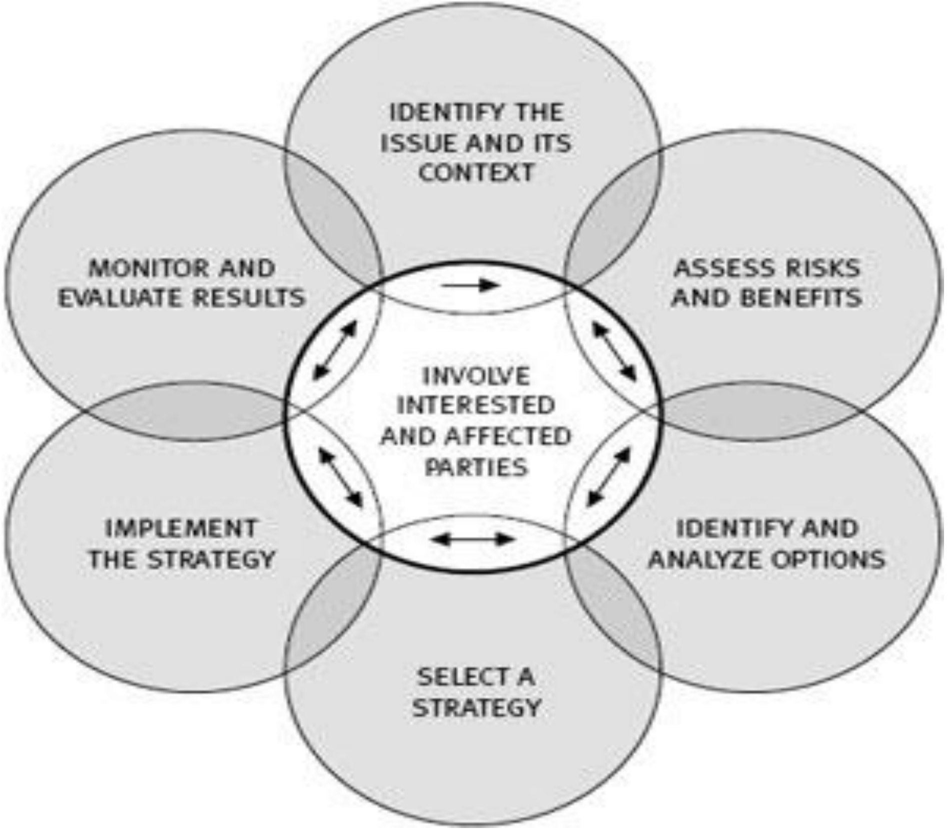
# Psychology of Selling Efficiency to Enterprise

# What will we be talking about

- The business decision making process
- The role of organisational psychology in decision making
- Tips to increase your success in pitching energy efficiency projects

# Businesses have a structured decision making process



# Same situation, different outcomes

Why did we get a different outcome from two similar business case pitches?

