



How to Question Effectively



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This Yellowpaper:

- Contains 34 questions you can ask to help you better qualify whether a deal is going to happen, or not;
- Explains why each question is important and offers advice on how to elaborate on them.

Before you can close a deal you need to be sure there's a deal in the first place. Sales Gym 360 teaches the "C.A.R.A.T.S." qualification framework to help with this.

For a deal to be CARATS-qualified six states need to be true:

1. The people you are dealing with need to be **Credible** and able to represent your interests;
2. The deal needs to be **Affordable**;
3. The deal needs to deliver a demonstrable **RoI**;
4. The people you are dealing with need to have the collective **Authority** to say "yes";
5. There must not be anything happening to prevent the deal from happening in the **Time** you think it will;
6. The deal must be linked to a **Strategic** Priority of the business.



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Here then is a bank of questions designed to help you better qualify each part of the **CARATS** framework.



Credible ("Is your contact credible?")

What projects have you been involved with previously?

The more the better, subject to their role. Limited projects could suggest your contact(s) are either relatively new and still establishing their place OR are not considered an influential go-to figure

What was your role in the projects?

You are trying to understand whether they are an influential figure in your Client's Organisation or a spectator

Do you get much airtime with the CEO?

This will help you qualify the understanding your contact(s) has of your Client's Strategy and Strategic Priorities. It will also help you understand their Influence-Weighting. You need to ensure you are investing your time developing relationships with the people who are influential and have an understanding of the workings, challenges, priorities and drivers of your Client's Organisation

What regular reports do you need to do?

If the answer is "none" you need to question why. Most senior roles require a level of report writing and progress updates. If your contact(s) doesn't need to submit any, they may not be as senior and influential as you require

Are you involved in many regular internal meetings?

You are particularly interested in establishing whether they are part of the Senior Management Team and/or are regularly invited to contribute to other influential departmental meetings or discussions

How does the sign off process work?

The sign off process is the practical element of the transaction. Remember though that signatories very rarely make unilateral decisions. It's the Influencers you need to fully understand, not just the signatories. Who is influencing who?

Affordable



Affordable ("Is there, or can there be, budget available?")

Is there a business case for this?

If there is you should ask for a copy. If that's not available you should qualify the stated returns and seek to understand whether an external third party had input into any aspect of it – clearly if a third party was involved you need to weigh up their influence in the transaction. If there isn't a business case you should qualify whether there will need to be one and if so what the process is and who will typically need to be involved in the production of it. If there isn't a business case and doesn't need to be one you need to re-qualify the Influence-Weighting of your contact(s) as you risk investing your time in a contact(s) with insufficient authority and influence. Most investments/purchases have some form of business case or justification, even if it's just a one-pager

What's the impact of not investing?

Always a great question and will help you qualify the importance and magnitude of the transaction

What's your budget for this investment?

If your contact doesn't want to say, ask what the range is, "£100k-£150k?"

Will this be funded by your OPEX or CAPEX budget?

If your contact doesn't know you need to qualify their level of seniority and Influence-Weighting. You should also qualify if your contact and/or Client has a preference over an OPEX-funded or CAPEX-funded transaction as it will give you more options to commercially-differentiate your offering

Has budget been set aside?

If so, you should qualify how the budget value was derived. Have quotes and/or proposals been sought previously by any third parties? Are those third parties actively bidding and engaged in the selection process now? If budget has not been set aside, you need to qualify how the transaction will be funded and what the budget allocation process is

Is this on the FD's/CFO's radar? Does it need to be?

If so, you should qualify what quantifiable return they are expecting from the investment. You should also qualify which month they have the expenditure aligned to and what the impact would be of not completing the transaction as budgeted. If it's not on the FD's/CFO's radar you should qualify whether it's normal for a transaction of this nature not to be on their radar (and why); whether they would need to be consulted (and why); and what documentation or evidence they would need to review in order to allocate the necessary funds



ROI ("Will this transaction help to grow or protect profits?")

Will this project deliver an identified saving to the business? What magnitude?

