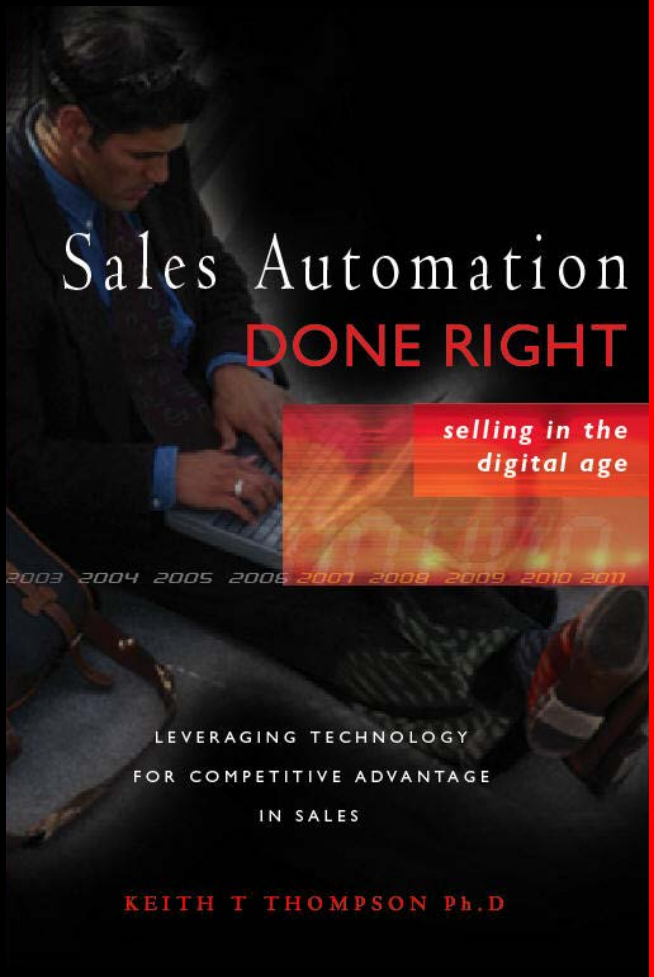
SADR Extractions

Five Part E -Book Series from the 2005 Print Edition of “Sales Automation Done Right”



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Part 3

Understanding the Sales Opportunity

Sales Automation

DONE RIGHT

Sales Automation

DONE RIGHT

LEVERAGING TECHNOLOGY

FOR COMPETITIVE ADVANTAGE

IN SALES

Keith Thompson Ph.D

SalesWays Press

Toronto

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DEDICATION

To all my friends at Ardexus, and to my wife, for the patient support and encouragement needed to make this book a reality.

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ILLUSTRATIONS

ACKNOWLEDGEMENTS

This book only happened because of the dedication of a few remarkable individuals who helped carve out the sales method that plays such an important part of the story. From the start, Chris Fales and Chris Hamoen chose CRM and SFA technology as their lifetime career path because they developed an early passion for the possibilities of this exciting business. Darka Migus, the head of a very successful sales team, kept us all on track, so we didn't stray from the guiding principles of the sales process, until she tragically passed away in 2001. This was a dream team, and I thank them all for making it possible.

Throughout the lengthy history of getting this book together I was fortunate to have two wonderful editors. Ted Frankel guided me in the onerous task of crafting my raw material into the beginnings of a respectable book. Leo Law took the mostly complete manuscript and challenged every nook and cranny of it until it met his very high expectations. Without either of them I could not have got this project finished. Jeffrey Barrie, I thank, for his enthusiasm and his efforts to speed up the schedule!

Many other people contributed, and I'm sorry that I can't mention them all by name. But special acknowledgement is due to all those very successful salespeople who lived and breathed the ideas of *sales automation done right*, and put them into practice. After all, they were the ones exposed to the most risk as their livelihood depended on maintaining high sales. But the new technology didn't let them down, and now they are the most ardent proponents of it. Thank you again.

PREFACE

In my early years I was not sure what to do with my life, and I think that this may have eventually given me the credentials to write a book about sales automation. Let me explain.

I studied as a physicist. When I look back, I took the easy way out. Doing physics was the easy way out because I was reasonably good at it—good enough to get a PhD. Unfortunately being good at something doesn't always mean you like it. Some aspects of research physics imposed disciplines that I thought were good for me. I liked the logic and the questioning. I was taught to question everything: Why? Why not? What does this mean? Why does that happen? A physicist never writes anything down unless it is understandable and defensible before their peers.

But at last I realized that physics didn't really excite me—but selling did. Even though I wasn't selling professionally, I was doing my best to persuade everyone I knew that my way was the best, whether it was which car to buy, or which book would make the best read. I wondered about a career in sales, maybe selling the very complicated instrumentation that I used everyday in my research. After all, I had some strong feelings about that too! So eventually, I escaped academia to start a career in high technology sales. Nine years of learning and practicing physics left me with skills I might not otherwise have had. The same skills helped me in my effort to find the best way of using the computer in the sales process.

That's why this book looks at sales automation through a magnifying glass. It examines the process of selling in a way that the technology would want to see it—clearly, with no ambiguity. The origin of the earth in a "big bang" can be described in the few lines of an equation. Why can't an accurate sales forecast depend on a nine-point Probability Matrix and the Priority Cube? In fact, it can, because logic and mathematics are the easiest languages for computers to understand. Existing sales methods need to be rethought so they fit better with the computer. This is what I've tried to do, and I think all those years in physics helped me get it right.

The Beginnings

In the early eighties, a few visionary companies introduced the personal computer, and although it was tagged "personal," it was quickly adopted for business use, and driven by new spreadsheet and database applications that were designed specifically for it. Around that time, I started a distribution company specializing in the sales and service of high technology instrumentation. From the start, I was hooked on the way PCs could assist in all facets of business, even if it had very limited power by today's standards.

Business first adopted the PC in the financial and accounting departments (the Back Office). This is understandable, as the pure number crunching environment of the Back Office suits the computer best. But soon, other high value uses were found. Graphics and Desktop Publishing applications transformed the effectiveness of the marketing department. Networking and electronic mail made it possible for everyone to get *connected*. Also everyone quickly realized that networked PCs provided an excellent solution for the storage and dissemination of information. In large organizations, the PC was a genuine alternative to the mainframe; in small companies it was the first engaging taste of the possible impact of technology on business success.

Sales teams became interested. They are in the Front Office and their concerns were different to their Back Office comrades. While they do deal with numbers, much of their vital information was stored in the form of *text*. If a salesperson engineered a last minute tactic that saved a sale, the details could be recorded, and the information could be reused to secure future deals. To do this, technology was needed that could store *all* the significant events in a company's history with its customers, and then to make that information

universally accessible to anyone who might need it. Previously the Mainframe could do it, but, now the PC could too. Technology's promise of connected work teams combined with easy and low cost access to an abundant store of customer information was Nirvana to the early champions of automation in the Front Office.

The technology that first enabled true electronic collaboration between members of the sales team was Ray Ozzie's brainchild, Lotus Notes. Notes brought the essential pieces of the puzzle together in a gloriously unified and easy-to-use package: messaging, synchronization, security, collaboration, databases, and on top of all that, fast application development. In 1993, I realized that our company had to move to Notes if we really wanted a culture in which customer knowledge was created and shared by everyone, no matter where they might be, or what time of day it was.

We took the data from the endless files that resided in the marketing, sales and service departments. Files from paper, computers and people's heads were all put into *one* Notes database. Then we wrote the applications that allowed everyone to put information in, and take information out. When we finished, we had developed our own Customer Relationship Management (CRM) software. But, going forward from the progress we had made, we were fascinated by another important question. Given that the computer had so much capability to store information and analyze it in a million different ways, should it not also have the potential to help win a sale? I don't mean in the sense of being a glorified secretary, but actually getting involved in the sales process itself. The hopeful result would be that the salesperson would *win* more sales.

SFA and CRM

The term "Customer Relationship Management" or CRM, describes the vision and effort used by a company to develop close bonds with its customers. In the last ten years, software applications have been developed that are indispensable in making CRM objectives happen. CRM is predominantly focused on Front Office (customer facing) processes, and sales is a very important part of the Front Office.

The sales department is only one (albeit very important) element of the Front Office. Processes that happen in the sales department contribute

to the overall CRM effort. Sales Force Automation (SFA) is about using computers to make sales teams perform better, and part of that mission is tightly integrated with CRM process, but part of it is not. This is why the understanding of CRM and SFA has too many businesses and salespeople confused.

The terms SFA and CRM are often confused and wrongfully equated. Sales Force Automation should focus on increasing the *effectiveness* of the salesperson, that is, to make them more competitive in the sale itself. This is a little outside of the scope of CRM, which is more focused on the *efficiency* of the salesperson in handling the customer transaction. As you can see, SFA and CRM are closely intertwined and even though some readers might think this book should be called "Customer Relationship Management done right," that would not be correct. *Sales automation done right* strives to demystify the separate identities of CRM and SFA by focusing on the impact of technology on *sales effectiveness*.

My company's early work in using technology in the business had given us a CRM tool in which we could embed our sales automation. After all, we had a company to run and our business was selling. Our primary objective was to give a computer to every salesperson and let them run with it. When we looked at existing sales methods, we realized they were designed in an earlier time—before computers were so easily accessible. We now had to devise a method to fit the computer.

Developed and Tested in Real Life

Over a ten year period, we crafted the ideas and methods that form the bulk of *sales automation done right*. The design team was a wonderful mix of seasoned (but open-minded) sales veterans and enthusiastic young computer programmers. The ideas presented here evolved through debate, argument, and acres of diagrams scrawled over whiteboards and the backs of napkins. As we developed the ideas, we rolled them out through the software to the sales force. We had a dozen salespeople, so we quickly got feedback on whether our stuff worked, and in many cases we had to do some fine tuning.

The reason that I am a zealot for automation in sales is that I have first hand experience of the dramatic benefits it can bring to the success of the company. Our CRM and SFA infrastructure enabled our business to sustain

double digit growth over many years, with very little increase in administrative and support overhead. Our salespeople were able to win more sales by being more competitive and more efficient. The thing is, any company can do it, but sadly, most don't. Large enterprises have rushed to embrace sales automation (through CRM), but small business is lagging way behind. It's a pity, because the payback can be very high and the returns come quickly. There's no doubt that managers and executives who have the ability to make the changes are thinking about it, but with this kind of business change, it's easy to deliberate on the issue for far too long. I hope that some of the ideas presented here will provide the catalyst to hasten more budding projects into reality.

How to Read It

If I pick up a new book, I always skim it. I gravitate to books that lend themselves to be read that way, so it's no surprise that *sales automation done right* is just like that. For that reason, there are a lot of diagrams. The chapters tend to be short, and are divided into five Parts. Essential points are summarized at the end of each chapter. In Parts 2, 3 and 4 there is an underlying thread which is important for the reader to understand.

Part 1 talks generally about SFA, what it is and how it relates to CRM. It discusses the impact of CRM and SFA on the company and the people within it, and how it affects and changes company culture. There is also an illustration of the natural steps that organizations follow in adopting technology to solve operational and process pains, and how to short track the final solution.

Part 2 shows how the day-to-day selling activity evolves around four core competencies of selling management. It shows how sales automation can have a positive impact on the administration, organization and management challenges associated with those competencies.

Part 3 is the heart of the book and centers on the *meaning* of "selling" and the need to describe it in a language that the computer can understand. It shows how customer interactions fall into two distinct categories, one of which leads to the framework of the sales process. A picture of the sales cycle evolves with fundamental selling skills used in the appropriate way as the sale develops. A generic way to gain consistency in forecasting is presented, and a

link is drawn between the judged value of a sale at a specific point in the sales cycle to the priority that the sale has in a portfolio of opportunities.

Part 4 homes in on technology and the different ways it impacts the goals of sales automation. There is discussion of how a model of the sale can be derived, which can then be stored in the computer and used to measure progress in an actual sale. The importance of good interface design is explored, along with the advances in hardware and connectivity that make the application useable.

Part 5 briefly discusses the issues that are important to make sure the sales automation project works, warns of potential pitfalls, and reflects on the importance of technology as applied to improving sales effectiveness.

A few words about the layout: Propositions are scattered liberally in most of the chapters, and are meant to be thought-provoking. Bolding stamps out **big** words that are essential to the concept and italicizing reinforces the *power* of the word in its context.

A number of definitions appear in the text, where appropriate, mainly in discussion of the sales method. A more complete collection of definitions is included in the glossary.

Even though the content of *sales automation done right* was conceived in the working business environment of a company that was at the smaller end of the SME (Small to Mid Enterprise) designation, I think that the material is of value to anyone in sales, from the executive heading up the global sales operation, to the manager of a small sales team, to the solo salesperson working it out on their own. The wonderful thing about the sales process is that it is simple, elegant and universal.

Whether you have the stamina to plough through it all, or you just catch a piece that makes your sales effort stronger, I hope *sales automation done right* makes an enjoyable read.

PART 3

Understanding the Sales Opportunity

CHAPTER 13

Finding Sales Opportunities

They don't just grow on trees!

Some companies say that they don't have sales opportunities; their salespeople sell by *servicing* customers. The idea is that if you are good to your customers, they will keep buying from you (this is a central theme of Customer Relationship Management). But at some point in the past, the customer had to consider your solution over another—and, you had to *sell*. An integral part of the sales opportunity is competition. No sale is given away free. When we sell, we are using our skills against a competitive alternative, and sometimes, the alternative is that the customer does nothing.

The real danger is assuming that the sales opportunity will *come to you*, rather than you actively seeking it out. This philosophy usually results in a shortened sales cycle, coupled with the reaction of, "We were in too late." The earlier the sales opportunity is identified and recorded, the sooner a strategy can be put together to win it.

There's one important issue that has to be taken care of first. Where do we find the sales opportunity?

Leads—The Origin of The Opportunity

A sales opportunity starts life as a **lead**. The sales lead is the first indication from a contact that there could be some business ahead. As soon as there is a need for a product or service, the contact will approach potential suppliers. The approach can happen in many different ways: a phone call, a response to

an advertisement, or a casual visit to a trade show booth, or within a regular meeting with the salesperson. This first approach is an *inquiry*.

> *Lead*: An indication, expressed by a contact, of interest in the salesperson's product or service.

Note the difference—with a lead, we don't yet know if the customer has started the buying process, and with an opportunity, the buying process is under way. The method of determining if the buying process has started is called "qualifying."

Qualifying The Lead—Is This The Real Thing?

The lead is a potential sales opportunity; to establish if this is the case, it must first be **qualified**.

> *Qualifying*: The questioning process used by marketing to establish if someone who has expressed interest in our product is, indeed, a potential buyer (we say qualification is done by marketing, more on that later).

The process of qualifying involves talking with the contact who is the subject of the lead. A lead may be qualified as positive or negative. If the contact is found to have no intention to buy, the lead is qualified as *negative*, but a record of the lead is kept for future marketing efforts. On the other hand, if the inquiry is serious, and there is a strong expression of a future purchase, the lead is qualified as *positive*, and a new sales opportunity is logged.

It's important to try to achieve consistency; each lead should be qualified using the same rules and standards. This applies not only to the leads of the individual salesperson, but also to those of the entire sales team—each lead must be treated the same way. Inconsistency creeps in when salespeople handle their own leads, rather than trusting it to the marketing department.

With the introduction of sales automation, processes become more standardized—including lead qualification. Qualification becomes routine.

Has this customer started the buying process? Answering *yes* determines that the lead has been qualified positive—the lead becomes an opportunity. Answering *no* determines that the lead has been qualified negative—the lead is stored in the marketing database for future campaigns. Answering *don't*

know keeps the lead open for future clarification. These are the *essential* questions that must be answered to establish if a lead is a possible opportunity.

The Identified Business Opportunity

Once a lead has been qualified and it has been established that the customer has started the buying process, the sales cycle has begun and you now start the selling process. In *sales automation done right* the sales opportunity is called an **IBO**, short for **Identified Business Opportunity**. This term reinforces the fact that the sales opportunity comes from a *rigid qualification process,* and there is a good chance that this customer intends to buy.

Although it may seem trivial, it's a good idea to have an acronym for something so important in the salesperson's daily life. Each opportunity is unique, and it should be stored on the computer with its own identification number. Usually, a specific IBO will be labeled as IBO #1234, or something similar. This makes it easy to track events and activity that occur through the sales cycle, and to tie them to the IBO in question. Within the sales team, a heavily worked IBO soon develops its own persona, and people will start to refer to it using its numeric identifier. This makes life a lot easier for the team who is reviewing progress in dozens, or even hundreds of opportunities at forecasting time.

Long-Term Lead

There is an important case in lead qualification where neither a positive nor a negative qualification can be made, and this is called a **long-term lead**.

> *Long-Term Lead*: A situation that sits between an opportunity and a closed lead. It is established that although the contact has not initiated the buying process, they will likely be in the market for a solution in the distant future.

