The "Big Deal"… To Be(lieve) or Not to Be(lieve), That is the Question!

by Jerry Vieira, President & Founder, The QMP™ Group, Inc.

Article Summary:

How does a manager or business owner really know if the "Big Deal" a sales person is telling him about is going to close? How does anyone make sound decisions regarding inventory, people, equipment and other business enablers without knowing the "Big Deal's" true probability of closing? This article offers 6 questions to ask that will get to the reality of the "Big Deal".

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Whether you're a sales manager, a business owner with a captive sales team, or a CFO concerned with cash flow projections, at some point in your career you must have had the experience of listening to an enthusiastic sales person describe the "Big Deal" that was about to close. And unless you were completely naïve and inexperienced at the time, you certainly must have felt a twinge of doubt, or at least pondered for a long moment whether what you were hearing was, in fact, real.

As a manager or owner, when hearing about a "Big Deal", you are confronted with the challenge and responsibility of judging the reality of the situation. A lot depends on it. Capacity planning, inventory commitment, cash availability and workforce management are only a few of the implications. Failure to anticipate these factors can result in an inability to deliver to the customer on time should the deal actually break. On the other hand, too rapid a knee-jerk reaction to the potential of the deal, can leave the firm with a lot of unusable inventory should the deal fail to materialize.

How does a manager judge "Big Deal" reality?

There's an old joke that could serve as a guideline. Question: How do you know when a sales person is exaggerating? Answer: His lips are moving. While this approach may appear easy, it is not dependable. There is a better way to sort through the reality of the "Big Deal".

Simply ask the salesperson six basic questions:

1. Compelling Need: To what degree is the prospective customer confronted with a real, compelling problem or challenge that needs to be addressed quickly by purchasing our product or service?

Research has shown that anywhere from 30% to 50% of all opportunities in a sales person's pipeline never actually close. The customer simply never buys anything. The sales person seems to be the only one convinced that there is a compelling need that will result in a buy. And note, it is important to answer this "Compelling Need" question from the *customer's* perspective, not your sales person's.

To further pursue this line of inquiry, you might continue by asking: Is there a deadline by which the problem must be fixed? Is there a significant economic penalty, safety consideration or other obvious consequence if the challenge isn't addressed? Another revealing question is, "Can the customer do nothing?" Or, "What is the consequence of doing nothing?"

2. Economic Benefit: To what degree is there a significant economic benefit *to the customer* if the problem / challenge is resolved or the need filled?

Businesses, too often, evaluate the economic value of a sales opportunity only from their own perspective. While this

Jerry Vieira, CMC *is a Certified Management Consultant and President and Founder of The QMP Group, Inc — a Portland, OR based management consulting firm that installs high-performance marketing and*

sales engines for small to mid- sized businesses. Jerry is a cited and respected author and speaker, and is periodically quoted in newspapers, journals and books. His articles have been published in Chief Executive, Industry Week, The CEO Refresher, IndUS Business Journal, Marketing News, and Elsevier's ISA Transactions. He can be reached at jgv@qmpassociates.com .

is a good way to evaluate opportunity attractiveness to the bottom line, how much money your firm can make is actually irrelevant to the likelihood of the deal closing. In most business-to-business environments, decisions to buy are made by customers only based on the degree to which "they" believe that "they" will make money. In other words, there must be a significant economic benefit in their favor, well beyond the cost of purchasing your product or service for the deal to close. The economic balance must be disproportionate in favor of the customer. This is the basis or all ROI.

3. Match: To what degree do your capabilities (products and services), precisely and completely meet the needs of the customer – in their eyes, from their point of view.

As convinced as you may be that you have a significantly well matched solution which solves every dimension of their challenge, you only score points if the *customer* believes it.

4. Competitive Position: To what degree does the customer believe your solution is the best of all the alternatives available?

While a number of competitors may provide a reasonable match to the problem or need, all alternatives are rarely equal. Let me repeat for emphasis. As convinced as you may be that you have a significantly advantaged solution, you only score points if the customer believes it. And unless you can translate that differentiated position into a differentiated economic benefit to the customer, you miss a great opportunity to solidify your advantage in the customer's eyes.

5. **Champion:** To what degree do you have a high-level, influential and authoritative decision maker believing your solution is best?

A "Champion" is a person in the customer organization that likes your solution, believes it is in the best interest of their company to select it, and wants it to win. All Champions are not equal. The only Champions that really count are the ones with the highest composite score on three dimensions: Power, Authority and Affinity.

Power is the degree to which they can influence a decision. This power may come from expertise, seniority, family influence or some other source. Authority is the degree to which they can unilaterally make a decision and affinity is the degree to which they are attracted to your solution.

Champions that are likeable, who like you, and are always willing to have lunch with you, are not "real" Champions, unless they score high on the Power-Authority-Affinity scale.

6. Leverage: To what degree does winning this opportunity bring additional benefit to your company?

This benefit may be realized in several forms: straight out earnings, a new first-time market capability, a first-win at a new account or a technological breakthrough that can be leveraged to other customers.

This is the only one of the six criteria that; a) doesn't increase (or decrease) the credibility of the opportunity and b) is only important from your perspective, not the customer's. None the less, it's nice to know about Leverage, so you can evaluate the benefit of concentrating and/or redeploying assets to winning the "Big Deal"

Implementing Good Judgment:

The word confrontation can have a bad connotation, but for purposes of analyzing the "Big Deal", let's agree that confrontation simply means getting to reality in a respectful, yet determined, way.

Some managers find it difficult to confront a sales person about the reality of a "Big Deal", particularly when others are in the room. Presumably this is out of respect, to avoid embarrassment of seeming confrontational, or to avoid appearing not to trust an employee. One way or another, these emotional barriers to assessing reality need to be overcome.

A highly respected local CEO was participating in panel on Performance Management that I was moderating, recently. He was asked how he avoided hesitating and how he handled the discomfort associated with confronting these and other kinds of important issues. His response, "I was always ***more*** afraid of the consequences of ***not*** confronting the issues."

There's typically a lot riding on a "Big Deal". The six areas of inquiry listed above will help you and your organization stay focused, concentrate where the opportunity is truly best and allocate scarce resources most appropriately.

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Visit the QMP website at

www.TheQMPGroup.com

Contact us at jgv@qmpassociates.com

53-318-2696

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