If so, you should seek to qualify where the saving is stated (business plan?) and pursue a line of questioning that helps you determine whether any such business plan was put together with the help of any active third parties. You should also seek to qualify the magnitude, or range, of the saving and understand how the saving is derived (what makes it up?) – this detailed understanding, when considered in conjunction with your offering, may enable you to quantify and state enhanced savings, making your proposition more valuable. If there is no identified saving, you need to more rigorously qualify whether the transaction will help grow sales or mitigate risk, one of which will need to apply if you are to be confident of a deal happening

Will this project deliver demonstrable sales growth? What magnitude?

The same rules and commentary (as above) apply here too, with the slight difference that any growth expectations are normally based on assumptions. You should understand what the assumptions are and see if you can use them to your advantage



Will there be a financial impact if you don't do this? What magnitude?

Impact-orientated questions are very powerful and help you qualify the value of the transaction very quickly. No impact = not valuable and not likely. The key is to ascertain actual numbers from your contact, i.e. real stats you can state and leverage in your investment summary. The more accurate and logical your financial statements are, the more relevant you will be

Are you under pressure to get this in place? Why?

This will help you ascertain the impact of your Client not proceeding and will help you better understand the magnitude of the value (and return) your contact is expecting from the investment. It will also help you leverage any deadline (and the financial impact of not meeting it) to keep the deal moving forwards. If your contact is not under pressure to complete the transaction you need to qualify how important the deal really is as you risk wasting your time on something that may never happen. No pressure = not strategically valuable



Authority ("Who are all the people who will be involved in the selection and award process?")

How are projects/investments of this nature normally reviewed before they are given the go-ahead?

You are trying to establish whether there is a standard selection process that needs to be followed. This will help you manage the process and keep momentum in the transaction

What would be the on-boarding/integration process around something like this?

This question will help surface any new names (or departments) who may not have been mentioned yet. If any new names are mentioned there is a chance they will be consulted prior to the conclusion of the transaction so it's better you know who they are and engage them early on than risk them being introduced at a later date when you are not expecting it

Who will be impacted by this investment?

There is a chance every impacted person (internal or external) will be consulted during the selection/review process. Qualify whether a focus group will be established to review the component parts and if so whether you can engage with the individuals involved. It's often the less obvious impacted people that are introduced at the end of the selection and award process and make the deal appear to "stick". The reality is they were always going to be consulted so you are better off taking the initiative to qualify and engage them early

How will your Corporate Governance guidelines impact the sign off of this transaction?

Corporate Governance dictates who can sign off what level of investment. The bigger the investment, the more signatories will be needed. If your contact is not aware of their Organisation's Corporate Governance guidelines you need to question and qualify their level of seniority and influence. There is no way around Corporate Governance. Failure to comply with the guidelines can result in Gross Misconduct charges

Which person or department holds the budget?

It may be someone different to your contact. If so you need to qualify whether the budget holder or someone from the budget-holding department will be involved in the selection and award process



Time ("Is there anything that may prevent the transaction from happening when you think it will?")

When is your Year-End? Could it impact the timelines of this project?

Organisations always want to optimise their Year-End balance sheets (cash levels, profits, debtor days, liabilities etc etc). The nearer you are to your Client's Year-End the higher the likelihood it will impact the transaction. On occasion it can help speed up the transaction (particularly if budget has been allocated) but in most cases it can adversely impact the sale. You can use your Client's Year-End to your advantage, particularly around payment terms – extending your payment terms just enough to bridge the Year-End cut off can be enough to make the deal happen in your favour. If Year-End is near you need to qualify what the impact on the transaction will be if it's not concluded by the cut off. If the budget does not roll to the following year you need to question and qualify the strategic importance of it

Are there any times of year to avoid when proceeding with a project of this nature?

Busy trading periods can often delay decisions, particularly in the Retail sector. Key Industry announcements can also impact deals happening, as can the Government "Budget" and Interest Rate announcements. Also some Organisation's make structural announcements at the same time every year which can impact the Roles of employees so any transactions due for completion around these times can be at risk of delay or cancellation. Client or Industry events, particularly material ones, can also impact decisions. Qualify and re-qualify as many potential transaction delayers or stoppers as possible and use any compelling deadlines to help keep the transaction moving

Are there any Mergers or Acquisitions (M&A) planned?