A good example of this is when a customer takes a lease on a new car, perhaps for three years. The salesperson knows that at the end of three years, the customer will definitely be in the market for another car, but for now, an immediate sales opportunity does not exist. This is a good case for creating a long-term lead. A good sales automation system will be able to recognize

this type of lead and remind the salesperson to make regular interactions with the customer in the future with a view to making another sale.

Marketing and Sales

Part I talked about CRM and showed the processes that flow between the three prominent customer-facing groups of marketing, sales, and service. In fact, the transition of a lead to an opportunity occurs at the boundary line of responsibilities between the marketing department and the sales department.

Marketing Department: The functional group that finds prospective customers, qualifies them and hands over positively qualified leads (IBOs) to the sales department.

Sales Department: The functional group that has the responsibility of winning as many IBOs as possible!

For CRM to be successfully implemented, it's important to take account of these clear distinctions when setting up the work processes between marketing and sales, and to ensure that the boundaries are enforced. Sales automation deals only with the sales opportunity. Marketing automation takes care of finding leads and qualifying them.

In many companies, salespeople are asked to qualify their own leads. In this case, they are wearing marketing hats, and as soon as the lead is qualified as an opportunity, it's time to switch to the sales hat and get on with the job of selling.

Opportunity Driven or Not?

It's not uncommon to hear sales managers state that their business doesn't lend itself to a well-defined sales opportunity—rather, their salespeople service the accounts and wait for the orders (they are relationship focused). Yet when those same managers are asked if they experience competition, the answer is always yes. If there is a competitive battle going on, there will always be a sales opportunity underneath it, and the salesperson who discovered the opportunity first and started a well-planned strategy to win

it is most likely to be successful. The point is that you can't really develop a strategy for something that you don't recognize is there.

It's possible to stumble on a sales opportunity, only to find it's too late to do a decent selling job. If this happens frequently in a sales team, the manager will usually recognize that the team's sales cycles are far too short—maybe one month instead of nine months. This puts the team under a lot of pressure, as the selling has to take place over an inadequate time period. If a sales opportunity first gets logged when the bidding documents are delivered to the door, three-quarters of the customer's buying process has probably passed. Ideally, a salesperson should be present throughout the entire buying process to get the sales job done properly.

In competitive selling (is there any other kind?) there is no substitute for discovering an opportunity before your competition does, and beating them to the punch. This can only happen if the sales team has a culture of opportunity focus. This team is constantly on the hunt for the signs of developing needs from their customers—needs that will ultimately lead to a move to buy, and the opportunity to sell.

Points to Remember

1. A structured questioning process that everyone understands will ensure consistency in qualifying leads.
2. Make sure that the sales and marketing teams clearly understand the difference between a lead and an opportunity.
3. The unqualified lead belongs to marketing; the Identified Business Opportunity (IBO) belongs to sales.
4. The earlier a sales opportunity is discovered, the more time there is to do a thorough selling job.

CHAPTER 14

Customer Interactions

Building the sales process

Chapter 4 showed us how technology plays an important role in making the vision of Customer Relationship Management possible with the introduction of the Customer Knowledge Store. This is the database that acts as an archive of all dealings with the customer. Using information from the Knowledge Store, a company can tailor its services to fit the customer's needs, thereby creating loyalty and a more substantial and sustainable business relationship.

What kind of information goes into the Knowledge Store? Any *interaction* that occurs between the customer and anyone in the company that can impact the business transaction. In *sales automation done right* some interactions take on special significance. This chapter and the next delve deeply into the idea of interactions, or more specifically, **customer interactions**.

The Customer Interaction

A check in the thesaurus for the word "interact" turns up **relate**. Here is the connection between customer *interactions* and customer *relationships*—you can't have a relationship without interactions.

> *Customer Interaction*: Any event in which the company touches (relates with) the customer with regard to securing a mutual business relationship.

Customer interactions come in all descriptions, but the most important are those that involve people, and most significantly, *people in discussion.* Every customer interaction has the power to impact, positively or negatively, the company's relationship with the customer. Interactions don't necessarily involve people communicating directly—in our context, an interaction may be an event involving a marketing piece, a purchase order, a proposal, a service request and more. But these are still touch points, and must be recorded to preserve the record of an ongoing conversation with the customer.

Proposition
Customer interactions are the essential knowledge bytes that combine to form the CRM Customer Knowledge Store.

The only way to properly populate the Customer Knowledge Store is to keep *all* customer interactions, good and bad. This means *anyone* within the company should be sensitive to the fact that their interactions with the customer should be recorded. This must be done to ensure a complete picture of the customer relationship. If anyone decides to opt out of this responsibility, the interaction history will be incomplete, and an inaccurate representation will be worse than none at all. In working through this chapter, you may think that there is an obsession with customer interactions, but be patient. Many of the ideas presented on interactions are new, and provide ways to get much more value from the Knowledge Store. One certain type of customer interaction takes on a special level of importance in the way it impacts the sales process, and having a well-defined sales process is core to the vision of *sales automation done right*.

How Interactions Occur

Customer interactions are the forum for communication between all departments in the company and the customer. This book is about sales automation, so we focus more on the way salespeople, in particular, interact with the customer. But to see the entire picture of the ongoing customer transaction, salespeople need to review interactions from other groups within the company, in accordance with good CRM practices. In addition, salespeople will add another piece of information about their interactions, one that will shows us the story of the sales process as well as the relationship.

Most people think of interactions as two-way—two people in conversation, face-to-face or on the phone. In sales, there is no better way of assessing the true feelings of the customer. Each party can address the issues of the other in real time. Interactions can also be one-way. One-way interactions occur when one party contacts the other not knowing if there will be a response. Examples of one-way interactions are e-mail or voice-mail. There may be a response, in which case, the interaction has become two-way. Sometimes one-way interactions stay one-way. There could be no response, and as we know all too well, this is not uncommon in sales!

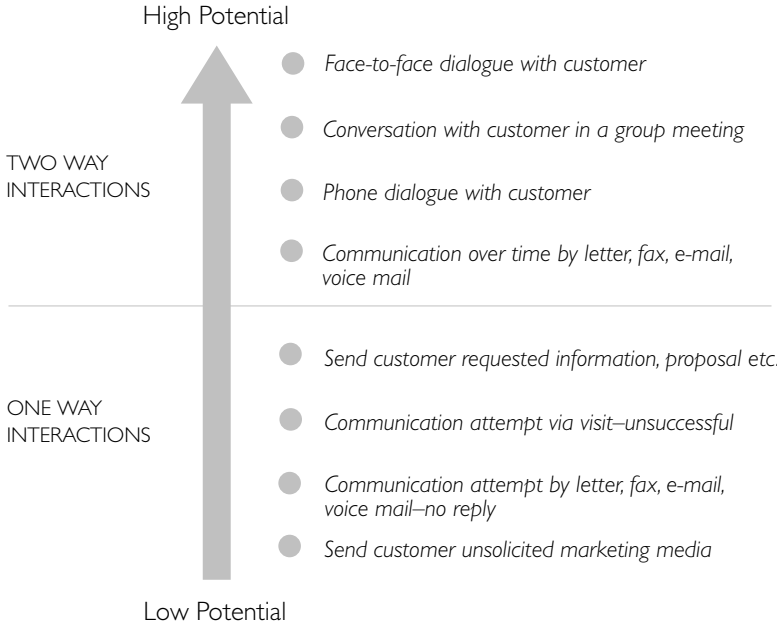


Figure 14-1: The value of interactions

Some forms of one-way interactions don't seem like interactions at all. Consider a purchase order, sent by the customer to the sales department on the successful conclusion of a sale. This is an important one-way interaction of the customer with the company. The company should immediately acknowledge the order (some don't), in which case the interaction has become two-way. In the sales department, information requests, quotations and proposals are in the same category.

As Figure 14-1 shows, customer interactions differ widely in the value that they offer to the sales process. A salesperson should always strive for high value in their customer interactions, face-to-face discussion being of the highest value. This is not always possible and there will be times when resorting to lower value contact such as phone and e-mail may be necessary. Ultimately, the job will get done in a variety of ways, but the salesperson who is able to articulate their story to the customer in the most direct communication channel will be the most effective.

Recording interactions is an essential of good sales automation, but there is one more important thing to do. The interaction must be **classified**; otherwise a vital part of the historical record is missed.

Relationship or Opportunity Focus?

Towards the end of Part Two during the discussion on the two most important competencies, we showed how salespeople fall into four different types according to their natural inclination to sell using two distinct styles. One style is focused on developing and maintaining a healthy relationship with the customer—the theory being that the better that relationship is, the greater chance of winning the sale. The other style is different; it centers on using selling skills to become more effective in the sale, and there is less emphasis on the relationship. Neither style used alone is the right way to go; you need a balance between the two. The possible combinations resulting from how the two selling styles are used lead to the four salesperson types shown in Figure 12-2 at the end of Chapter 12.

The conclusion was that the goal should be to reach Quadrant Four. The Quadrant Four salesperson is comfortable with using either selling style, and what's more, can vary the mix to one degree or another within a single customer interaction to fit the circumstances. The result is two distinctly different types of customer interaction dependent on whether a salesperson's *emphasis* is on relationship building or skilful selling. This is shown in Figure 14-2.

Consider a customer who has no *current* reason to buy. There may not be an immediate need, but there could be future business. Good salespeople will maintain their interactions with the customer with the object of retaining goodwill. These interactions will be **relationship focused**. Sometime in the

future, the customer may start another buying process, and the salesperson needs to switch modes. This is a precious opportunity to win a sale and every skill in the book needs to be mustered to fend off the competition. In the sales opportunity the salesperson must be **opportunity focused**. In the period after the sale is won, leading up to the next opportunity, emphasis moves back to the relationship.

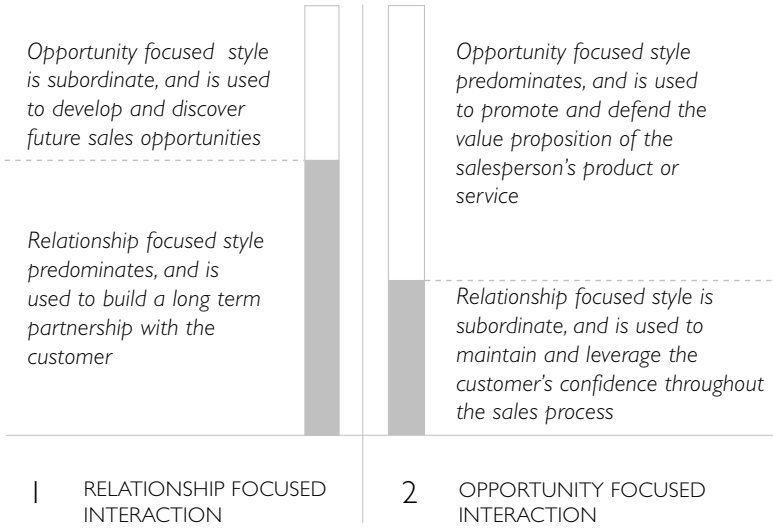


Figure 14-2: Relationship and opportunity focused interactions

This *dual personality* of the customer interaction suggests a way to take advantage of the direct benefits of sales automation while still maintaining the requirements dictated by CRM. Determine the essence of the interaction—is it more about relationship or opportunity? Answering this question is effectively *classifying* the interaction.

Relationship focused interaction: An interaction where the salesperson's *primary* objective is to measure, nourish and build the relationship with the customer. Note: True selling skills will still play a background role in laying down the groundwork for future sales opportunities, but relationship focus has dominance over opportunity focus. See Figure 14-2, (1).

Opportunity focused interaction: An interaction where the salesperson's primary objective is using true selling skills to win the sale from the competition. See Figure 14-2, (2). Note: To buttress the ongoing sales effort, attention has to be maintained on the relationship to ensure customer confidence, but the drive is towards winning the opportunity.

A couple of examples will show how this subtle association with the selling process changes the nature of the relationship focused interaction:

"I visited Mr. Parker to see how things were going. He is completely satisfied with the service we have given him, and doesn't see any need for more printers for at least another year. He was glad I called."

This is a relationship focused interaction. The call was made to ensure that the customer was getting the performance from the product that was expected. The salesperson assumed that there was not a current competitive sales situation; the intention was to ensure that both product and service were up to expectations. The salesperson probed for future possibilities, but the principle concern of call was the relationship.

"I visited Mr. Parker to see how the new demonstration printer was performing—we have to remove it next week. It appears that last week the competition brought one of their new models in to demonstrate against us. It performed well and Parker was impressed—we will have to revisit our strategy, as the decision will be made in two weeks."

This interaction obviously draws some attention to the state of the relationship, but there is a *critical* difference to the earlier example. Yes, the salesperson is checking out that the demonstration printer is working for the customer, but in addition, *this* is a sales opportunity. The salesperson is here to sell, observe, and monitor the ongoing sales strategy, in case it needs reshaping. The interaction is *opportunity focused*.

To classify an interaction as it is entered into the sales automation system, all the salesperson needs to do is make the decision of, "Is this interaction associated with an ongoing sales opportunity?" If so, it should be logged as an opportunity focused interaction. That's all there is to it. Even though all interactions have some degree of relationship focus, *in a sales opportunity*, there's no choice; significant interactions are opportunity focused.

Critical Interactions and the Sales Process

Opportunity focused interactions can occur outside of the sales cycle, but generally it's not a good idea. Salespeople who try to be opportunity focused when the customer has no thought of buying anything are asking for trouble. This is the downfall of the Quadrant 3 salesperson who is part of the discussion in Chapter 12. This salesperson is not good at developing rapport with the customer, but rather, tries to use aggressive selling skills, even when there is no desire on the part of the customer to buy. This salesperson over-actively tries to create a sales opportunity when there is no need for one to be there.

If there isn't a need to buy, the customer should not be sold to. Remember, relationship focused interactions permit selling skills to be used with caution, to discover or develop potential business when the chance comes along.

Proposition
Opportunity focused interactions that happen within the sales cycle are important enough to be labeled *Critical*.

This is one of the most important premises of *sales automation done right*. On the surface it's simple, but sometimes it's difficult to grasp the significance. Critical (opportunity focused) Interactions are important enough to get a special name because they are *critical* to the execution of the **sales process**.

Salespeople are all aware of sales process, but the term is somewhat overused and often misunderstood. We know from our discussions of CRM that process is important. Process, in the context of "sales process," is the best set of strategies and tactics that will achieve the sale. Tactics are the building-blocks for execution of the strategy, and tactics are played out through the Critical Interaction.

Proposition
Critical Interactions are the raw implementation steps of the strategy to win the sale. They form the backbone of the sales process.

This is why we put so much emphasis on the Critical Interaction—it is essential to the execution of a winning strategy. This goes down to the very roots of the direct benefits of sales automation, which we laid out in

Part I. The computer understands the sales process through the information coming from the Critical Interaction. If we don't label an interaction as critical when it goes into the Customer Knowledge Store, the computer can't distinguish it from other information that has been put there to fulfill the vision of CRM. Why do we need to distinguish it? Because then we can easily extract a chronological list of Critical Interactions, which is the same thing as reviewing the sales process as it unfolds. In *sales automation done right* we define the sales process in terms of the Critical Interactions necessary to get the selling job done.

> *The sales process*: A proven, repeatable and well-established set of Critical Interactions through which the sales team implements their strategies and tactics to win the sale.

Most sales teams work to some kind of sales process, but often it is not documented and each salesperson may have their own variation or interpretation. As soon as the team becomes automated, it is essential that a reliable sales process gets developed and stored in the computer to be replicated in future sales. The way to do this is to evaluate past sales opportunities and develop a set of Critical Interactions that have been found to lead to the best chance of success. Sales processes vary all over the map; they depend heavily on the product and its associated complexity and value. Markets and buying processes also have an influence. However, all sales processes are a reaction to the fundamental way people buy, in other words, the selling process evolves as a reaction to the customer's *buying* process. The buying process is universal and simple—it is governed by a linear flow from the first stage of establishing true needs to the next stage of investigating possible solutions and finally to the stage of negotiating a final deal. The selling process is reactionary and follows the flow; salespeople must adjust their skill sets accordingly.

In building a successful sales process, not only does the *type* of Critical Interaction have to be specified, but also its position in the sales cycle and its timing with respect to the interactions that come before and after it. In general, the Critical Interaction set is sequential—the salesperson works through the interactions one by one, not moving on to the next until the current one has been completed. But, this is not always the case. Sales processes should allow for the fact that real life situations don't always follow ideal models and interactions may have to get "out of step." For instance, the

sales process may include a product demonstration two-thirds of the way through the sales cycle. Doing the demo later in the cycle makes sense as it is better to show the customer what you have only after you have fully learned what they need—and that takes time. In the event that a customer demands a demonstration shortly into the sales cycle, the sales team may have to go ahead and do it. They would probably be sensible to keep the plans in place for a demonstration late in the cycle and persuade the customer that this would provide a more thorough evaluation opportunity.