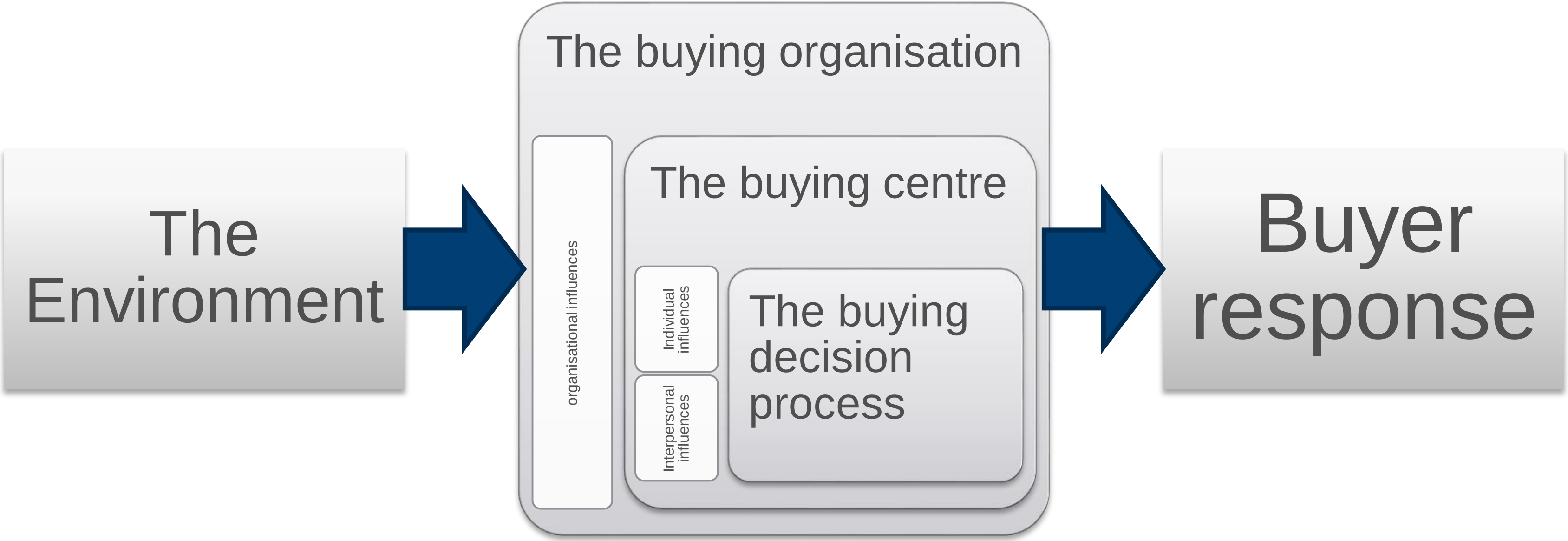
| Business One<br>Large shopping centre property manager | Business Two<br>Large multi site retailer |
| --- | --- |

Early in the journey
Best practice sustainability reporting
Wanted cost reduction
Looking to implement solution to identify energy savings opportunities
Finance actively involved

| Won Deal | Lost Deal |
| --- | --- |
| ✓Identify buyer<br>✓Understand hurdle rates<br>✓ Address risks | ✗Identify buyer<br>✗ Understand hurdle rates<br>✗ Address risk |

# Understanding business buying behavior is key

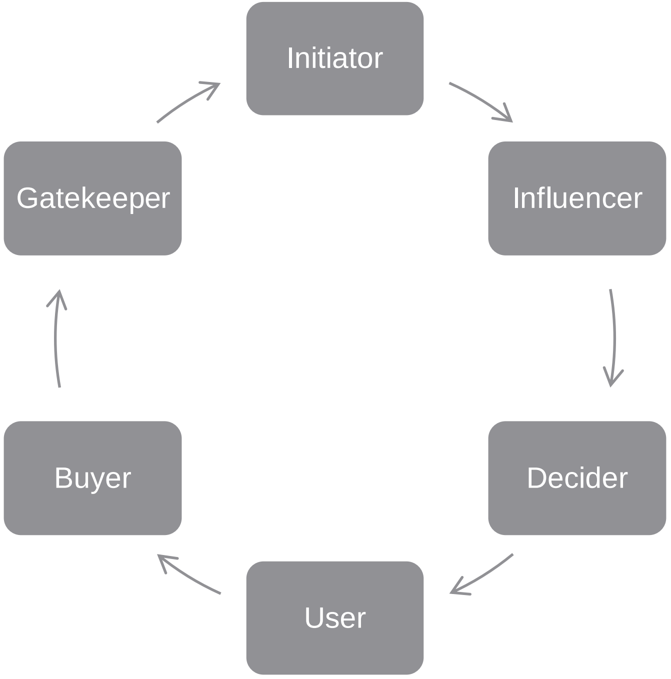
Business decision making is made complex by the combination of external, organisation, team and individual influences



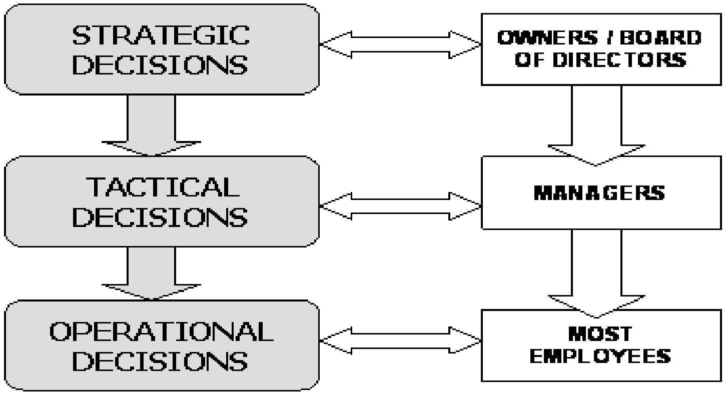
# Working with the buying centre

Your proposal needs to be pitched to the right stakeholder's and meet their needs

