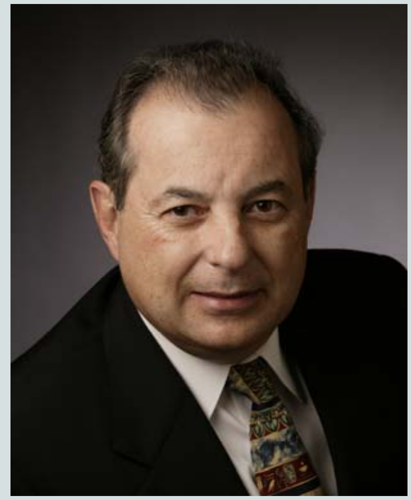
Feeding the Sales Pipeline When Times Get Tough

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



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"We're stalled. We need to do something, now!" I hear that phrase from half the clients I work with and an equal percentage of colleagues in the consulting business. Occasionally times get tough, recession-created or not.

Interestingly, about the same percentage of both groups seem to believe that the answer to the problem is brute force: Make more cold calls, fire the sales and/or marketing manager, drop selling prices, turn up the heat on the sales team, spread the sales net wider, re-do the website or try a telemarketing blast with an army of low-cost, outsourced temps.

More often than not, those activities seem to result in just that – activity. But, there doesn't seem to be a better idea and if they figure if they are going to get the ship moving, they had better hustle and turn over every leaf and look under every rock. What you find wriggling under leaves and rocks in the lush, green Oregon forests isn't very appealing. And many times, neither are the few business opportunities you'll find with this approach.

The result of all this frenzied activity, typically, is that activity goes way up and the quality of sales opportunities in the sales pipeline goes way down. Marginal opportunities that actually survive through to an order frequently cost more and take longer to deliver than they should, tie up the team and leave both the customer and the company unhappy.

Two Basic Reasons for Stalled Sales:

External Economic Factors: During an economic downturn, traditional sources of leads no longer seem to be productive. So, advertising is slashed and trade show budgets limited. Direct mailings will get even lower response rates than their traditional low-single-digit percentages. And telemarketers have an even a tougher job - finding that no-one has budget even when they finally run the gauntlet of administrative assistant gate keepers.

Research does indicates that companies that continue a high level of advertising through economic downturns rebound in a market-share-advantaged position when the turnaround finally arrives - assuming they can afford the maintained ad spending. But that's after the downturn and not the subject of this article. And it doesn't solve the urgent problem of sales, now!

Internal Execution Issues: If the problem is internal – meaning that sales are stalled even in the face of a positive or neutral economic climate - there are four possible reasons:

Marginal or Meaningless Value Proposition: The product (or company) economic value proposition may be fundamentally flawed or meaningless to target customers

Weak Competitive Position: Even if the value proposition is solid, the competitive position may be weak

Ineffective Market Communications: If the value proposition is good and the competitive position is strong then, perhaps the cause is that the sales and marketing team are ineffective in communicating that benefit model. It's important to note that market communications can never really overcome a flaw in the value proposition or perceived competitive quality.

Delivery: Finally, if all those factors above are in good share, then the company probably has a problem in delivering

Internal issues are under our own control. Our diagnosis must be objective and start at the top of this list. If we discover the economic value proposition is weak – then nothing below that has any meaning. If we don't fix that first – no matter how much effort and resource we put into the items below that we will not be successful.

Presuming we have an economic value proposition meaningful to customers and can deliver, how do we communicate to our potential customer base to position ourselves better competitively and draw what latent opportunities there are out into the open.

Optimizing the Message and the Targets: *Our basic starting premise is that all business-to-business sales begin with a customer's willingness to exchange his cash for what he perceives has high potential for returning more cash than he paid. If your economic benefits proposition can't be effectively articulated and demonstrated to a large enough group of high-level decision makers, you will be unable to create increasing sales for yourself and your company*

Communicate, promote and discuss business economic issues first: We all recognize that in a downturn departmental budgets get slashed. In good times, department managers at the Director or VP levels may well have discretionary funds, but that discretion is simply no longer available in a downturn. However, *good economic times or bad, it is likely that neither the customers' business challenges, issues and problems have disappeared – or the economic benefit of fixing them.*

To overcome a lack of customer interest in features and typical advertising schemes, the economic benefits of your offering needs to get communicated directly as high in the target customer organization as possible. Technical sales people typically selling to engineers must ratchet-up their communication to higher levels in the customer organization.

Two facts are very clear within many of the sales teams we have worked with, First, the average sales person cannot calculate, on-the-spot given some basic assumptions, the five-year economic benefits their product delivers to a typical customer. Secondly, even if they could make that calculation, they rarely have the opportunity to communicate that economic benefits model to high level economic buyers in the target customer organization.

The higher in the organization you go, the higher the sensitivity to these economics-driven issues and the more likely they are to be able to kick free some cash in the form of budget loosening or discretionary spending to embark upon a project that has business-issue impact.