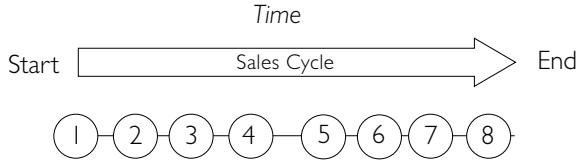
Let's look at a very simple sales process and the way the Critical Interactions are set up. Figure 14-3 shows a process with eight steps, illustrating the relative positions of the interactions. Although the average sales cycle of this product may be 6 months, we've learned that the sales cycle can be shorter or longer, depending on when the sales opportunity is discovered. If the opportunity is found just two months from the end of the cycle, the salesperson has no other choice than to complete the sales process in those two months.

Notice that there is an initial Critical Interaction and a final Critical Interaction. It's assumed that an IBO cannot be generated unless some probing has happened with the customer *and* that a won or lost order can't be substantiated without contact with the customer. These two Critical Interactions define the beginning and the end of the sales cycle.

The sales process is described using the minimum number of *essential* Critical Interactions to fit the sales cycle, and this is the best way for the sales team to construct the formula. Salespeople may be tempted to add more Critical Interactions to this ideal process, but most will not subtract from it. It's understood that there will be many *supporting* interactions, over and above the ones defining the procedure. The process is developed using high value interactions that are principally face-to-face. These will be backed up with lesser value interactions such as phone or e-mail.

Why take the trouble to build a sales process? Because it provides a benchmark by which to gauge performance—performance of the overall sales teams but also the individuals within it. Salespeople have their own way of doing things, and could be successful because they have discovered a different way to navigate the sales cycle. If someone finds a better way to do it, then they should share it so everyone can benefit. Conversely, if an

individual's sales are deteriorating because they are not following the accepted best approach, they need to be brought back on course. Using a standard, universally accepted sales process is the easiest way to do this.



Interactions

1: *Initial interaction*
2: *Visit, establish needs, introduce solution*
3: *Visit, deliver initial proposal and budgetary pricing*
4: *Visit, executive level presentation to decision maker group*
5: *Factory visit, demonstrate product using customer's procedures*
6: *Phone or visit, assess customer's reaction to factory results*
7: *Visit, submit final proposal and determine customer's position*
8: *Visit, negotiate final deal*

Figure 14-3: Simple sales process built from a set of Critical Interactions

A major benefit of drafting a sales process is to develop a framework on which to hang tactics used in the sales strategy. The lowest level denominator in the sales strategy is the customer interaction. Moving forward through the sales cycle in a structured manner is the best way to make the strategy happen. The structure can only be realized through a well-crafted and credible sales process.

Once the Critical Interactions that form the sales process have been agreed to and locked, the progress of the salesperson in the sales cycle should be compared and measured against it. In *sales automation done right* this is easy because we have classified the interactions.

Some Further Thoughts

Before we leave the Critical Interaction, there are a couple of things worth noting. Firstly, the Critical Interaction doesn't have to deliver positive information. Consider the following example:

"I called the customer and she told me the competition did a better demonstration than us."

This information is negative, but it's better to *know* what is going on. Review the information and modify the strategy if necessary. Maybe another demonstration attempt will turn the tide.

Secondly, just like all other interactions, Critical Interactions can be one-way or two-way as expressed in the following example. One week away from the close of an important sale, the sales team is feeling that the deal will be lost to the competition. As a desperation measure, it has decided that the customer will be called and offered a healthy discount. The customer is unavailable by phone. An e-mail is sent outlining the new deal. This e-mail must be recorded as a Critical Interaction. It can affect the outcome of the sale, although this won't be known until there's a reply from the customer.

The best way to see how customer interactions are essential to the goals and objectives of both CRM and SFA is to examine a detailed example, which is presented in the next chapter.

Points to Remember

1. The two distinct selling styles of opportunity focus and relationship focus are used together in various degrees in all customer interactions.
2. Interactions that are dominated by opportunity focused selling and which occur in the sales cycle are called Critical Interactions.
3. The sales process is built up from a set of well-defined Critical Interactions that has historically been found to work well in previous sales opportunities.

CHAPTER 15

Putting Interactions to Work

A Case Study

The Customer Knowledge Store holds all of the company's recorded interactions with the client. Before the CRM initiative, the information resided in racks of manila file folders in bent-up file cabinets distributed through the offices and overflowing to stacks in the warehouse. The information was there, but the knowledge wasn't; no one knew how to get it. It would have taken an army to assemble and review the data, if they could even find it in the first place. Now the information is sitting on a couple of shiny hard drives in the computer room, just waiting for someone to extract the knowledge.

The sales department has access to this strategic, *digital* source of customer records. They have contributed the results of their interactions like all others in the company. Now they need to harvest the rewards. They can slice, dice and filter the information any way they want, but they invariably will be guided by two overriding questions: "What is the current state of my relationship with this customer?" and "How am I doing in this sale?" Again, the focus is CRM or SFA.

Proposition

The Customer Knowledge Store provides information to support two high-level objectives of the sales team: (1) To review the state of relationship with the customer and (2) To check the strategic progress in the sale.

The best way to see how this works in practice is by looking at our ongoing example of the business relationship between Smith Print Corporation (Smith PC), a manufacturer of high quality commercial printing equipment, and their largest account, Global Digital Printer Network (GDPN), a company specializing in all types of print production from mass produced to publish-on-demand.

Smith PC has two major product lines. High Speed Printers are used for fast run, low volume work. The typical price is around one hundred thousand dollars and the average sales cycle is six months. Industrial Copiers are high throughput devices and have sales cycles ranging from one to two years and prices from one-half to a few millions. Smith PC employs specialist sales teams for each product group, as the customers tend to be quite different. But, because GDPN delivers such diverse services, they are customers for both product lines, sometimes in the same facility. Smith PC's largest competitor is Universal Registration. Universal has competitive products for everything in the Smith PC price-list.

The President of Smith PC wants to see how things are going with the GDPN account. He opens up his CRM software and it takes him to his Customer Knowledge Store. Figure 15-1 shows the information that he might see—a chronological list of interactions that happened over a three year period between Smith PC and GDPN. We are showing just 40 interactions that occurred; there could be many more in a normal business. The President could also see information from all departments, but in this case, he has chosen to focus on Front Office: marketing, sales and service.

This list looks intimidating and it is not meant to be studied intensely. It's presented here as supporting material for the case study. This is the *raw* data, and at the end of the day, it is a large part of what CRM technology is all about. If a current business question needs to be answered, the powerful analytical tools that are usually a part of CRM systems can be used to take a close look at a narrower slab of the information. But often, the material needs to be reviewed in its entirety before it's even possible to pose the correct question.

Each row of the table in Figure 15-1 shows summary information of an interaction that occurred between someone in Smith PC and its customer, GDPN. The essential information in the summary is the interaction date,

the participants, the interaction type and a short description of what happened. The interactions have been numbered for convenience, but the date is more important as a classification.

Behind each interaction summary there are further details that the president can drill down to if he wishes. For instance, if the short description indicates a quotation has been sent, the actual quotation should be no more than a few mouse clicks away. For a particular interaction, the President may want to see the salesperson's detailed call report to examine details of what was discussed—this kind of detail should be easily available in any CRM system. He can view the information directly on his computer display or in a paper report. Accessing the computer directly is best, because knowledge unfolds dynamically as the President drums up new ways to query the data. The power of the CRM (SFA) system is judged by the speed and ease with which customized knowledge can be obtained from the database—the Customer Knowledge Store.

The quality of the short description is very important. The short descriptions collectively present an overview of the big picture and provide the user with a quick grasp of what happened. That's why it is good practice to create accurate and precise summary descriptions as the interaction is entered into the system. The guiding concept should be, "If anyone else were reading this, would they get a true feel as to what went on in that interaction?"

What can be seen from these 40 interactions? The first thing that pops out is the most important—the relational history with the customer. If the President's objective is to see firsthand how his Front Office team as a whole is representing his company to the customer, this chronological history of interactions from the Customer Knowledge Store has the best chance of giving him that.

A quick review shows that there is a lot of activity in the account. The President sees entries from marketing (interactions 4 and 23). In particular, marketing found an excellent lead at one of their trade shows that eventually turned into a sale. The service team is keeping up with preventative maintenance and emergency calls (interactions 11, 21 and 26). Both sales teams seem to be active as there have been three orders within this time frame. But it gets a little tough to see at a glance how well the sales process went and what was necessary to close the sale. How are the salespeople coping with

#	Date	Participants	Short Description of Interaction
1 R,C	Apr 3, 2003	Rick, HSP Group Call from John Parker	Their No. 1 customer has expanded and will be giving them twice as much business. They are historically Universal customers, but lately, reliability and service has been poor. Parker thinks that Universal needs some competition. They need two of our Type 560 printers; the order goes to us or Universal. (Note: This is the initial interaction for IBO #1212)
2 R,C	Apr 10, 2003	Rick, HSP Group Sales Support Request	Sent John Parker full information package on Type 560 printers.
3 R,NE	Apr 14, 2003	Rick, HSP Group Call to John Parker	Not in—left message.
4 R	Apr 14, 2003	Angela, Smith PC Marketing E-mail to John Parker	E-mailed flier "Printing Today" Mass e-mailing of the new Smith PC product line flier.
5 R,NE	Apr 18, 2003	Rick, HSP Group Call to John Parker	Again not there, this time I left a voicemail.
6 R,C	Apr 25, 2003	Rick, HSP Group Meeting with John Parker	They like the Universal printers that they are using, but the limited functionality of single color production is a problem. Looks as if the Type 560 is just what they need.
7 R,C	May 2, 2003	Rick, HSP Group Call from John Parker	Concerned about moving away from Universal. Reinforced to him that 560 had the single color ability that he needed; says Universal salesperson also claims their new model will do it.
8 R,NE	May 16, 2003	Rick, HSP Group Call to John Parker	Not in—left message.
9 R,C	Jun 16, 2003	Rick, HSP Group Meeting with John Parker and Susan Brown	Susan is their Chief Operator. I showed her photos of the new operating controls on the 560. Her experience is entirely with Universal machines. She definitely wants a demonstration of our product.
10 R,NE	Jun 20, 2003	Rick, HSP Group Call to Susan Brown	No reply—left message.
11 R	Jun 20, 2003	Bill, Smith PC Service Site Visit	Regular Preventative Maintenance call on their 3 old Type 300 printers. Still chugging away but now expensive to service.
12 R,NE	Jun 23, 2003	Rick, HSP Group Call from Dept Secretary Re: Susan Brown	Susan has the flu and is expected back next week.
13 R,C	Jul 10, 2003	Rick, HSP Group Call from Susan Brown	To set up a demonstration at their site on Aug 4. John and the VP Production will also be there.
14 R,C	Aug 4, 2003	Rick, HSP Group Demonstration for John Parker, Susan Brown, Joe Small (VP Production)	Five hour demonstration. Showed how well the limited single color mode worked. Did four complete book blanks. All parties pleased with speed and ease of operation. Universal will demo next week. Left 560 with them.
15 R,C	Aug 11, 2003	Rick, HSP Group Call to John Parker	Followed up on our demo and Universal's. The Universal printed slightly faster but had many software failures. John is worried that it might not be reliable enough. He wants a proposal on two of our machines with a maintenance contract.
16 R,C	Aug 15, 2003	Rick, HSP Group Sales Support Request	Proposal sent: $190,000 including a five percent discount.
17 R,C	Aug 25, 2003	Rick, HSP Group Call to John Parker	Follow up on our proposal. He likes it but Universal is 20% cheaper. Having a tough time convincing Joe Small that they should buy our product.
18 R,C	Sep 5, 2003	Rick, HSP Group Meeting with John Parker	Discussed our advantages over Universal and showed him that our superior uptime would save him money over a five year span (first trial close). John is still concerned about the price.
19 R,C	Sep 15, 2003	Rick, HSP Group Call to John Parker	Offered John our Blue Star maintenance program at no extra charge (second trial close). He felt this could be enough to persuade Joe Small that we should get the job. I suggested a meeting with himself and Joe Small, and he agreed.
20 R,C	Sep 25, 2003	Rick, HSP Group Meeting with John Parker and Joe Small	After a lengthy discussion on the merits of our proposal, I offered a further discount of 5%, if they would take our demonstration printer (third trial close). Joe agreed and called purchasing to confirm the deal was done. (Note: This is the final interaction for IBO #1212)
21 R	Sep 26, 2003	Bill, Smith PC Service Site Visit	Installation and training on Type 560. Successful install. One toner crate missing; will get Rick to deliver.

Figure 15-1: Customer interactions between Smith PC and GDPN over a three year period

#	Date	Participants	Short Description of Interaction
22 R	Dec 12, 2003	Rick, HSP Group Meeting with Susan Brown	Took in a bunch of our 2004 calendars for Susan's group. She is thrilled with the 560 and prefers it to their Universals.
23 C	Feb 6, 2004	Angela, Smith PC Marketing	Met Shirley Vine from GDPN at Print Show Las Vegas. She manages the Quality Publication Division. Needs an Industrial Copier. Urgent requirement. (Note: This is the initial interaction for IBO #2010)
24 C	Feb 27, 2004	Steve, IC Group Meeting with Shirley Vine	Took information package. GDPN wants to boost their capability for full color products. The CL-250 would probably fit their needs but I can't determine if they have the $500K that's needed.
25 C	Mar 15. 2004	Steve, IC Group Call to Shirley Vine	Suggested she join me on a visit to JF Jones who have our CL-240 in their production department. Shirley was enthused at the prospect.
26 R	April 16, 2004	Bill, Smith PC Service Site Visit	Six month warranty check up on T-560, SN 560 – RE214 98-V. No significant issues. Customer seems pleased with the performance.
27 C	May 14, 2004	Steve, IC Group Visit to JF Jones Facility—Shirley Vine and Joe Small, Ralph	Visited the Jones facility. Brought along Ralph from Technical Service to assist with the demonstration. Shirley brought Joe Small (VP Production)—says he has met and is impressed with Rick from our HSP Group.
28 R	May 24, 2004	Rick, HSP Group Meeting with John Parker	Routine check up call to see if all is OK. John is happy; our service group has done a great job in keeping the 560 working trouble-free. John knows about Steve's potential sales to the Quality Publication Division.
29 C	May 31, 2004	Ralph, Tech. Support Meeting with Shirley Vine	Worked out the software protocol for the CL-250, as it would be used in her shop. I'll send this to the factory for use in her evaluation visit in (I hope) September. Says that she is definitely going to the Universal plant.
30 C	Jul 16, 2004	Steve, IC Group Meeting with Shirley Vine	Shirley's request will be put in front of the board of directors at the end of the year. The buying process has to be complete by then. I suggested she plan to go to our factory in October. She will try to fit it into her schedule.
31 C	Sep 6, 2004	Steve, IC Group Call to Shirley Vine	Gave Shirley the final details of the trip to the Boston factory. She will fly down the day before; Joe Small will also be there. Ralph will be there earlier to get things set up.
32 C	Oct 4, 2004	Steve, IC Group Visit Boston Factory— Shirley Vine, Joe Small, Ralph	We spent full day running tests. Throughput is better than their specification. Shirley perceived complexity in the software. I explained that we had several usability settings.
33 C	Nov 5, 2004	Steve, IC Group Meeting with Shirley Vine and Joe Small	Delivered the proposal and spent all morning reviewing with Shirley and Joe. They seem OK with it and will take it to next board meeting.
34 C	Nov 12, 2004	Rick, HSP Group Call from Susan Brown	Needs another 560 printer; putting it into 2005 budget (purchase Feb 2005). Needs an updated proposal including maintenance contract. (Note: This is the initial interaction for IBO #1230)
35 C	Nov 22, 2004	Rick, HSP Group Meeting with Susan Brown	Needs to repeat the package that they purchased before, but this time, need the long term toner option. We are not alone in the bidding, Universal is in there too.
36 C	Dec 6, 2004	Rick, HSP Group Proposal sent to Susan Brown	Same configuration as before but with the long term toner option. List price on total package.
37 C	Dec 10, 2004	Steve, IC Group Meeting with Joe Small	Reviewed final proposal. Giving us the order—forwarding details to purchasing.
38 C	Jan 14, 2005	Steve, IC Group Call to GDPN Purchasing	Called purchasing and got a contract number! The order is ours. (Note: This is the final interaction for IBO #2010).
39 C	Jan 24, 2005	Rick, HSP Group Call from Susan Brown	Her budget has been approved. Wants to move quickly. Universal have offered her a deal on a demonstrator at a ridiculous price. Wonders what we can do—needs a call back soon.
40 C	Feb 4, 2005	Rick E, HSP Group Call to Susan Brown	Offered the existing 560a demonstrator with a full one-year warranty at a 3% discount. Susan said to go ahead and place the order. (Note: This is the final interaction for IBO #1230)

Figure 15-1: Continued

new customer demands and increased competitive pressure? The investment in the development of the new CL-250 instrument in the Industrial Copier group should help give an edge.