## Decision making roles




## Decision making authority



# Working with the buying organisation

Not all assessors will value $ most highly, but most will highly value them

- Understand their investment objectives, hurdle rates and payback expectations
- Convert data into financial metrics and vocabulary
  - $ are the universal language of business
  - Get familiar with NOI, NPV, ROI and payback periods
  - KW and kWh don't compute
  - Timeframe for delivery is important
- Verifiable data is important
  - Get the tools you need to robustly measure and model it
  - Validate assumptions and outcomes using external verifiable sources

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# Get comfortable with risk

Organisations weigh up both risks and benefits and factor them into their value assessment of your business case

| **Likelyhood** | **Consequences** | | | | |
|---|---|---|---|---|---|
| | **Insignificant** *Risk is easily mitigated by normal day to day process* | **Minor** *Delays up to 10% of Schedule Additional cost up to 10% of Budget* | **Moderate** *Delays up to 30% of Schedule Additional cost up to 30% of Budget* | **Major** *Delays up to 50% of Schedule Additional cost up to 50% of Budget* | **Catastrophic** *Project abandoned* |
| **Certain** *>90% chance* | High | High | Extreme | Extreme | Extreme |
| **Likely** *50% - 90% chance* | Moderate | High | High | Extreme | Extreme |
| **Moderate** *10% - 50% chance* | Low | Moderate | High | Extreme | Extreme |
| **Unlikely** *3% - 10% chance* | Low | Low | Moderate | High | Extreme |
| **Rare** *<3% chance* | Low | Low | Moderate | High | High |

- The less you understand something, the more risky it will seem
- Risk perception is a factor of past experience
- Organisations commonly have a risk management framework
- Risks are assessed based on:
  - Likelihood
  - Impact
- Moderate, High and Extreme risks should be documented, valued in modelling and mitigation strategies suggested.

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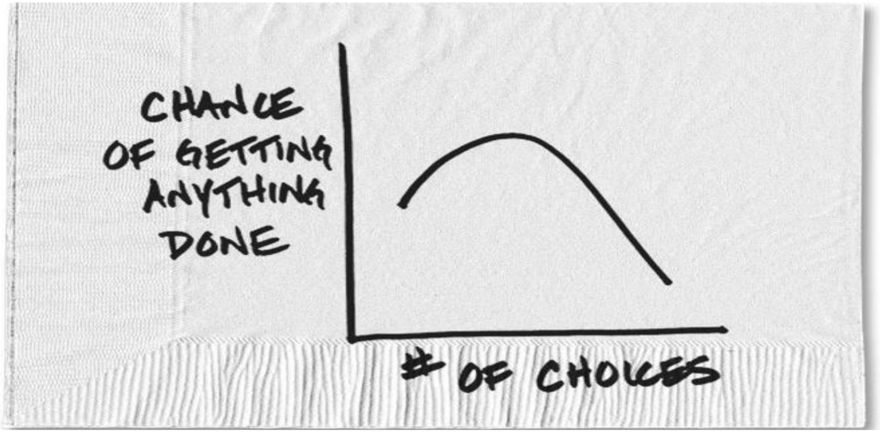
# Influencing the buying decision process

Options analysis is a standard part of enterprise decision making




- Presenting a small set of viable options can help prove your case
  - Adds credibility
  - Makes the ‘best’ option the logical choice
  - Don’t forget the null hypothesis
- Important not to over or under do it
  - Downside of single option
    - Easier to dismiss if they don’t like
    - Limits thinking
    - Creates a desire to shop around
  - Downside of large number of options
    - Too many assessments to make
    - Fuzzy differences
    - Feels complex

# A glimpse is all we have given you

‘a little learning is a dangerous thing'
Alexander Pope - An Essay on Criticism, 1709