expression.

4. USE NUMBERS IN YOUR PRESENTATION!

I started out by warning you not to stereotype the CFO. Having said that however, I think it is safe for you to assume that the CFO is a highly numerate person! After all, it is his or her responsibility to make sense of the numbers impacting the business and to explain these to the board of directors and to the market in general. 'Death by PowerPoint' is not the way to go to persuade a CFO. Rather, use numbers in your sales presentation to the CFO. Show how your solution will impact costs and cash flow and how it will impact the company's balance sheet. But be careful with the numbers that you use. Show how they have been arrived at and the business assumptions that underpin them. The CFO will typically have a sharp sense of discernment when it comes to numbers. So make sure that they stack up. Well used however, a presentation that includes good numerical information will enhance your ability to positively influence a CFO.

5. THINK ABOUT THE RISKS THAT ARE FACING THE CFO

CFOs are primarily responsible for financial risk management in their companies. Sarbanes Oxley, and other post-Enron governance requirements, make it clear that the CFO's neck is on the line (along with the CEO's!) when it comes to responsibility for financial misdeeds or a breakdown in financial controls in the company. Ask yourself: 'What is it about my solution that can reduce risk for the target company?' If your solution can introduce greater predictability and stability into the target company's business model, then that should be highlighted. If it can safeguard the assets in some way, then that too deserves emphasis. For example, if you are selling an IT outsourcing solution, you may be able to demonstrate that such a solution will have the financial advantages of simplifying accounting (one invoice per month), improving accountability (through a penalty-based Service Level Agreement), increasing data security, reducing cost and minimising technology obsolescence risk. All of these things can contribute towards an improved business risk environment for the target company and for the CFO.

6. SHOW PROOF OF HOW YOUR SOLUTION CAN DELIVER

Talking about how you can improve the numbers for a company and reduce the risks is all very well. But, as always, actions speak louder than words. You will add value to your conversation with a CFO if you can make reference to other companies and situations where you have delivered similar solutions. Tell the CFO about your successes and perhaps arrange some site visits or follow-up phone calls for the CFO. However, a word of caution: do not loosely refer to other companies and what you are doing with them. CFOs are enormously sensitive to issues of confidentiality and if they hear you talking too freely about other companies you have done business with then they might be inclined to naturally ask 'What are these guys going to be saying to other companies about us?'. Be very discrete. Only mention work you have done with other clients if that client has expressly permitted you do so. Even then, choose your words very carefully so that you are reinforcing your credibility as a solution provider while at the same time protecting the image, reputation and business details of the client you are referencing. Your CFO audience will be taking note and will respect your professionalism for taking such an approach.

7. BRING INSIGHTS AND FRESH PERSPECTIVES TO THE CFO

When I was in senior financial positions in industry, one of the things that I appreciated greatly about vendors coming to see me was their unique industry perspectives and insights. Solution providers often work across an entire industry segment, or with customers in adjacent segments or perhaps even unrelated segments. This wider commercial and business exposure equips the solution provider with valuable insights and ideas which, when shared with CFOs, can enhance the CFO's knowledge and effectiveness. The same goes for emerging tools and concepts. I remember the first time that the Total Cost of Ownership (TCO) concept was properly explained to me by a vendor. That vendor educated me in a tool that I have been using ever since. Naturally, insights and assistance like this will predispose the CFO to the vendor capable of sharing such insights and concepts in a meaningful and useful manner.

CONCLUSION

For a sales person, a sales meeting with a CFO can often be a trip outside of the comfort zone. There is no need for that to be the case. CFOs are business people focused on achieving value for their business. Selling to them successfully involves putting aside preconceptions and dealing with the CFO as a business person who happens to have a lot of financial expertise. It pays to prepare well for a meeting with a CFO. They are busy people and getting on their schedule will be an achievement in itself. Once you do get together with them, don't blow it by being unprepared or being unfamiliar with the key concepts and terminology that form part of their workday language. Think about their financial drivers and especially about their financial risks. Position your sales presentation to address those risks. Incorporate the key numbers that will make them comfortable about dealing with you. Further reinforce that credibility by making careful and thoughtful reference to other companies to whom you have provided value. Finally, look at ways to bring fresh ideas and perspectives to the CFO. Your knowledge of the market and the industry within which the CFO operates will uniquely qualify you to add value in that way.

About the Author

Vincent Reynolds is the founder of Rapport Consulting. His background is in corporate finance, having acted as Finance Director for Tellabs Inc., a NASDAQ quoted telecommunications equipment manufacturer. For the past seven years, Mr Reynolds has acted as a consultant providing financial acumen and management development *programmes to global companies such as British Telecom, GlaxoSmithKline, ESB and a host of other clients.*