Smith PC's sales teams are on the road most of the time, and work from their homes. The two teams rarely connect with one another, and this is one of the president's concerns. He thinks there could be cross selling opportunities that are being missed because his two sales teams have been acting autonomously. This is the principle driver for his initiative in rolling out a CRM system throughout his company. The CRM tool promotes the sharing and interchange of information through access to data such as Figure 15-1. The President hopes that this facility, along with backup training, will encourage sales representatives to be on the lookout for business for their opposite team members, thereby differentiating themselves by offering combined package deals to larger customers.

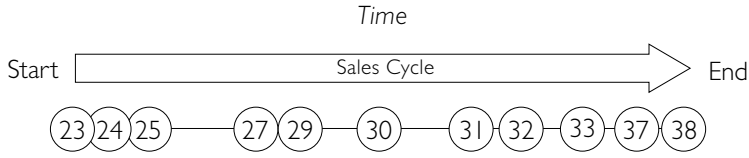
Fortunately for the President, the sales automation component of his new CRM tool was done right. His sales teams are *classifying* their Critical Interactions. Within this period of three years, there have been three active sales opportunities represented by three sales opportunities. IBOs 1212 and 1230 are for the High Speed Printer Group and 2010 is for the Industrial Copier Group. Note that one IBO starts before the other has ended—a common situation for companies with different product groups and sales teams.

He sees that IBO #2010 is for the CL-250, his new baby. So he asks for just the interactions that contributed to this particular sale. The computer gives him just that—a chronological list of the critical interactions between Smith PC and GDPN from the start of the sales cycle on Feb 6, 2004 to the date of the award of the order, Jan 14, 2005.

To reinforce the connection between the Critical Interaction and the sales process, we've placed the Critical Interactions for IBO #2010 on the sales cycle diagram that we've used throughout the book (Figure 15-2). The interactions are numbered as they are in Figure 15-1. Although it is not so obvious in our simple example, interactions will start to get more frequent in the latter half of the sale. This is common in the sales cycle. As we enter the stages of proving and closing, the relationship between the salesperson and the customer is maturing. Both parties have a goal of getting to the end

of the sale with the best deal having been made, and frequent meetings and discussions are the norm.

These are the actual Critical Interactions that occurred. If the President wants to, he can view them against the ideal set of Critical Interactions that forms the sales process for the Industrial Copier product. But in this case, he doesn't need to—he can see easily that Steve has made an excellent effort in the sale.



Interactions

23: *Angela (Smith PC marketing) meets Shirley Vine (GDPN) at trade show*
24: *Steve (Smith PC IC group) visits Shirley Vine for initial probing visit*
25: *Steve visits Shirley to suggest visit to a Smith customer's facility*
27: *Steve, Shirley, Joe Small (GDPN), Ralph (Smith PC Technical Support) visit Jones facility*
29: *Ralph and Shirley meet for discussion on technical issues*
30: *Steve visits Shirley to discuss budgeting and possible visit to Smith PC factory*
31: *Steve phones Shirley to confirm dates for factory visit*
32: *Steve, Shirley, Ralph and Joe visit factory for demonstration of CL-250*
33: *Steve visits Shirley and Joe to discuss final proposal*
37: *Steve visits Joe to negotiate last details*
38: *Steve calls GDPN purchasing and receives contract confirmation*

Figure 15-2: Critical Interactions from IBO #2010

Linking Interactions

The President has viewed the data in the Customer Knowledge Store in two quite different ways. The first is a list of all interactions with anyone in the account sorted in chronological order. This view of the information has provided a general picture of what's happening in the account.

Proposition
All interactions contribute in some degree to building the customer relationship, and should be *linked* to the customer contact to which they belong.

Because contacts are linked directly to accounts through our core competency hierarchy, it is easily possible to view all of the customer interactions that have happened within an account.

The second view shows a subset of the data—the Critical Interactions associated with just one sales opportunity of interest. This presentation provides a focused view of the selling effort needed to win the sale.

Proposition
Critical Interactions should be displayed chronologically and *linked* to the sales opportunity to which they belong.

These two valuable views of the same data were only possible because of the way the sales automation system classified and then linked the different types of interactions to either the contact or the sales opportunity.

Showing Critical Interactions in the context of their unique sales opportunity makes it easier to strategize the sale. It seems simple doesn't it? But remember, to do it, you need to classify the interaction as critical when you enter it into the computer. Most people have a "Contact Management" mindset, assuming that any information remotely connected to the customer contact should be stored with the contact record and viewed along with it. This is correct for relationship focused interactions, but we need to do it differently if our attention is on what's going on in the sale.

Viewing a sales opportunity's Critical Interactions chronologically is a way of evaluating how the *sales process* is playing out. It's the ability to see the strategic steps that have carried the sale to this point that makes the Critical Interaction so valuable, and worth the few seconds of effort in classifying the interaction when it is first recorded.

Recording Interactions

A common criticism leveled at sales automation is that entering information into the computer can become an administrative burden. Often, salespeople will go on the defensive and ask, "How do I find time to make face-to-face contact with the customer if I am required to sit in front of a computer all day?" Whether or not this accusation is justified depends a lot on the design of the sales automation system.

SFA relies on information contributed by the sales team—information gleaned from interactions with the customer. What is the criteria for deciding which details should be recorded? Here, it is necessary to steer a fine line between too little or too much. Too little information won't supply the automation system with enough "fuel" to provide assistance in the sales process, and too much information leads to data entry overload. The system should be flexible. Some salespeople love to record endless paragraphs of information and others prefer the bare minimum. The software should accommodate both. Each sales team should define the minimum amount of strategic information that it would like "captured" in an individual interaction, and make this clear to everyone.

Remember, we are dealing now with a shared database, one that is mission-critical to the sales team and the whole company. The database should contain sufficient knowledge to satisfy the Customer Relationship Management objective. It should also contain the raw information on every sales cycle of every sales opportunity that the company works on.

Proposition
Critical Interactions build knowledge of the progress in the sale, and the sales team needs to share them. The recording of Critical Interactions should be *mandated*.

At a minimum, Critical Interactions must show the skeletal information of what happened as it *impacts the strategic direction* of the sale. If people want to flesh out their entries, that's up to them. Shared information is only powerful if the *entire* team contributes; one missing piece can create a distorted picture for everyone.

When it gets to relationship interactions, things can be loosened up a bit and the sales team can be allowed to police itself. Everyone should be motivated enough to want to share groundbreaking information about customers to foster CRM. One of the greatest criticisms coming from salespeople who have not had the luxury of a true electronic information-sharing environment is that they don't know what is going on. Having it should provide enough incentive for them to get information into the system.

Proposition
Relationship focused interactions vary in their value. The sales team should have a common understanding as to which ones must be recorded.

The value of a relationship focused interaction depends on the insight that it provides in our overall knowledge of the customer. Some have high value and some have low value. Consider these examples: "I found out today from the general manager that the budget for copiers is doubling over the next twelve months," or "The VP Engineering said that his department is closing down next year because of the downturn in sales." Both these pieces of information could have a profound effect on future sales, and should be recorded so anyone who might be affected can hear about it—the information is extremely valuable to the future efforts of the sales team.

But this one is not so important: "I met the Controller of GDPN at the show last week, but time did not allow us to talk business."

All of these examples do *not* affect the strategic direction of a particular sales opportunity, and are therefore relationship focused. But in many cases this type of interaction can yield good strategic information for the sales team.

Non-Essential Interactions

Interactions 3, 5, 8, 10, and 12 are interesting. Why do we record an interaction of the type, "Not in—left message with secretary?" In interaction 3, there is no dialogue between the salesperson and the customer. The interaction is one-way, and stays that way because the salesperson had to call twice more to get a response. The answer is that even though some relationship focused interactions are unimportant, we still may want to record them!

Many salespeople like to record this kind of information for their own peace of mind to prove that they are working, even though there may be no tangible results. In general, this information is not important for the company or the sales team to see, but may be needed purely for the salesperson's record keeping. The problem is that in the shared environment of *sales automation done right*, these unimportant (or Non-Essential) relationship focused interactions can quickly subject the system to information overload. Critical Interactions are hidden in the mire of too many calls that are made to Mr. Parker, only to find that he is not there!

If this kind of interaction is trivial, why do we need to record it, especially if it clutters up our precious Customer Knowledge Store? We don't—but be careful. Calling Mr. Parker between 8:30am and 9:00am for five days in a row with no reply may present us with the knowledge that he never gets to work until 9:30am, and that he is easy to reach after that. So, mixed up with all this Non-Essential and unimportant chaff may be some useful knowledge about the customer. There is a way to deal with the problem of clutter, and that is to tag or classify the interaction when it is entered into the SFA system. Then we can filter out the stuff that obstructs the view of our opportunity or current status with the contact or the account. In Figure 15-1, these interactions have been given the label "NE" for Non-Essential, to distinquish them from relationship focused ("R") or Critical Interactions ("C").

To summarize, as interactions are vital when it comes to creating a historical record of our partnership with the customer, it is well worth the extra effort to classify them before they go into the Knowledge Store. If they are related to our efforts to win a current sales opportunity, they are Critical. All others are relationship focused, some of these may not have sufficient value to justify recording (Non-Essential).

Critical Interactions will take on a new level of importance as we explore the idea of the "Sales Environment" in later chapters, but now, back to the sales cycle.

Points to Remember

1. All customer interactions provide useful information on our relationship with the customer (they have a relationship focus). Some also pro-

vide additional knowledge that we can use in sales strategies for specific opportunities (they have a relationship and an opportunity focus).

2. In *Sales automation done right* some interactions will be labeled as Critical, which provides the option of filtering out information on the progress of the sale, from the story which describes the ongoing development of the CRM vision.
3. Not all information is created equal. Your sales automation system should be discriminating in accepting, tagging and storing information from the sales team. It should question the user about the relative value of the data being entered.
4. In determining which interactions other than Critical to record, remember that too much information often blocks the essentials and becomes a data entry nightmare.

CHAPTER 16

Fundamental Skills of Selling

Only three? Tell me more

So far, a story is evolving about what happens in the sales cycle; hopefully a story that is in tune with the requirements of sales automation to provide *direct* benefits. We've precisely defined the length of the sales cycle and set up a scheme for determining which customer interactions are exclusively in the realm of the sales process. It's now time to talk about *how* we sell, specifically which skills are most important.

The selling process depends on the customer interaction, more accurately, the Critical Interaction. In front of the customer, **selling skills** are used to progressively build the case on which to win the sale. It's interesting that we need to talk about the skills of selling in a book on sales automation—isn't this best left to the tactical sales training books? By considering how fundamental skills are used, and when they are used in the sales cycle, it is going to be possible to show that all sales cycles divide logically into three sequential stages that are quite different.

The sales cycle *must* develop through these stages, stage one must happen before stage two which must happen before stage three. They cannot take place in any other order, and if the salesperson tries to make this happen, the sale will be in jeopardy. In *sales automation done right* these stages are referred to as *phases*. Later chapters will show that any sales cycle, no matter if it is for reasons described earlier, abnormally long or short, will still have the three phases. This idea will help us develop the sales method to the point where

the computer will become a valuable tool to overcome the headaches associated with managing the sales cycle, described in Chapter 11.

The Buying Process

The three phases of the sales cycle are a reflection of the natural evolution of the customer's **buying process**. Neil Rackham, in his book *Major Account Sales Strategy* describes how buying decisions follow a process that follows three distinct stages.* Customers follow the same basic set of rules when they buy, and it is from these rules that the process is determined. When a salesperson is involved with an opportunity, they adjust their selling skills to react to, or match, the customer's buying procedure. It's no surprise that the buying process flows naturally through three distinct phases, and that's why there are three phases to the sales cycle. So how does the buying process work?

The customer's decision to buy something is always fueled by a need. The recognition of the need and the decision to do something about it forms Phase One of the buying process. The need emanates over a period of time until the point that the customer decides to take action, and the salesperson is called in for assistance. The customer usually wants to review solutions from a number of vendors, making the situation competitive. The discussion with suppliers involves questions and answers, to-and-fro between customer and salesperson. When each understands the other's position, it's time to move on to Phase Two.

In Phase Two, the customer seeks assurance that proposed solutions will indeed solve their problems. This is the time when salespeople demonstrate the capabilities of their products or services. At the end of Phase Two, the customer aims to have enough information on all available options before moving on to Phase Three.

In Phase Three, it's time to negotiate a deal. The customer will be looking for value, which is the right combination of suitability and cost. The salesperson will be anxious to secure the order within the confines of good business practice.

This is a highly simplified outlook on sales transactions as seen *from the the customer's point of view*. But how does it appear from the salesperson's perspective?

* Neil Rackham, *Major Account Sales Strategy* (McGraw-Hill, Inc. 1989).

Phase One of the Sales Process

The customer is experiencing some kind of need; something is missing: an improvement must be made, a process has failed, order has to be put into a business process, a vital instrument has malfunctioned, throughput must be improved by a factor of two. Pain is felt and something must be done about it.

Enter the salesperson. Discussion occurs to see if the salesperson may have a solution. The need may be redefined, scaled up in scope, or even reduced. Sometimes the salesperson even negates the need by recommending a different way of doing things, and by doing so, builds trust with the customer.

Phase one is a *sounding out* process between the customer and the salesperson. Listening is important for both the salesperson and the customer. Asking questions is important too, because the buyer and the seller have to learn what each brings to the table. Challenging ideas is also another significant aspect of this exchange; customers can be wrong in their expectations and may have money they need not spend.

We can't sell anything to the customer unless we know what they want. That sounds obvious, but it is surprising how often salespeople fall into this trap. A salesperson must know *all* the facts, issues, emotions, politics and everything else that could affect the outcome of the sale. To do this, they need to *ask, question, listen, examine and watch*; this skill is probing.

Proposition
The first phase of the sales process is dominated by the fundamental skill of *probing*.

When we probe, we identify and isolate the needs of the customer. Then we are in a good position to gauge which of our product offerings would be the best fit (if any). Until we know exactly what the customer needs, we cannot set ourselves up for the full impact of the next fundamental skill. Even the best salesperson does not know instantly what the customer's needs are. This process takes time. It may take many interactions and a lot of time in the sales cycle to establish this. Then there is the frequently occurring possibility that the customer doesn't even know what they want. We then don the hat of

business consultant and assist with formulating the requirement. In general, the process of probing takes up a lot of time in the sales cycle—more than each of the other fundamental skills.

Phase Two of the Sales Process

The need has been identified as closely as possible and now, the mission starts toward finding a solution. There will usually be many options, each with its own pros and cons. There may not be an exact match between need and solution, as each one is multifaceted. Sometimes, the customer's demands can't be spelt out uniquely; it will be surrounded by nuance, perception and inexactness. Salespeople have to fight through this to find the best way their product can fit the bill. They must always do this with honesty and integrity—they will not survive in sales if they break this cardinal rule.

The goal is to devise the best set of matching needs and product features that will solve the customer's requirements and to prove how that match works.

Proposition
The second phase of the sales process is dominated by the fundamental skill of *proving*.

To prove effectively, the salesperson must *tell, demonstrate, show, convince and persuade*. The predominant skill of Phase One, probing, has set the stage for Phase Two. As Phase One evolved, more and more was learned about the customer's exact requirements until the right time came for proof that there was an available solution. The customer may still have objections with some of the aspects of the proposed solution. Proving skills will be needed to unearth the objections, bring them into the open and negate them, if possible.

Phase Three of the Sales Process

The customer is longing to get on with things, and so is the salesperson. Enough proof is on the table, and a decision has to be made. But before that, the final details have to be wrapped up. If it is a fine decision between a number of suppliers, there may be many negotiations to determine the best *value proposition* for the customer. At this point, the salesperson must remove

any barriers standing in the way of the customer awarding the business and ask, "If my product does everything to satisfy your needs, will you give me your business?"

The skill of checking the customer's final intentions to purchase and negotiating a final conclusion is called closing.

Proposition
The third phase of the sales process is dominated by the fundamental skill of *closing*.

The eventual goal of closing is that the customer indicates your solution is ideal for their needs, and that you have won the order. Before this happens, the salesperson may have to go through a sequence of interactions of asking for the order, only to be confronted by barriers that the customer perceives in going ahead with the purchase. Each barrier has to be negotiated away until there are none left; then the sale is won. Each one of these tests to see if the customer is ready to make a decision is called a *trial close*.

Summary

We've identified just three fundamental skills of selling: Probe, Prove and Close. To some, this may seem radical but when put to the test in actual sales situations, the model works extremely well. The ability to probe, prove and close depends on acquiring a more broad based skill set which will be generic across the three fundamentals. For instance, diplomatic, strategic, interpersonal and attentive skills work hand-in-hand with the fundamental skills.

As we go forward, we are going to call the three phases the Probe Phase, the Prove Phase and the Close Phase to identify them with each dominant skill.

