

Risky business?

White paper

How to mitigate risk in the minds of your prospects

Whenever a prospect starts looking for a new product or service, there is a level of risk in their minds. As the owner of a small business, your job is to reduce that risk in the prospect's mind, to an acceptable level so that they buy from you.

Of the five forms of perceived risk (monetary, functional, physical, social and psychological), the first four are most relevant in the B2B environment:

- Monetary: Could I lose money on this?
- Functional: Will it do what I want it to do?
- Psychological: Will I feel guilty or irresponsible if I buy this?
- Social: What will my peers think of me if I buy this?
- Physical: This looks dangerous. Will I get hurt?

LEVELS OF RISK IN B2B

Let's look at a few products and services where the level of risk is markedly different.

1 | OFFICE CONSUMABLES

Paper, toner and teabags are all low risk purchases. Unless your team drinks so much tea that they don't get any work done, these purchases are made with little more than a cursory look at pricing. There may be some arguments between Yorkshire Tea and PG Tips fans, but not a lot.

2 | OFFICE FURNITURE

The cost of office chairs can range from £35 for Ikea's Torkel to £1,000 for a Herman Miller, or even £7,500 for a Wegner Swivel chair. At this stage, there are few more factors coming into play:

- Price. Herman Miller chairs can vary by £200 to £300 and that adds up if you want a dozen of them.
- Status. Brand snobbery has entered the office furniture world (the Aeron is de rigueur in many financial services companies). Does a Wegner in the Managing Director's office say 'we are highly successful' or does it say 'we charge too much'?
- Value. At the lower end of the price range, there may be concerns about how long it will last and how comfortable it will be (Ikea look to allay concerns through the use of their testing process - maybe

we could learn a thing or two about allaying risk worries from them?). And, as before, what does a low value chair say about your company to your clients? We all need to weigh up the risks.

But despite the questions, most of the time, you know what you are getting, particularly from the big brands, so there is relatively low levels of risk in the minds of the buyer. Most of our umming and erring is just to make the salesperson sweat.

3 | BUSINESS INSURANCE

The implications of getting your insurance wrong start to raise the stakes. We've all got to have Public Liability, Employer's Liability and often Professional Indemnity and the amount of small print makes comparing policies difficult. I know the prospect of spending hours comparing text in font size 4 fills me with dread.

4 | OUTSOURCED IT SUPPORT

At about the same price point, there is a big jump in perceived risk when it comes to IT support. Why? Because the impact of poor support can be catastrophic. Downtime for a 20-user business averages £5,000 per day for a London-based business, and that's without the opportunity cost of lost sales. IT support is almost always a distress purchase. If you're changing company because your current provider is crap, you taint all incoming suitors with the same brush. That's why often, even with poor service, many companies stick with the devil they know rather than the devil they don't. The level of risk in the minds of the buyer here is very high and this will be the same for many service businesses.

HOW CAN YOU REDUCE THAT PERCEIVED RISK?

FIRST IMPRESSIONS COUNT.

There are many ways that a prospect can make that first touch: your website or social media; over the phone; or in person. Are you making sure it's a good impression?

Ensure everyone in the business answers the phone in a

professional manner. And don't forget to make sure everyone knows how to then transfer the call to the right place too – and what to do if they can't make the transfer.

Make sure your team behave, particularly when you've got a client or prospect coming in. If your team appears friendly and professional, this goes a long way to making prospects feel that their business will be in safe hands.

We all know that social media, is a powerful tool, but can also be a minefield. It can be tempting on social media to argue with someone, particularly if they are being controversial. Don't be tempted if someone baits you as prospects will see it and, even if you are in the right, the risks you have taken will increase the risk levels in the minds of your potential customers.


Your website should load quickly and be mobile responsive. Your contact details should be easy to find and, please, include your address so people know where you are – transparency is key.

WERE YOU INTRODUCED?

When you are trying to get in front of your ideal client, the

Don't be tempted to argue with someone on social media. Prospects will see it and the risks you have taken will increase the risk levels in the minds of your potential customers





When an introduction comes from someone known and trusted, some of that trust moves to you and so helps to reduce the perceived risk

phrase “it’s who you know”, or more precisely, “who they know that you know” really comes into play. As you know, small business owners get a great deal of their business from introductions and referrals. When an introduction comes from someone known and trusted, some of that trust moves to you and so helps to reduce the perceived risk, at least of talking to you. You have a head start on anyone else pitching for this work, but be mindful of the referrer. You hold a little bit of their reputation in your hands, so make sure you look after it.

WHERE'S THE EVIDENCE?

Market leader Amazon, together with most major retailers, makes sure that your customer review ratings are prominent on its website – in fact you can filter by those ratings even before you get to filter by price. Also, look at Trip Adviser, which has built its entire business model on this premise. These successful companies know that peer reviews will make you more confident and spend more as they are evidence that the product you are considering is worth your trust and your money. If you can put a series of reviews (aka testimonials) in front of a prospect, they will start to see the value you provide and the level of perceived risk is reduced. If these reviews are from people similar to them, the level of risk drops even further.

TELL THEM A STORY

Stories are great! They can paint a picture that explains what you do often far more effectively than a simple description. They can also allow a prospect to visualise a situation that is

potentially relevant to them. What stories do you have within your business? What have you done with clients that demonstrates your understanding of the issues your prospect faces and will show what a successful resolution looks like?

Put some of these stories where they will be found early in your potential client’s movement through your pipeline (usually your website), but keep one or two for when you’re sitting in front of them. The impact there will be even higher.

GIVE THEM THE NUMBERS

So let’s say your prospect has read your website, where you have made sure it was easy for them to find your evidence, reviews, stories and opinion pieces. They’ve picked up the phone because they’ve liked what they’ve seen so far and you are sitting in front of them. They’ve liked your additional stories and you’ve discussed budgets, with no issues. Now you need to get rid of that last nagging level of risk you need to secure the deal. What more can you do? Give them some phone numbers.

Most prospects will expect two or three reference clients that you have carefully selected as the ones you know will say nice things about you. Why not surprise them with a list of six, or more? Let them choose the people they talk to. What you’re saying is: “You can ask any of my clients and they will all say good things.” What goes through their head is: “They must be good.”

SUMMARY

For a prospect to continue moving through your pipeline, and then sign on the dotted line, you need to reduce the level of risk they perceive. After all, most people shy away from change. It’s a risk; what if things go wrong? What effect might it have on the business and who might get blamed? These tips should reduce the risk your prospects have in their minds to an acceptable level. One where the prospect says: “Yeah, let’s go!”