Recommendation 1: Make sure that every sales and marketing person in the organization can calculate the five-year economic benefits model for a typical customer before anyone makes another sales call.

Getting the economic benefits story to high-level economic buyers: This is easier said than done and a lot has been written about different techniques to get around gatekeepers. Administrative assistants do a good job of protecting senior executives from a deluge of daily sales calls. Protected or not, CEO, COO, CFO or CTO types still have the need to deal with the challenges causing the economic problems.

The challenges of trying to get on the calendar of a CEO include; fear of "going over the head" of those you know at the account, skill of the administrative assistant as a guardian, lack of time on the CEO's calendar, the ignorance of who you are and what your offering is all about and the noise level of too many people trying to get a piece of his or her time.

However, CEOs _do_ read and they do attend business-issue-related venues in good times and bad. These venues are already on their calendar -- generally put there by the administrative assistant. And these CEOs hang where other CEOs hang.

What are these venues? They are executive breakfasts, executive roundtables, industry conferences and peer roundtables. These venues are continually looking for speakers and papers which address critical common business issues, not product features. You _cannot_ use these venues and speaking opportunities for selling -- but you certainly can discuss the various insights and approaches to addressing those business issues in the marketplace, and the economic benefits of fixing them.

If you make those speeches and presentations, you get the following benefits: a) address many high-level executives simultaneously (saving time and travel), b) have their undivided attention for a fixed period without interruption, c) get to talk to self-qualified prospects (or else they wouldn't have been attracted by the topic), d) get to express very clearly the economic value of solving the problem which is the topic of the talk, e) get to show your insight in how to approach the problem and f) get you and your company's name associated as being an opinion leader and expert on the subject

Your objective here is simply to build credibility for you and your company as a strategic resource to call on to help address the "business issue." And accessing and addressing six to sixty CEOs or executives simultaneously is certainly better odds than approaching the "defended ones" one at a time on the phone.

Recommendation 2: Work to become a high-visibility opinion-leader, speaking and writing about the industry's key challenges, how to fix them and the economic benefits of doing so. Communicate and speak frequently through venues where the senior economic decision makers go to find answers.

Best-practices or technology roadmap discussions: High level technology people usually bite on the bait of full-morning non-sales, (non-threatening) meetings to discuss product and technology roadmaps and innovations – the future. While the intent is information exchange, quite often something particular comes up that leads to future conversations and ultimately opportunities. These exchanges can be single-company or regional - with invitations to several companies simultaneously.

Recommendation 3: Offer technology roadmap exchanges at least once a year with your primary customers and targets

Data mining to focus: Data mining is the task of digging through the existing sales, or sales pipeline data to see if there are economic contrarian sectors of the market (in the positive direction) or segments of under-the-radar customers where the economic value proposition of your offering is uniquely compelling.

The simplest approach is to sort all current customers by problem space – meaning, what problem was it that really compelled them to buy your product. Then for each grouping, calculate the economic benefit that the customer received from deploying your solution. Don't just calculate it for a typical customer in the largest group of buyers, but also for a typical customer in the smallest group. Then sort the segments by decreasing order of economic benefit received by a typical customer.

This simple data-mining approach has created the fastest and profitable business turnarounds that we have witnessed in our company's 10 year history of working with clients. One stalled software company, after this simple data mining exercise turned a one-customer segment with a large economic benefit-received quotient into 300 new profitable customers within a year.

Recommendation 3: Target and refocus your sales and marketing resources on the highest economic value-received segments first.

Fragmenting Projects to Gain Footholds: If there is a strong economic benefit potential that can be delivered to the customer by your offering, but the customer simply cannot digest or pay for it, fragment the buy. Suggest that there might be some benefit to find a way to make at least "some" progress to move the company closer to fixing the problem and realizing the economic benefits. Suggest a project that fragments the problem into bite-sized, minor budget-stretching chunks that can be built on, one-after-another, to embark on a roadmap to success. Use a stepping-stone approach, clearly communicating the ultimate vision of success..

There are two ways to fragment. The first is by phasing. Planning, architectural design and needs-assessment project phases are this type of fragmenting. Be sure the end point deliverable is clear and sets up the next phase. A second approach to fragmenting is "area fragmentation," wherein a small portion of the company is targeted for an initial proof-of-concept installation with presumed fan-out should that fragment prove successful.

Recommendation 4: Creatively fragment opportunities during customer discussions when the customer challenges are significant but the funding weak

Organizational Inertia Delays Progress: These approaches to loading a sales pipeline work in both good or bad times—and they are low-or-no cost. They are well within the control of your company, however, organizational inertia, fear and old habits may hold you back from implementation. Your organization may cling to old habits, preferring to wait to be saved by a rebounding economy than move out of their comfort zone

So, let me eave this discussion with a simple admonition to executive finding them selves challenges by stalled sales. It's up to you to set the expectations, accountability, ownership and checkpoints to affect the desired behavioral changes. The tools and approaches work… but only if they are picked up and used – and you have the biggest control over whether they are or not.

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