Notice that we used the term *dominant* and not *exclusive*. This is because the three skills are not used by themselves. It shouldn't be thought that each phase is self-contained and autonomous. In fact, it's not like that at all. The selling process (like the buying process) is fluid, and there are leaks across the phases. There are three naturally evolving processes that evolve, emerge, and develop over time in juxtaposition with one another. This will become much

clearer in the next chapter when we take the model of the three skill phases further.

Points to Remember

1. Sales automation systems have to take selling skills and the way they are used throughout the sales cycle into account.
2. *Sales automation done right* defines three fundamental skills of selling which are the foundations for all other skills that may be used.
3. Each of the three phases of the sales cycle is dominated by one of the three fundamental skills.

CHAPTER 17

The Three Phases of the Sales Cycle

At this point in the sale, which skill should I be using most?

The idea of the three fundamental selling skills is an important contribution towards an attempt to build a **model** of what happens in the sales cycle. Later in Part 4 we will see how all the pieces of the model come together. This chapter assembles the first parts of the puzzle by showing how the three phases of the sales cycle are a direct consequence of the changing behavior of the fundamental skills as the sale progresses.

Over the next few pages, it's important to realize that even though the sales cycle is shown as a simple and continuous straight line, it is really composed of the discreet Critical Interactions played out between the customer and the salesperson over time. In each interaction, the salesperson will use two, or maybe three of the fundamental selling skills, but never just one. The choice of skills used, the way the skills are used, and the focus placed on each skill follows a predetermined pattern that is governed by the conversation between buyer and seller through the natural evolution of the sale. These parameters will differ considerably depending on the current position in the sales cycle and will be quite different in the early stages, through the middle stages to the later stages.

Additionally, this pattern is applicable to all sales that have significant sales cycles, independent of industry, market, product or service. In other words, by the time we have reached Part 4, we will have developed everything to define a *generic* model of the sale.

The Degree of Focus

As a starting point, look at a Critical Interaction between customer and salesperson as the sales cycle draws to a close. This extract is obviously contracted, but is representative of what often occurs.

Salesperson: "Now that you have tried the CL-190 copier successfully for a week in your office, can I place an order for you, to get you one before the factory closes for the holiday?" (Closing)

Mr. Parker : "It performs very well, but my Support Manager thinks the footprint is too large for the new copier room."

Salesperson: "Who is your support manager? (Probing) Maybe you would introduce me so I can describe our moveable CL-190 copier cart that frees up desk space." (Proving)

In this scenario, Mr. Parker raised an objection with the footprint being too large. With some probing, the salesperson found a way to overcome the objection using their proving skill. The probe and prove skills were used to *support* the dominant closing skill.

Proposition

In any Critical Interaction, the fundamental skills are not used alone; they depend on the support of one or both of their companion skills.

We will see later that for most of the time, just two skills are used—probing and proving. In the final stages of the sales cycle, all three skills are used in the interaction. At any point in the sales cycles the usage of any one of the skills will vary, and we need to develop the pattern that shows its behavior from the start of the sales cycle through to the end. To do this, we use a *gauge* of how much any one skill is needed in a single interaction. This is called the **degree of focus**. For instance, if a salesperson assesses that for half the time spent in a meeting the commitment has been to probing, then the degree of focus on probing is 50%. Let's say that it is early enough in the sales cycle that no closing was attempted. Then our model would say that the balance of the meeting was committed to proving—therefore the degree of focus on proving would also be 50%.

The rule is that the percentages for the degrees of focus of each of the three fundamental skills in a single Critical Interaction add up to 100%. In a way, the skills compete with one another for attention. If the use of one skill in the interaction becomes excessive, a partner skill will suffer.

Remember, we are developing a *model* of what happens in the sales cycle, and models attempt to describe reality in mathematical or graphical form. After an interaction towards the end of a sale the salesperson may determine that the degree of focus on closing was 85%. If the salesperson is backing up the closing efforts with some probing, he or she may feel that the probing effort deserves a degree of focus of 10%. Then the rule that our model uses says there must be a degree of focus on proving of 5% (85+10+5=100).

The model is this precise because it needs to work for the computer. Salespeople don't need this precision, and it's interesting to speculate if they are able to judge the degree of focus in the usage of a fundamental skill. When the full model has been developed it will show that there is an optimum way to progress through the sales cycle, and strong deviations away from this path are dangerous. Salespeople should be conscious of the way they use the fundamentals skills of probing, proving and closing in each high value Critical Interaction spent with the customer, and try to keep within the guidelines described by the model. The best way to do this is to *plan* ahead for each meeting with emphasis on what needs to be accomplished and to plan using a framework determined by the three fundamental skills.

For example, if it's early in the sales cycle, the salesperson will know that probing must be a major focus, and they should develop a detailed list of issues that must be uncovered and addressed that are specifically related to probing. The model will show that some proving will be needed too, and a similar list of proving issues should be drawn up. During the meeting with the customer, the lists should be reviewed and items should be checked off as they are handled. Afterwards, the results of the meeting can be scrutinized to see what was accomplished and what was not. It's surprising how well salespeople using these planning techniques can quantify their performance in terms such as, "insufficient probing" or "proving too early" or "no attempt to close." Planning for Critical Interactions is the best way to ensure that some value is achieved in the precious time in front of the customer, and it is often the most neglected aspect of good selling.

There is no suggestion here that a salesperson should determine that they will go into a meeting and spend *precisely* 43% of their time probing and 57% of their time proving. But salespeople should make themselves aware of the trends and patterns that emerge from the model we develop over the next few pages, and test real selling experiences against them. In most cases, we guarantee that the basic ideas of the model will be validated.

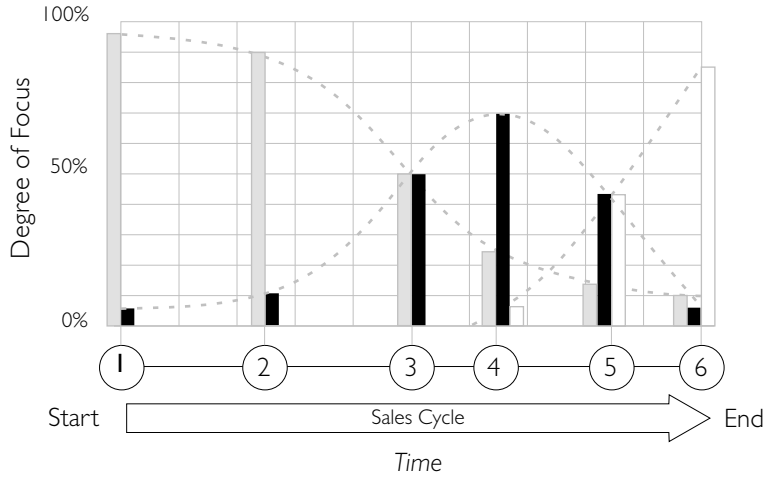
Developing the Broad Strokes

Using some basic knowledge and experience about the sales cycle it is possible to start laying down some important behaviors of the fundamental skills. Fig 17-1 shows how this is done. The figure shows the familiar sales cycle with some Critical Interactions—in this case, we show just six. There will undoubtedly be more Critical Interactions than this, but we've picked these six as important marker points in time, where shifts occur (or don't occur) in the usage of the fundamental selling skills. Every sales cycle is marked by an initial interaction and a final interaction (1 and 6 respectively). Interaction 2 occurs about one-quarter of the way through the sales cycle, and interaction 3 is about half-way through. Interactions 4 and 5 straddle the three-quarter point, where things begin to liven up in the home stretch.

There is a vertical axis to show the degree of focus, going from 0% to 100%. At each interaction we've shown vertical bars, the heights of which represent the degrees of focus of probe, prove and close, as used in that particular interchange between salesperson and customer. The following discussion outlines the reasoning behind the ways that the degrees of focus change.

Interaction 1: This is a new sales opportunity. In other words, the customer doesn't already own our product and is not familiar with our company. The focus on probing must be very high—it's unreasonable to expect the customer to volunteer information about the issues that affect their potential purchase. They probably won't even know all of them, and will want to garner some of the expert advice of the salesperson. This is a good process for relationship building, but to get it to happen, the salesperson must *probe*. In these early interactions, probing is the dominant skill, and the salesperson has to forcefully reject letting the urge to *prove* get in the way. The problem is that most salespeople want to do exactly that. But the mission of the

salesperson in these early stages of the sale is to *listen* and to *question*, two of the basic components of the probing skill.



Interaction	Probe	Prove	Close	Total
1	95%	5%	0%	100%
2	90%	10%	0%	100%
3	50%	50%	0%	100%
4	25%	70%	5%	100%
5	14%	43%	43%	100%
6	10%	5%	85%	100%

Figure 17-1: How the fundamental skills are used throughout the sales cycle

Yes there will be a need to prove, but only as a response to questions asked. The need to prove will not be proactive, but more reactive. The customer might ask the salesperson questions about their company's viability. How long have they been in business? Do they have a local office? Do they have service? To establish credibility, the salesperson must prove.

Interaction 2: We're a quarter of the way into the sales cycle. We're starting to compile information from the customer, and the idea of our possible solution is beginning to gel. But as more details get spelled out, more uncertainties are raised, and must be dealt with by an increased level of proving. Not much has changed though, and we have to force ahead by probing, with

the comfort that the better we can do this over our competition, the easier it will be in the later stages of the sale.

Interaction 3: Half the available time for selling has elapsed and a number of important Critical Interactions have occurred. So far, the interactions that have occurred amount to a few hours in front of the customer. Challenges and issues have been drawn out for discussion by probing. Notice that until now, probing has been the skill used most, not surprising, as in a significantly large sale, it takes a lot of time over a number of interactions to discuss and identify the customer's exact needs. During this period, proving is needed to react to issues that need identification or clarification. The more that is known about what the customer is searching for, the more effort is needed to validate the salesperson's understanding of the need and their capability of satisfying it. In Interaction 3, the point is reached where the two skills, probing and proving, are used with equal focus. From here on, the emphasis shifts to proving—the need has been identified, and the solution has to be tested and evaluated.

Interaction 4: We are approaching the three-quarter mark of the sales cycle. This is the point where we should have finally proven everything to the customer about our product and service, and how well it fits the requirement. The use of the proving skill has peaked. Theoretically, there is no reason now that the customer should not make a decision, based on the evidence that has been brought forward over the past few interactions, and the closing skill has to start coming into play. But few sales really end here; the viability of the salesperson's solution has been fully tested, and been found to do the job. Now the details of the deal have to be negotiated, especially those that determine value to the customer.

Interaction 5: We've moved on a bit in time from Interaction 4, and are starting to use the closing skill. In fact, our dependence on proving is diminishing, and focus on closing is increasing—in this interaction the two are roughly equal. We've proven enough for the customer to make a decision, and we are trying to determine if they are comfortable with that. To do this, of course, we have to keep probing. If barriers are discovered, they must be dealt with, which involves some proof. Why, after all this time, and very near to the end of the sales cycle, is there still a need to probe? The answer is because the circumstances surrounding the sale are always changing. Nothing should

be taken for granted at this point in the sale, as anything can happen without warning.

Interaction 6: This is the last interaction in the sales cycle, and the emphasis has to lean heavily on closing. There is no reason that the customer should not commit. The timing is right—the customer says a decision must be made. The salesperson must directly solicit the commitment from the customer, and if it is not forthcoming, check the reasons why. Probing is used to check for objections, and proving is used to overcome them. Probing and proving support the skill of closing.

This simple exercise leads to a few key observations:

- The focus on probing is very high in early interactions, and falls off through the sales cycle to its lowest point at the end. Probing is a skill that is needed in some degree or another throughout the entire sales cycle.
- Proving has low focus in early interactions and reaches a maximum at a late stage of the sales cycle. From there, the need to prove falls off until it reaches its lowest focus at the end of the sales cycle.
- The need to close begins only when the customer has sufficient information to make a comfortable decision. This can only happen when the focus on proving starts to reach its highest point. From here on, the attention paid to closing intensifies until the final interaction in the sale, where it reaches a maximum.

These general ideas lay out the basis for the behavior of the skills throughout the sales cycle along with the dependence of one skill on another. Now it's time to fill in the dots, and that's exactly what has been done in Figure 17-1. By joining the bars that represent probe, prove and close between successive interactions, we construct three curved lines that represent the behavior of each of the fundamentals skills throughout the sales cycle. To further test that the model's behavior is precise, Figure 17-1 includes a table showing the degrees of focus of each skill, and how at each interaction, they should total to 100%.

The Three Skill Phases

Using the above guidelines, we have developed a model of how the probe, prove, and close skills are used at any point in the sales cycle. The patterns of

behavior, or **skill curves**, are again shown in Figure 17-2. The idea is to pick a point on the sales cycle which corresponds to when the Critical Interaction occurs. A vertical line struck from this point will intersect the skill curves at the degree of focus that is appropriate for this point in the sales cycle.

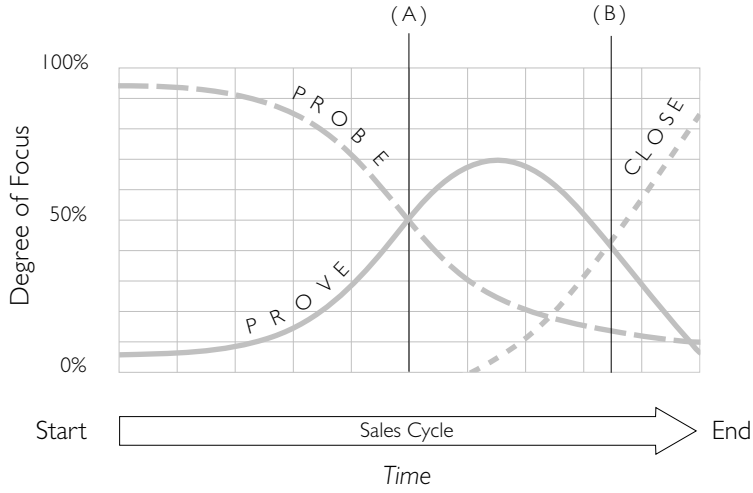


Figure 17-2: Probe, Prove and Close skill curves

For example, line (A) represents a point about half way through the cycle. In a Critical Interaction at this point, a salesperson should be using the probe and prove skills about equally (50%). Notice that the model suggests that no closing be attempted at all at this time. In an interaction represented by line (B) a salesperson would be probing with a focus of around 14%, proving at 43% focus, and closing at 43% focus. The important interaction at the end of the sales cycle has the salesperson heavily focused on closing (85%), and supporting this effort is probing at 10% and proving at 5%.

Each skill follows a well-defined curve or pattern. Again, please remember, this is a model and should not be taken too literally in its application to actual selling. However, the model has been used in thousands of sales opportunities over many years and has been found to have high *qualitative* value. Let's do a reality check against the model:

- Should the emphasis in the early stages of the sale be on learning as much about the customer's needs as possible?—Yes.

- Will some proof of capability be needed even in the first Critical Interaction with the customer?—Yes.
- Should salespeople attempt a close in the early stages of the sales cycle, before they have established the exact details of what the customer wants?—No.
- Should salespeople try to prove their solution before they have probed sufficiently to see how they can provide something that fits the customer's exact requirements?—No.
- Does the process of proving to the customer mature in a seminal event such as a demonstration of performance, or proof of concept, late in the sales cycle?—Yes.
- Is it unwise to move this event forward in the sales cycle?—Yes.
- Can the process of closing start as soon as the customer is comfortable with the level of knowledge of the proposed solution to make a decision?—Yes.

The reader should test the model in this way to see how it works for their unique sales process, but it should safely stand up to examination.

Figure 17-2 hints at another important outcome of the idea of the three fundamental skills. The lines (A) and (B) represent *transition points* in the sales cycle. From the start of the sales cycle until point (A) has been reached, only two skills come into play—probe and prove. There is an interplay between these two skills (remember that the degrees of focus of each skill add to 100%). As the probe skill goes down in focus, the prove skill goes up. At (A), the prove skill begins to overtake the probe skill in focus. Up to this point, the probe skill has been dominant. The portion of the sales cycle measured from the start to the point where proving becomes dominant is called the **Probe Phase**.

During the time that elapses between transition (A) and transition (B) the dominant focus is on proving and is called the **Prove Phase**. During this period, proving reaches its maximum point of focus, which is where the use of closing commences. The focus on closing increases until it surpasses that of proving which occurs at transition point (B).

The **Close Phase** spans the time from transition point (B) to the end of the sales cycle. It is dominated by focus on the close skill, but still has varying degrees of usage of both probe and prove skills.

Proposition
The behavior of the three fundamental skills in the sales cycle leads logically to the idea of three sequential phases, each phase dominated by one of the skills.

This links right back to the conclusions of Chapter 16. There we showed that there are three quite separate stages in the *buying* process and each stage is mirrored by a similar phase in the *sales* process. Our analysis of the way the skills behave reinforces this idea, and also tells us something about the relative spans of the three phases.

