

Sales VPs. Are your people working on the wrong deals?

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(Third in a series of how behavioral economics affects the world of big-ticket, B2B selling. This article is adapted from the white paper Moneyball Selling available [HERE](#).)

A while ago [I wrote about whether CEOs really celebrate failure](#). This article is for sales managers and how they can help their reps deal with risk to maximize the return of their funnel.

Imagine that you have a rep who has two deals in their pipeline. Both will take roughly the same amount of work and selling time and each are expected to close on the same date, say 90-days out.

Deal 1 - \$20,000, 80% chance of close because you are the incumbent, have a great reputation and have the inside track.

Deal 2 - \$50,000, 40% chance of close because it's a new account and you have strong competition.

Now, as the sales manager, which deal do you tell the rep to prioritize? Most sales managers, and reps, will want to prioritize Deal 1. Why? Well, we all want to be winners, we hate to lose. Let's chalk up the wins and be known as winners! It's called "risk aversion" most of us will take the bird in the hand every time. Most humans shy away from risk but there are sometimes when you should embrace risk.

Look at the numbers for these two deals and do some math. Deal 1 has an expected value (contract value x probability) of \$16,000 while Deal 2 has an expected value of \$20,000. Each time you chase the Deal 1 types you are leaving money on the table, in effect, you are paying a premium of \$4,000 per deal.

This is the same reason that, when offered either \$400 in cash or the option to flip a coin and if it's heads, they get \$1,000 and if it's tails they get nothing, a majority of people take the sure thing.

As sales managers, we must constantly be coaching our reps to accept some risk. They can't always be risk averse. Please leave a comment and tell us how you coach your reps to accept risk.

Fear of loss is one of dozens of biases that have huge effects on selling. Stay tuned for more topics. **If you are interested in reading more on this and other behavioral economics topics, download the white paper at www.bettersellsolutions.com/resources.**

Good selling!

Bob

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"Three reasons why "Tell me about your business?" may be the worst question ever."
<https://tinyurl.com/why-its-a-bad-question>

"Three key questions every sales leader should ask and every rep should be able to answer"
<http://tinyurl.com/3keyquestions>

"What this really means: Sorry I didn't get back to you, I've been really busy"
<https://tinyurl.com/HatcherLinkedIn5>

"Did you know that your products have no benefits" <https://tinyurl.com/HatcherLinkedIn4>

"Why account management may be the core customer activity."
<https://tinyurl.com/HatcherLinkedIn3>

"What it means to be a world class sales organization" <https://tinyurl.com/HatcherLinkedIn1>

"So you want to be a trusted adviser to your clients?" <http://tinyurl.com/zsoazz7>

"Learning to sell from a 16-yr old beach vendor in the Dominican Republic"
<http://tinyurl.com/beachvendor>

Founder and President, BetterSell Solutions – the only sales consulting company focused on applying the science behind human decision-making and the field of behavioral economics to the world of big-ticket B2B, complex sales. If this is your world and you aren't applying these techniques you are leaving money on the table.

We offer keynote speeches and workshops on how to apply the concepts of behavioral economics to the world of selling. In some cases, there are things you must be aware of in your own behavior, and in other cases, there are concepts (as presented in this white paper) you can leverage to your advantage.