If there are and your contact is happy sharing the details with you, you should always qualify the impact of the M&A activity on the transaction, and particularly on the key personnel involved in the selection and award process. M&A activity is directly linked to the Strategy of the Organisation so can impact every investment and project planned. M&A activity will almost certainly impact and change the Strategic Priorities of the Organisation which will in turn impact the Strategic Plan; the Success Measures; the Activities and the associated Activity-related Investments. By the same token, M&A activity can enhance and amplify the value of your transaction, particularly if it is aligned in some capacity to the M&A Strategy. Qualify the impact the M&A activity will have on the Organisation's cash position and qualify whether it is likely

to change the commercial structure of your transaction. Acquisitive Organisations like to hold on to their cash which typically results in them implementing strategies to reduce their debtor days (ie, recover funds owed to them by their Clients more efficiently) AND negotiating extended payment terms with their Suppliers/Business Partners. Knowing this can help you "Commercially Differentiate" your offering. Qualify, re-qualify and re-qualify

What's driving the timeline around this investment?

Remember, you are not looking to establish when the Client would like the deal to happen but whether there are any time-related obstacles that may prevent the deal from happening when you (or your Client) would like. If the drivers for the investment are not time-dependent you need to qualify why and whether the deal will happen when you think it will. No driver = no deal

What's the impact of not proceeding in the timeline discussed?

As already stated, impact-orientated questions are very effective. In this instance they will help expose any deadlines by which the transaction has to be concluded and why. This will help you better justify the investment

If this doesn't happen this year will the budget be available next year?

If the answer to this question is anything but "yes" you need to qualify whether this transaction is viable as the inference is that what you're offering is not valuable or is of low tactical value. If what you are proposing is aligned to a Strategic Priority, and assuming the Strategic Priority will continue through to the next year, the budget should always carry over too

What external factors may prevent this happening? Currency fluctuations? Slow sales?

You may need to offer up some suggestions here and do the thinking for your contact. If your Client's HQ is outside of the UK any profits derived from the UK will invariably be converted to the currency of the Country playing host to the HQ. So if, for example, the HQ is in the USA and the UK Pound is weak against the US Dollar, the profits from the UK (when converted into US Dollars) will be suppressed, making the performance of the UK division less profitable simply based on currency fluctuations. A weak UK Pound can also open up hostile takeovers from International Organisations or Investors. Of course, the same is true with any weak currency. Take an interest in your Client's business and corporate structure and think about potential external pressures that may prevent or impact (positively or negatively) the transaction, then pose qualified questions to draw out any potential obstacles and ways to overcome them

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Strategic



Strategic Priority ("How are you strategically relevant?")

What's the impact on the business if this doesn't happen?

Once again, an effective impact-orientated question. No impact = no deal. The bigger the impact, the more valuable the transaction will be

How will this help deliver against the Strategy or a Strategic Priority of the business?

Every Investment always aligns to a Strategic Priority, which aligns to the overarching Strategy of the Organisation. Qualify what the Strategic Priorities are then do the thinking for your Client (i.e. join the dots) and outline how your offering will deliver strategic value. If your contact doesn't know you need to qualify their Influence-Weighting within the Organisation as you may be investing in someone who hasn't the gravitas to represent your interests internally

What's the business case driving this investment?

If there isn't one the transaction is at risk. If there is one, be sure to align your offering to it whenever it's discussed. If your contact doesn't know you need to qualify their Influence-Weighting within the Organisation as you may be investing in someone who hasn't the gravitas to represent your interests internally

What's on the CEO's to do list?

This is a non-intrusive question to help understand your Client's Strategy and Strategic Priorities. You need to know what these are in order to be strategically relevant and elevate yourself from being a tactical supplier to a trusted business partner. If your contact doesn't know you need to qualify their Influence-Weighting within the Organisation as you may be investing in someone who hasn't the gravitas to represent your interests internally

What are the key priorities of the business?

If your contact offers anything other than value-enhancing activities, i.e. those that will help increase or protect profits, you need to qualify their Influence-Weighting within the Organisation as you may be investing in someone who hasn't the gravitas to represent your interests internally

Is this considered a tactical or strategic investment?

If it's not strategic you need to qualify the likelihood of the transaction happening. Every investment needs to align with a Strategic Priority.



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