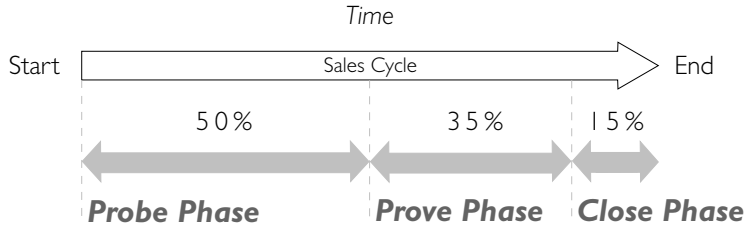


Figure 17-3: The Probe, Prove and Close Phases of the sales cycle

The way the skill curves interact in Figure 17-2 produces relative lengths of the Probe Phase, Prove Phase and Close Phase at 50%, 35% and 15% respectively. A simplification is shown in Figure 17-3. The exact values don't matter so much but experience shows that most sales cycles follow the pattern that the Probe Phase occupies at least half of the sales cycle and is longer than the Prove Phase, which is in turn, longer than the Close Phase. This idea of being able to take a sales cycle of any length and divide it into three sequential stages, each of which focuses on a fundamental skill is very important to *sales automation done right*.

The Importance of the Skill Phases to Sales Automation

The three skill phases are an elegant way of removing the issue of *time* from the sales cycle. All sales cycles, six weeks, six months or even six years will have three distinct skill phases. A specific phase is always the same percentage of the sales cycle (50% for probe, 35% for prove, and 15% for close). So with the six-week sales cycle, the Probe Phase is three weeks, for the six-month sales cycle the Probe Phase is twelve weeks and in the case of the six year cycle the Probe Phase is three years. The message is clear—no matter what the length of the Probe Phase (weeks, months or years), the priority must be on *probing*.

As the computer knows the date the sale started, along with the projected end date, it will always know which skill phase the salesperson is in at any given point of the sales cycle. This becomes very important when looking for a way to prioritize long lists of current sales opportunities, which will be covered in detail in later chapters.

If the Duration of the Sales Cycle Changes

At the start of the sale the salesperson is asked to forecast the date that the sale will end. That projection will undoubtedly change a number of times as the sale progresses. Because of the uncertainties involved in the buying process especially with complex sales and long sales cycles, the forecasted conclusion of the sale can vary enormously. Whenever the forecasted closing date changes, the computer will calculate a new trio of skill phases. How well does the model handle this, and what is the impact on the salesperson? Figure 17-4 shows the answer.

The dotted line represents the current position in the *current* sales cycle which was determined to be six months long when the IBO was logged. Today, the salesperson is roughly in the middle of the Close Phase. The salesperson does a regular check with the customer to see if things are still on track, only to find out that funds are on temporary hold and are not expected to be released for another three months. The salesperson changes the expected date of close in the computer, and the sales cycle is recalculated to nine months.

Now, notice what the computer does in *sales automation done right*. The skill phases, Probe, Prove, and Close, are **scaled** in relation to the new sales cycle.

In the new sales cycle the point that represents *today* has been pushed back to one-third of the way through the Prove Phase, and to a point where the Close Phase hasn't even started. Do things really happen this way in real life? It turns out that they do.

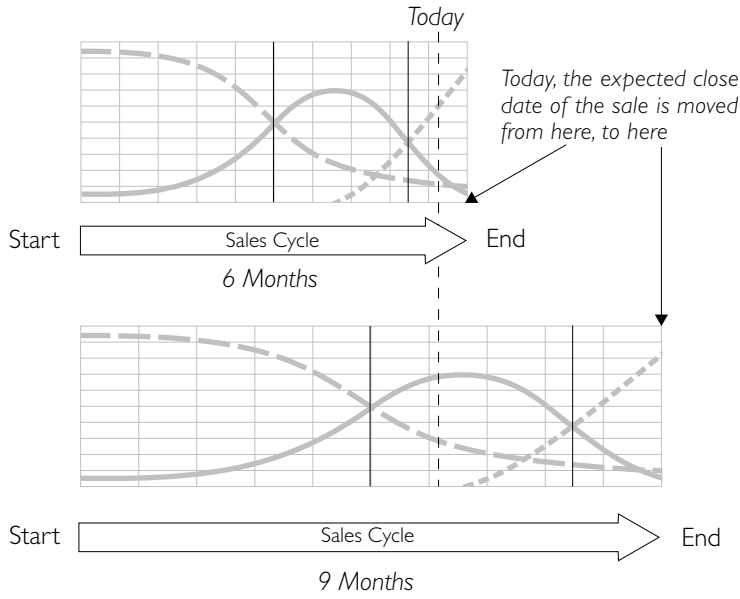


Figure 17-4: The effect of extending the sales cycle

As soon as they learn that things are delayed and the sales cycle has been extended, the salesperson must change their strategy in the sale. If they were leading in the sale at this point, it can no longer be assumed that things will remain the same. The competition has more time to turn the sale around, and our salesperson has more time to lose it! On the other hand, if the salesperson was trailing the competition, the news is good and there is more time to turn the tables. In either case, getting pushed back on the prove curve towards the need to do more proving makes sense. The customer has time to forget some of the benefits raised to this point and the competition can start to cast doubts about the product. When the sales cycle gets extended this much, the salesperson must step up the emphasis on proving to the customer.

It also makes sense that we should pull back on our efforts of closing to concentrate on our need to prove. The rescaled model shows that this is exactly what happens.

Proposition
If the predicted sales cycle length changes, the usage of the three fundamental selling skills should be adjusted accordingly.

When the sales cycle gets *extended,* the model will move us *backward* in the skill phases, and we will have to redo some of the work we have already done.

In the event the customer hastens the progress of the sale, the sales cycle gets *shortened* and the computer will scale down the skill phases according to the new sales cycle length, and the model will move us *forward* in the skill phases and we have to make up for lost time with some extra effort.

Working Consistently Through the Sales Cycle

The sales cycle must be worked with the same degree of energy in each of the skill phases. This should not be confused with using the fundamental skills equally throughout the sales cycle, as we have seen, that is not what should be done. We should be just as active in the Probe Phase as we are in the Prove Phase and Close Phase. Many sales representatives make the mistake of spending too much time in the later stages of the sales cycle at the expense of building a good foundation in the Probe Phase.

It goes without saying that mastery of all three fundamental skills is necessary to win the sale. But using them proportionally throughout the *whole* sales cycle is just as important. The sales opportunity should be discovered as early as possible and resources allocated consistently through to the end.

Points to Remember

1. Accepting that there are just three fundamental skills of selling leads to the conclusion that the sales cycle can be logically divided into three phases. In each phase, one of the fundamental skills will be dominant.
2. Dividing the sales cycle into three phases, each with a dominant skill, provides a valuable device to "normalize" the effect of time, making it

easier to analyse a portfolio of widely varying sales cycles at different points in their development.

3. All three phases of the sales cycle deserve the same amount of attention and must be worked with the same degree of intensity.

CHAPTER 18

Grading the Opportunity

Probability—The Vital Percentage

The idea of three distinct phases of the sales cycle is derived naturally from the way the fundamental skills are used as the sale progresses. The three phase model turns out to be a convenient way to analyze a portfolio of sales opportunities with varying sales cycle lengths. Most salespeople are faced with handling just this situation, and there is a real possibility that some opportunities can get overlooked or neglected if their sales cycles are abnormally short or long. What's needed is a foolproof way of prioritizing this list of opportunities. The three phase sales cycle is the first element in the equation to get us there. The second element is **probability**.

Each sales opportunity has its own unique *value*. Value is determined by the answer to the question "How much time am I prepared to put into this one?" There are many factors that contribute to the value of an opportunity, but the most important is probability. There is a varying degree of confidence associated with the sale until it is finally won or lost, and one of the main requirements of the sales team is to classify this probability of winning the sale in numerical terms, for instance, "The sale is 80% certain."

Assigning probabilities to sales opportunities is a grading process. A low grade indicates a poor chance of winning while a high grade implies a good chance, or an easy sale. It is important to understand that the value of an opportunity (or its probability) almost always changes as the sale progresses. A good salesperson will always work their opportunities to move them higher

on the value scale. A sale that is thought hopeless at the start can eventually be won through good selling and a little bit of luck.

The Probability

Probability answers the question, "Are we going to get this sale?" This means that the probability is a percentage number, such as 50%, 80% or 100% (the sales team very rarely puts down 100% as their chance of winning the sale; that would be jumping the gun a bit!). Probability is a number, so it poses one of the worst traps to the sales team—trying to accurately gauge complex sales situations consistently in numerical terms.

Why is there so much concern about assigning probabilities? What difference does it make that a sales opportunity that is discovered today and will finalize a year from now has a 30% or an 80% chance of being won? The answer is that an assessment of probability is a momentary evaluation of the salesperson's potential success in the sale. It is a simple number, but also an important one. The nuances of every issue that has bearing on the sale must be considered and integrated into a single probability number. This is not easy to do, and some salespeople are more talented at it than others. There are those that don't take it seriously enough and make a poor job of assigning probabilities. However, it's difficult to be delinquent throughout a sales career, because the sales team not only lives by current performance but also by future predictions. If those predictions are consistently inaccurate, there are usually dire consequences.

Salespeople should realize that the exercise of evaluating a sale to pin down probability is extremely useful in managing their portfolio of sales opportunities. Each opportunity will have a probability associated with it, and the probability will change as the sale unfolds. Maintaining the list of opportunities with accurate up-to-date assessments of probabilities is the first step in allocating personal resources effectively. This ensures that no time is wasted on one situation at the expense of another. Salespeople understand that some sales are easier than others. That does not mean that the opportunity list should be sorted in descending order of probability and worked from top to bottom. There are sales automation systems that do just that, and it's dangerous. As we discuss in later chapters, factors other than probability also need to be taken into account.

Probabilities form the core data for sales forecasts. Companies don't like to work in the dark and will always want to know the business to be expected in the future. The dynamic of the sales cycle invites frequent changes, so it's not unusual to forecast every month. This means that in the span of a six-month sales cycle, the probability could be reassessed at least six times. Monthly and quarterly forecasts are the norm, but yearly forecasts will always be required, and if year-end is looming, weekly and even daily forecasts come into play.

Accurate is a word that gets a bad rap when it comes to forecasts, because sales forecasting can be an inexact science. Open sales opportunities predict future revenue and good financial planning requires an estimate of future business, so forecasting won't go away. It wouldn't be so bad if salespeople were consistent with their forecasts (either consistently high or consistently low). Once the sales manager has a handle on the trend, it's easy to build in a factor to bring the forecast into line.

But salespeople are usually not consistent and their forecasts can vary according to the day of the week that they were constructed. So far, the discussion is on individual salespeople, but things get worse if the consideration is consistency across the team. It's very tough to even out inconsistencies when dealing with a mix of different salespeople. This is where a good manager should review each forecast and put their own spin on it. The ceaseless chore of assembling and presenting meaningful forecasts is the bane of every sales manager.

But there is an answer. Sales automation provides the foundation for sharing, which should encourage everyone to work off the same page. If everyone uses a standard, sound method that they respect and understand, forecasting has a much greater chance of being consistent. In the following sections, we will attempt to devise a method of deriving probabilities which removes some of the vagaries from the forecasting process and which can lean on the computer for help.

Problems with Forecasting

Sales automation should make it easier to assign a probability to the opportunity, but it can't when bad methods are used. Let's take a quick look at the most common ways of handling probabilities.

Ask for a number. Just take the easy way out and ask the salesperson for a number between one and one hundred. The answers will come back all over the board. What is the difference between 43% and 37%, especially if the numbers are from two different salespeople? Many systems operate this way, and the sooner you move away from it, the better. The easiest way to smarten up this system is to limit the options. Given the difficulty of looking into the future, how accurately is it possible to forecast to within plus or minus 10%? Limit the possibilities to 10%, 30%, 50%, 70% and 90%. Given serious thought, most sales managers would agree that it is a tough job to be more accurate than this. If not, more comfort can be had by giving salespeople concrete criteria with which to predict the numbers. For instance, 30% may mean "Wants the product, but has a low chance of getting budgeted."

Base it on milestones. Award a percentage probability on reaching defined milestones in the sales process. For instance, if you've done a demonstration, which is the fourth major milestone in the sales cycle, you have an 80% chance of winning the sale. It's difficult to understand the validity of this method. It's tempting to say that it's based on averaging out the previous history of sales opportunities, but this can't really be the case. Nothing takes account of how well the sales team sells. Simply because a milestone has been reached, there's no guarantee that the sale will be won. Consider the example where a customer has a favorite supplier but has to go through a competitive purchasing process with three other vendors. All the vendors are put through exactly the same process with exactly the same sales cycle. After getting 80% of the way through the process, can they all claim an 80% chance of winning the sale? No, the customer's favorite will have the best chance of winning, and the others probably don't have much chance at all. The situation is not much different even if the customer has no clear favorite. The fact is that the chance of winning depends mostly on how well the selling has been done, and the milestones don't have much to do with it.

Do a quiz. A variation on the previous method is to ask the salesperson to check off answers to a series of questions as the sale progresses, such as "Have you done a preliminary proposal?" or "Have you presented to the key decision maker?" or "Has a demonstration been done, and what happened?" A formula adds up the answers and awards a percentage chance of success. This can be a useful technique, but it can be taxing to the salesperson if it is

imposed for every opportunity. It is best reserved for a "back-up" confirmation that the initial intuitive evaluation of the probability is right.

So, what's needed? Well, some method based on the sales representative's personal evaluation of events surrounding the opportunity is best. After all, there is no better judge of results than a participant in the customer interaction. But the method has to smooth out all the possible results governed by the personality of the salesperson, their emotional state when they submitted their forecast and dozens of other issues that affect a personal assessment of "Will we win this sale?"

A Better Way to Do It

We're going to rely on the salesperson's ability to judge the sale and to try to measure their instinct about whether the sale will be won or not. Remember, the goal is to look for a numerical value of the probability, but we don't want to ask the salesperson directly for that number. Part of the answer lies in asking the salesperson easy but penetrating questions about crucial elements of the sale and to limit the number of possible replies. The other part of the puzzle is to compose the probability value from two quite different questions concerning the sale. The computer will take the answers and compose the numerical probability.

Two very effective questions are "Will it happen?" and "Will we get it?"

Will It Happen?—Will We Get It?

"Will it happen?" simply means "Will this sales opportunity go through to completion?" Many sales don't—they start off just fine, with the customer making an honest attempt at the buying process, only to get stymied by issues such as funding cuts, changes in needs or even company politics. When salespeople are asked to provide a probability, they have to take these factors into account in their answer. We suggest that the issue be turned into a completely separate question.

Let's ask the salesperson to answer the question "Will it happen?" and limit the answer to a choice of a High, Medium or Low chance. What's more, the criteria for determining the answer can come from the help system of the sales automation solution.

"Will it happen?" has nothing to do with the competitive side of the sale. It is an estimate of the customer's ability to do what they say they will do, that is, to buy something. Let's look at some examples. This customer interaction is the initial one, in which the sales representative is first told of the intention to buy.

Customer: "This new technology looks interesting. I don't really need it, but I'll add it as an addendum to my budget for next year." In this case, "Will it happen?" is Low.

Customer: "I really need this new product badly, but my boss is tight with the budget these days. I'll have to be very persuasive." In this case "Will it happen?" is Medium.

Customer: "The old CL-50 died today, we'll fix it once more, and then junk it. We'll need a new one soon, otherwise there is always the threat that the line will go down." In this case "Will it happen?" is High.

A common question concerns the situation where "Will it happen?" is Low—if this is the case, why worry about working on this sales opportunity at all? Quite simply, it's a gamble not to. If you stay away and the competition doesn't, you are effectively shortening your sales cycle. When you next get involved, you have a lot of catch-up to do. It's possible that "Will it happen?" will change from Low to Medium or High. You should stay on top of the sale and be ready should this happen. Logging the opportunity will ensure that it doesn't get forgotten.

There are a few very important aspects of the opportunity that salespeople need to be consciously aware of throughout the progress of the sale. We are going to call these the *IBO Essentials*.

Proposition

The first of the IBO Essentials asks the question, "What are the chances that this sale will go through to conclusion (Will it happen)?"

The other question that supplements "Will it happen?" has to be "If it does happen, will we get it?" Again the choice is a High, Medium or Low chance.

The answer to this question takes into account the degree of competition surrounding the sale and how well you can sell against the competition. There are three possible answers to this simple question, which assists our drive for consistency. Again, let's look at some examples using the initial interaction with the customer.

Customer: "I have two of your machines, both of which have given me a load of trouble. This time, I'm going to give the competition a chance." In this case "Will we get it?" is Low. We have our work cut out for us to turn this decision around.

Customer: "I'm new to this game. It seems from your product information that your solution is the same as your competitor's." In this case "Will we get it?" is Medium. We have to prove that we are better than the competition. If we are successful, the "Will we get it?" moves up to High.

Customer: "I've been told to add another machine to the line. I've got six of your Type 560s; I'm immediately starting the process of buying another one, but it will have to go out for tender." In this case "Will we get it?" is High, but we should not get complacent!

Proposition
The second of the IBO Essentials asks the question, "Will we win this sale over the competition (Will we get it)?"

Using this method, we have separated the issue of winning the sale into two separate and independent parts, each of which can only be answered in one of three ways. This is going to deliver a method of deriving probabilities that will be more consistent and more accurate across the entire sales team.

Completing the IBO Essentials

There is just one more IBO Essential, and that was covered in the discussion of the sales cycle in Chapter 11. A few reasons were outlined on why it is so important to be attentive to when the sale will *end*. "W*hen will it happen*?" determines the actual length of the sales cycle and enables the computer to calculate which of the three phases of the cycle we are in: Probe, Prove or Close.

Proposition
The third IBO Essential asks the question, "What is my best guess of when this sale will close (When will it happen)?"

"When will it happen?" completes the trio of descriptors that will give us the ability to characterize the opportunity in some dramatically new ways. The three IBO Essentials are vital to *sales automation done right*. If the computer is rigorously updated throughout the sale on just these three pieces of information, it will be able to perform magic behind the scenes.

It is important to recognize that the IBO Essentials are estimated by the salesperson. All the factors that surround the sale will govern the way that the IBO Essentials are assessed. When the salesperson is determining these three critical pieces of information, they are integrating all the many pieces of knowledge gathered about the sale during interactions with their contacts.

The Probability Matrix

We've just said that the answers to "Will it happen?" and "Will we get it?" give the raw data to the computer to calculate the percentage probability. The easiest way to see how this is done is to plot the answers on a three-by-three grid called the Probability Matrix. One axis of the grid represents the three possible answers to "Will it happen?" and the other axis represents the three possible choices for "Will we get it?"

In Figure 18-1, you can see that there are nine possible answers to the two questions, each answer is a unique point on the grid and is called the Probability Index. When first using this system, it's best to adopt a standard way of referring to a particular square, for instance, to refer to the answer to "Will it happen?" first. This makes square (index) number 3 a High-Low, or High "Will it happen?" and Low "Will we get it?" Following this idea, squares 9 and 7 are High-High and Low-High respectively. Hopefully, we won't get too many of Probability Index 1, which represents Low-Low.

This sounds fine, but where are the numbers? Every sales team needs a number to define the percentage probability. It's no use filling in High-High, or Med-Low on the forecast sheets at the end of every month. With *sales automation done right* there will be no more forecast sheets. The forecast is assembled daily in the computer with the ebb and flow in the portfolio of sales

cycles. But we still need a number like 50%, or 80%. For instance, a $50,000 order with a probability of 50% has a potential value of $25,000.

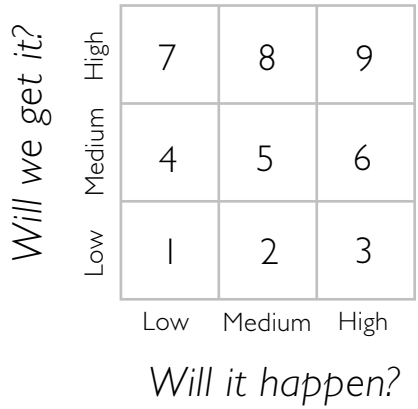


Figure 18-1: The Probability Matrix showing the nine Probability Indices

In assigning percentages to the Probability Matrix, it's possible to take either the scientific approach or to just assign numbers driven by gut feel as to what each combination means for a particular industry and market. Most sales teams will probably use a combination of both.

Let's say we make Low to be 20%, Medium to be 50% and High to be 80%. For each square, we can then multiply the two probabilities together, for instance High-Low is 80% multiplied by 20%, or 16%. Medium-Medium would be 50% multiplied by 50%, or 25%. If we use the same values for High, Medium and Low on each axis, Probability Indices 4 and 2, 8 and 6, and 7 and 3 will be the same value, so this method distils the nine possibilities down to six. This is OK because six possibilities are about as much as we need or can handle; it just isn't practical to forecast with more accuracy than this. What's good is that the computer does all of the background work. Just decide whether your sales opportunity is a High "Will it happen?" and a Medium "Will we get it?" and the computer will calculate that it is a 60% probability.

Even though science dictates that two independent probabilities of 50% will lead to a 25% (one in four) chance of something happening, many sales managers won't want the Medium-Medium case to be as low as 25%. This

is not a problem because forecasting is not an exact science—make it 40%. Figure 18-2 shows a completed grid where the sales team has tinkered with science, but has come up with numbers that it is comfortable with, and that work well in practice.

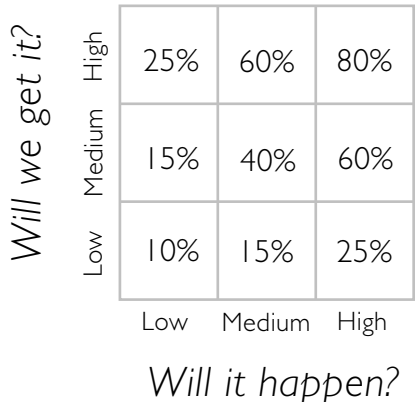


Figure 18-2: Numerical probabilities assigned to the Probability Indices

The method behind the Probability Matrix has a much better chance of getting sales opportunities tagged with consistent percentage probability numbers. Once consistency has been established, it is much easier to refine the actual numerical percentages using accumulated sales data.

A Few Words on Forecasting

Many companies use a "weighted" value for their forecast. This simply means taking the actual value of the IBO and multiplying by the percentage probability. For example, a salesperson submits one IBO on their forecast for an Industrial Copier, with a value of $500,000, a High "Will it happen?", a Low "Will we get it?" and an expected date of July 2005. The computer calculates the percentage probability to be 25% and weights the actual value by this number. In other words 25% of $500,000 (or $125,000) is entered for July 2005.

This thinking is okay if your business has a product line where each sale is more or less the same value and a lot of sales are processed per month. If you have a variety of product values with some IBO values going very high, you will get errors with this method. A small percentage probability of a very

large order can skew your overall weighted forecast. A meager 10% chance of getting a million dollar sale still puts $100,000 into the forecast.

If you are faced with this problem, it is worth supplementing the weighted forecast with a "binary" forecast from the salesperson. A binary forecast is just what the name implies; there are only two options. The salesperson is required to make a decision whether the sale will be won or not. Theoretically, these forecasts should be made only with a "Will it happen?" of High. With this type of forecasting, the example of the million dollar IBO with the low chance of happening would not make the forecast. The binary and weighted methods should be tested against each other over time to gauge how well they match. SFA systems should provide alternative methods of forecasting; the sales team can then choose the one that best fits the needs of the company and its products. The only real way to test forecast accuracy is to store forecasts over time and compare them against what really happened.

Points to Remember

1. Asking salespeople for numerical assessments of winning is asking for trouble. The results will be inconsistent and inaccurate.
2. Basing forecasts on historical data is dangerous—history does not always repeat itself in business!
3. You are more likely to get a straightforward, objective response when you ask the salespeople a few simple questions about the sale, and let the computer calculate the probability numbers.
4. The essential information on the IBO is contained in the answers to three simple questions:"Will it happen?", "Will we get it?" and "When will it happen?"
5. Be careful which method of forecasting you choose. Test weighted forecasts against binary estimates.

CHAPTER 19

Priorities

Working the list

The previous chapter presented a way to deal with probabilities that will inject more consistency into projecting future business. The idea of *probability* is needed to create another valuable parameter of the sales opportunity, which is *priority*. Some sales methods confuse probability with priority—both words begin with "pr" and end in "y," but that's about where the similarity ends.

Salespeople are constantly faced with the question of how to best allocate their time. The most pressing demands on their time and skills come from the list of sales opportunities that they are currently working on. They must *work* the list. To do that effectively, the list must be prioritized, because some opportunities are more appropriate to work on than others. Consider two of the terms used to define priorities, for instance, "This one is *hot*. You'd better set up an appointment now!" or "This one is *cold*. Come back to it in a few months." How much science is used to determine hot, cold or warm? Probably not much.

Some sales teams use probability alone to prioritize their opportunities. Salespeople are asked to sort their list by probability with the highest at the top and the lowest at the bottom. Then they are told to start at the top and work their way to the bottom. As we see later, this method is dangerous and using it can actually lead to lost sales. Something other than probability is needed to correctly define priority and it turns out this parameter is closely (but not completely) related to *time*.

The Opportunity Portfolio

We are going to call the list of opportunities the **Opportunity Portfolio**. The word p*ortfolio* better expresses the potential business value that lies within the opportunities that have the ability to be won or lost.

Managing the portfolio can have some real challenges, and we will go into the major reasons why. Many salespeople manage their portfolio in their heads, with varying results depending on capability and experience. The average portfolio contains between ten and one hundred opportunities so it's not too difficult to see why, at the upper end of this scale, some business could get overlooked.

Logging the opportunities into the computer is a good way to start getting the portfolio under control. The next step is using the computer to automatically *prioritize* each opportunity using a few fundamental parameters, so it can then proactively guide the salesperson as to which to work on first. This chapter shows how to do that, but first let's look at the scale of the problem we are dealing with.

Problem—Sales Cycle Spread

There is a *natural* length for the sales cycle, resulting from the fact that any product in a given market takes a certain time to sell. This time depends on the product and the market. Low cost, high turnover products take a short time to sell. Complex and expensive products take longer to sell. Institutions such as government or universities may take longer to purchase than a similar sale to private industry. But at the end of the day, the sales team will have a pretty good idea of what their *average* sales cycle should be under similar conditions.

But "average" infers that there may be exceptions, either abnormally long or abnormally short cycles. Short sales cycles are driven by urgent customer need. Long sales cycles happen when customers experience problems in the buying cycle, such as funding, or maybe their needs are not that strong. So, there are reasons why deviations exist in the time it takes to buy and sell a product.

But in Chapter 11 we explored how salespeople can self-inflict variations into the length of the sales cycle. The *actual* sales cycle is dependent on when the salesperson finds or recognizes the opportunity. In fact, the majority of

salespeople arrive at the opportunity after the customer's buying process has begun.

Figure 19-1 is an example of what happens. Salesperson A has the longest sales cycle but still has missed fifteen percent of the available time to sell (the customer's sales cycle). Salesperson C is "in too late" and has less than half the time to sell than Salesperson A. Here are three different sales representatives in the same sales opportunity and they each have quite different sales cycle lengths to contend with. Exactly the same thing applies to the average salesperson who, in spite of best intentions, finds their opportunities at various points in the customer's buying process (the customer's sales cycle). Because this happens, there will be a spread in the sales cycles within the salesperson's Opportunity Portfolio. The better the salesperson, the more likely the spread will be narrow because they will generally discover the opportunity early. Bad salespeople will also have a narrow spread in their portfolio, but as they are always "in too late," the sales cycle will always be too short. In between sits the average salesperson with a portfolio of sales cycles that vary over a wide range. This kind of portfolio is tricky to handle. How can even the best salesperson handle the situation without a sheet of paper and a calculator—or a computer?

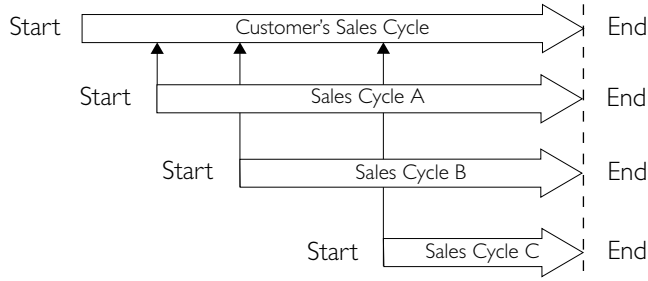


Figure 19-1: How three salespeople discover the same sales opportunity

Figure 19-2 shows actual information on the opportunity portfolio of a scientific instrument salesperson. There are one hundred open IBOs in this portfolio, where *open* means that the customer is in the buying process and has not yet made a decision. The sales cycles range from five weeks to two years—a tremendous spread—let's take a look at why.

Along the bottom axis there are twenty "bins," each representing an increment of five weeks. The first bin represents sales cycles that are up to five weeks in duration, the second bin represents sales cycles between five and ten weeks long, and so on. Each IBO is allocated to the bin appropriate for its sales cycle. For instance, if the sales cycle is 17 weeks, it goes in the bin that represents 15-20 weeks. If the sales cycle is 78 weeks, it goes in the bin representing 75-80 weeks. There are 12 IBOs in the bin representing 15-20 weeks, and 1 IBO in the bin representing 75-80 weeks.

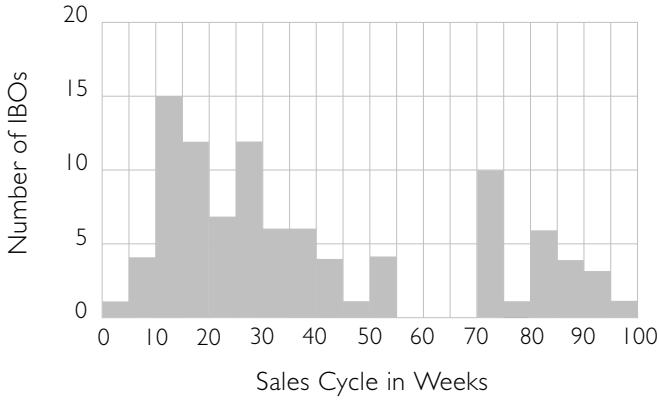


Figure 19-2: The opportunity load of a high tech salesperson

There are two distinct "clusters" centered around 25 weeks and 85 weeks. This is because the salesperson is responsible for selling two quite different types of products—"instruments" and "systems." Instruments have an average price of around $50,000 and are easily installed and put into operation. Systems cost typically $150,000 and take much more discussion and negotiation with the customer before the sale is finalized. They are also more complex, need collaboration with third party suppliers, and require ongoing support and service contracts after the sale. Consequently, the sales cycle for systems is much more involved and therefore longer than that of instruments. The difference in sales challenges is reflected in the sales cycles of the two product lines. The average sales cycle for instruments is 25 weeks, and for systems it is 85 weeks.

Let's home in on the cluster representing the average sales cycle for instruments. Even though the average sales cycle of instruments is 25 weeks, the

spread for this salesperson is from as low as 5 weeks to as high as 60 weeks. This is the effect of "late arrival" to the customer's buying process, discussed earlier.

Proposition
There is usually a wide spread in sales cycles lengths in the salesperson's Opportunity Portfolio because of two principal effects: product mix, and arriving to the sales cycle late.

The point of this discussion is that the average salesperson will have an Opportunity Portfolio with sales cycles that vary all over the place. The sales cycle represents the only time in which the selling process can occur. If sales cycles are vastly different, then this process of selling has to be condensed or stretched by the salesperson to make it fit. This can be very difficult *unless* opportunities are logged and regularly monitored. Then, they must be *prioritized*. Fortunately, *sales automation done right* can help, but first, the methods to characterize sales cycles must be developed.

Problem—Where to Use the Skills Next?

Another challenge to the salesperson is having to manage multiple opportunities which are at different phases in their sales cycle—some in Probe, some in Prove and some in Close. Figure 19-3 looks at a typical opportunity portfolio and maps out the sales cycles of fifteen sales opportunities over the course of a year, along with their Probe/Prove/Close skill phases.

Some sales cycles start and finish in the year (1, 2, 6, 8, 9, 10, 11, 13, 14, 15), but some are incomplete, having started in the previous year (3, 4, 5, 7, 12). One of the opportunities is ongoing from the previous year, and does not finish in this year (3). The Probe, Prove and Close Phases occupy 50%, 35% and 15% of the sales cycles, as described earlier. Three lines are drawn on the diagram: one at the end of March, another at the end of June, and the other at the end of September. Look at the first "time slice" at the end of March. The salesperson has to concentrate on probing—eight opportunities are in the Probe Phase, one is in Prove, and none are in Close. At the end of June the focus is shared between probing and proving—now, four opportunities are in the Probe Phase, five are in Prove and one is in Close. September

is the month of the Close—here there there are four opportunities being closed, four are in Prove, and only one is in Probe.

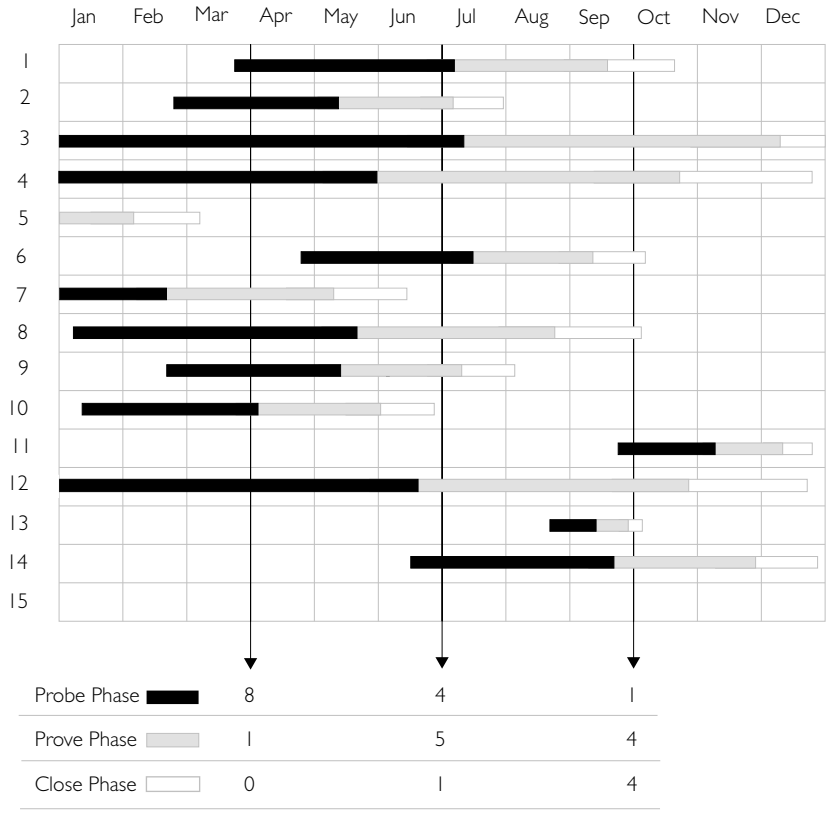


Figure 19-3: Use of the fundamental skills across the Portfolio at different times

Here, there are just fifteen opportunities. The typical number for a hard working salesperson is fifty to one-hundred! Which opportunities do they tackle first—the ones in the Probe, Prove or Close Phases? The answer is to work them *consistently* using a sensible method of prioritization. The easy solution adopted by many systems is go to the ones that are closing first, but if this happens at the expense of spending time with opportunities in the earlier stages of Probe and Prove, the penalty will come later. If you don't probe, you can't prove effectively, and if you haven't proven there will be no way to close.

Revisiting the Importance of Phases

In the previous chapters, we showed that dividing the sales cycle into three skill phases brought an easier way to handle the problematical spread. Let's pick up on this again to see how it becomes significant in establishing priorities.

What we proposed earlier was that any sales cycle, be it six weeks or six months, has three phases. In each phase, one fundamental skill of selling is used dominantly. This concept has the effect of "normalizing" time. What do we mean by that? Take the six-week sales cycle for example—its Probe Phase will be 50% of the six weeks, or three weeks. With the six-month sales cycle, the Probe Phase is three months or twelve weeks.

This line of thinking makes it easier to answer the question of "What point are we at now in the sales cycle?" Why not say "I'm two weeks into the sales cycle?" Because, this doesn't tell us much unless we know the other factor—the length of the sales cycle. Are we two weeks into a six-month sales cycle, or two weeks into a three-week sales cycle? Each has a very distinct meaning and implication. Two weeks into a six-month sales cycle means that we are in the early stage of Probe. Two weeks into a three-week sales cycle means that we are in the late stages of Prove.

Building Priority

We can now put together the factors that determine priority. One of these, *probability*, has been discussed already. Obviously the probability that a sale will happen has an influence on the resource we devote to the opportunity. But another consideration is **time**.

Probability has to be assessed regularly through the sales cycle, because it invariably changes. If an opportunity has just been found and rated as a low probability, it would go to the bottom of the list that categorized high probabilities at the top. Does it make sense to give it no attention? Of course not. It should be worked because it's just the start of the sales cycle and there is an opportunity to move the probability higher. On the other hand, the same opportunity found at the end of the cycle, and assessed to be a low probability, should be given low priority because there is little time left to turn things around.

Consider an opportunity with eighty percent probability. Does it deserve the same amount of effort one week into its six-month sales cycle as it would one week before the deal closes? No—in the first case there are over five more months left, meaning work just needs to be done to protect the sale and cover bases. In the second case, there's only one week left, and the customer has made up their mind. Maximum effort should be given to booking the sale.

These examples show that priority should be considered in the context of time, which translates into *point in the sales cycle*. The idea of skill phases gives us the way to put *time* into context with point in sales cycle.

Proposition
The priority that is attached to a sales opportunity is determined both from its probability and the current phase of the sales cycle.

This proposition says that we can calculate priority from the IBO Essentials. "Will it happen?" and "Will we get it?" give us probability, and "When will it happen?" determines which phase we are in. The value of the Essentials can't be overstated. Just three simple pieces of information are all that's needed to characterize the sale and prioritize it in the Opportunity Portfolio.

Points to Remember

1. Sales automation solutions can assist in prioritizing the salesperson's workload, specifically the allocation of time. To do this, there has to be a sensible prioritization of the Opportunity Portfolio.
2. If your current sales automation methodology handles priority purely by sorting your opportunity list from high probability to low probability, it's time to consider other options!
3. Low probability sales that are in early sales cycle need attention. There is a chance that, with work, they can be moved to a higher probability value.

4. Rather than talking about being six weeks into the sales cycle, get used to saying "Which skill phase am I in—Probe, Prove or Close?" This gets rid of the problem of dealing with diverse sales cycle lengths.
5. *Probability* combined with *skill phase* equals *priority*.

CHAPTER 20

The Priority Cube

What is this . . . the Theory of Relativity?

Marrying probability with skill phase into a meaningful priority gets as close to physics as we dare in a book about sales. Yes, we are going to explore three-dimensional space! But don't feel alarmed; with some examples of some typical sales situations, everything will make sense.

At the heart of all of the discussion in this chapter is the notion that the importance attached to a sales opportunity should be influenced by time, specifically the current point in the sales cycle. It's surprising how many salespeople are not conscious of this, but once understood, this basic idea provides an excellent way to prioritize the Opportunity Portfolio.

Now we are going to follow the path of all good scientists by testing a few *extreme* conditions before we come up with a general answer.

Some Examples of Setting Priorities

When setting up a prioritization scheme, it's best to keep the number of priority categories on the low side rather than going for too many. In the case of probability we finished up with six possible numerical percentage values. In the case of priorities we start off with four categories but go on to define a special case that will put the number up to *five*. The objective will be to take a list, for instance, of fifty opportunities and sort them into five groups by assigning one of five priority categories to each group. The opportunities in Priority I are the most important, they should be worked on first; those

in Priority 2 should be worked on second, and so on. Let's look at some examples.

Example One

The salesperson discovers a sales opportunity and estimates the sales cycle to be six months. These are the early days and we are in the Probe Phase—the concentration is on probing, backed up by a little proving. The salesperson thinks that this sale has a *Low* chance of happening as this customer has a history of applying for budgets which do not get approved. But in the event that the customer does get funding for the project, the salesperson rates the chances of getting the sale also as *Low*, because the customer has traditionally purchased a competitor's product. Figure 20-1 shows the Probability Matrix for this sale.

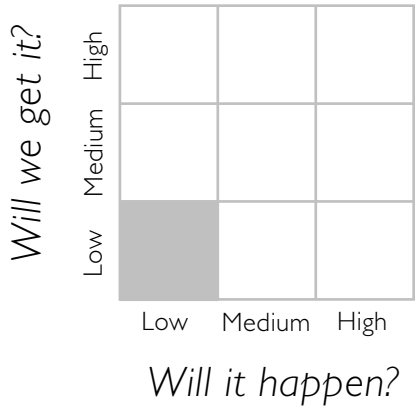


Figure 20-1: Salesperson evaluates opportunity as a Low-Low

A Low-Low opportunity corresponds to a scant 10% on the Probability Index. What priority should the salesperson assign this opportunity in relation to the other forty-nine in the Opportunity Portfolio? With some sales automation systems, this one would go to the bottom of the pile, but *sales automation done right* actually awards a *Priority 2*, not quite a Priority 1, but still pretty high up there! Why?

Even though the sale seems to have a Low chance of happening, there could still be a small chance that it will go through. Can the opportunity be totally ignored? If the answer is no, then the salesperson had better do

something about it. Backing away from the sale is a surefire way of killing any chance they may have of winning it. Even though the competitor might have an edge at this point, anything is possible in the next six months—one of their products may give the customer trouble, or their best salesperson may quit! In other words, this sales opportunity has *potential* value, and by using best selling skills now, it may be possible to increase that value. In other words, the salesperson should strive to move "Will we get it?" from a Low to a Medium or a High. That's why this opportunity is given a Priority 2; some work put in now may pay off later.

At this point, we introduce an idea that will be picked up and expanded on in Part 4, and that is the computer can be made *smart* enough to remind the salesperson of specific circumstances that crop up in all sales cycles. These simple, concise messages are referred to as *intelligent advice*. In the case of Example One, where the salesperson is in the Probe Phase and allocates a Probability Index of Low-Low, the message is "Even though your chances look slim—invest the time now to improve your position should this sale go to completion." Although these are simple messages, they can be life-savers for the harassed salesperson who is lucky (or unlucky) enough to own one of those portfolios that has a large spread in sales cycles. Remember, no matter the length of the sales cycle, the selling process has to go on as planned, and has to fit the available time to sell. Under these circumstances, it is easy for salespeople to forget the basics, but a flash of intelligent advice when conducting the monthly review of the Opportunity Portfolio is often enough to ensure nothing gets overlooked.

Let's continue with Example One. Now consider what happens in the next phase, which is Prove. The salesperson still feels very negative about the sale, and is unwilling to retract the initial assessment of Low-Low. But this is after fifty percent of the sales cycle has passed. We have to assume that all the work that the salesperson has put in to try to ratchet-up the probability has been unsuccessful. This opportunity is becoming greatly diminished in value, and because of this, we are going to take it down a notch to a *Priority 3*. The intelligent advice message also takes on a more negative tone: "Low probability sale. Don't waste too much time on it."

Moving on to the Close Phase, nothing will change our salesperson's assessment of the sale—it will probably be stalled before completion because

funds won't be forthcoming and the competitor still has a strong foothold. This is after most of the sales cycle has passed! There's no option other than to move this sale further down on the list—it goes from a Priority 3 to Priority 4. But to reinforce the futility of working on an opportunity that is of such Low value *late in the sales cycle* we rename Priority 4 to *"Leave it alone!"* The advice message could not be more direct: "You are confident you will *not* get this sale. Check your evaluation, is it correct? If so, walk away." There are almost certainly better opportunities in the portfolio that need attention. There is one caveat—the salesperson must be one hundred percent sure about their assessment of "Will it happen?" and "Will we get it?" before taking this step.

Example Two

In the second example, the salesperson has just found another sales opportunity, again with a six-month sales cycle. The Probability Matrix is shown in Figure 20-2.

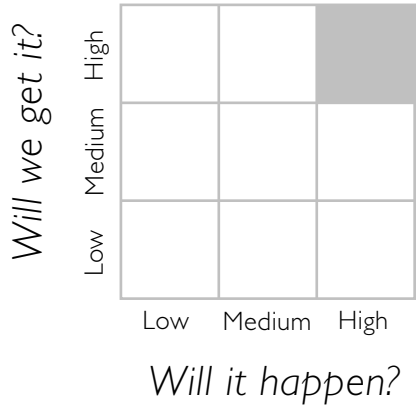


Figure 20-2: Salesperson evaluates opportunity as a High-High

In this case the customer already happens to be a loyal user of the salesperson's product but needs additional capability and must buy more. Funds are available, but the purchasing department is enforcing a competitive bidding process. Our salesperson thinks that this opportunity warrants a "Will

it happen?" of High and "Will we get it?" of High. This translates to a probability percentage of 80%.

This is the Probe Phase and things are looking good. The salesperson is confident that as the customer has already made a commitment to the product they will, in fact, buy again. As funds are available and the need is High, this sale is likely to happen. This opportunity is assigned a Priority 2 and not a Priority 1 as might be expected. Since things are heavily stacked in the salesperson's favor, there is no intensive selling to do. Why spend additional time finessing this opportunity when there are so many others that need attention? The best thing is to go into "maintenance mode." The salesperson must stay close enough to the situation to know if the competition is making inroads; ultimately, the sale will be won if the salesperson just puts in enough effort to keep the customer moving in their direction. The advice message is positive but cautionary: "This customer wants your product and will probably go ahead. But don't get complacent—you are still in the early stages of the sales cycle."

In the Prove Phase, nothing much has changed, other than time is running out. The salesperson is holding on to the original evaluation and still thinks it is a High-High. We still leave the opportunity as a Priority 2. The advice message becomes a bit more upbeat: "Keep the momentum going. Eliminate any possible obstacles or objections. You are in a commanding position. Get ready for an early close."

In the Close Phase, the salesperson is still prepared to rate this opportunity as a High-High. So, why wait around? The sale is going to happen soon, and the customer wants the product. The mission is to close the sale quickly and move on to another opportunity. The opportunity now becomes a Priority 1. The advice message reinforces the plan: "The customer wants your product and is ready to buy. Waste no time—close this sale and move onto the next."

Example Three

The salesperson sees this opportunity differently from the previous two examples. There is an excellent chance that the sale will happen. That is, at the end of the sales cycle, the customer will make a purchase; therefore "Will it happen?" is rated as High. But the salesperson thinks that the competitor

has the edge, and rates the chance of success as Low. Figure 20-3 shows the Probabiliy Matrix. The Probability Index is a High-Low and this is the Probe Phase with a lot of time left. For the same reasoning used in Example One, this opportunity should be given a high priority—it's possible that the salesperson can use the Probe Phase to improve their position. But this sale has a higher value than that in Example One, because the rating on "Will it happen?" is High rather than Low. Therefore the opportunity is assessed as a Priority 1. The advice message is: "Sale will happen but you are not highly favored. Work hard to discover issues that will make your proposal better accepted."

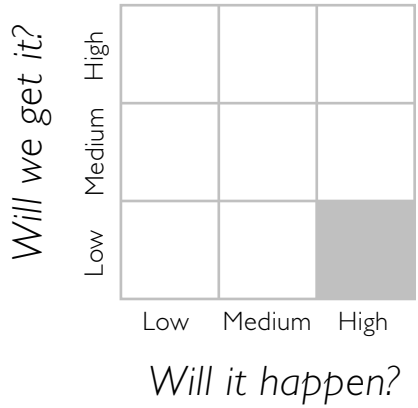


Figure 20-3: Salesperson evaluates opportunity as a High-Low

In the Prove Phase, the salesperson still sees the circumstances around the sale as unchanged. The sale will definitely happen, but chances of winning remain very low. Something dramatic needs to be done to take advantage of a sales opportunity that will go through to completion, only to have the competition win. This is where we introduce the fifth category of priority, which is called "Breakthrough needed."

In sales, breakthroughs often do occur with appropriate effort. The salesperson may have a brand new product that has leapfrogged the competition in performance or they can bring in a factory expert for help, or even offer to send the customer to the factory to prove capability. The salesperson can virtually give the product away by massive discounting—not the most favored strategy, but one that is used in closely protected and dominated markets.

The advice message changes appropriately: "The sales cycle is developing, but you are still not well positioned. Now is the time to pull out all stops and try to distinguish yourself."

If things don't change by the time we reach the Close Phase, the need for a breakthrough is even more urgent. We keep the "Breakthrough needed" priority and emphasize the need for action in the advice message: "At this point, the competition look like they will get this sale. Only something dramatic can rescue the situation!"

Let's revisit the snippets of intelligent advice to see how they are constructed.

"Time is running out (you are in the Close Phase) and this customer will almost certainly buy something ("Will it happen?" is High) from the competition ("Will we get it?" is Low). You need to do something to turn things around (Breakthrough strategy needed)."

"The customer is ready to buy ("Will it happen?" is High) and wants your product ("Will we get it?" is High). Waste no time; close this sale and move onto then next (you are in the Close Phase)."

"This customer will probably go ahead with the purchase ("Will it happen?" is High) and wants your product ("Will we get it?" is High). Don't get complacent—this is just the early stages of the sales cycle (you are in the Probe Phase)."

"You are confident that this sale won't happen ("Will it happen?" is Low) and if it did, your chances are poor ("Will we get it?" is Low). Check your assessment once more, and if there's no change, just walk away (you are in the Close Phase)."

Notice the different nuances in the messages that are possible by looking at the two probability components, "Will it happen?" and "Will we get it?" in the context of which skill phase we are in, Probe, Prove or Close. We've pulled out just a few instances of the unique combinations of "Will it happen?", "Will we get it?" and skill phase—just how many of them are there? The answer lies in the Priority Cube.

The Priority Cube

There are three options for "Will it happen?" (High, Medium, Low), three options for "Will we get it?" (High, Medium, Low) and three options for skill phase (Probe, Prove, Close). The number of unique combinations of these three important factors is *three* times *three* times *three*, or twenty-seven. Figure 20-4 shows this in the form of a diagram which we call the Priority Cube.

The Priority Cube is merely a device to illustrate what we have been talking about thus far. The importance we attach to an opportunity is dependent on the probability of getting the sale and the position in the sales cycle.

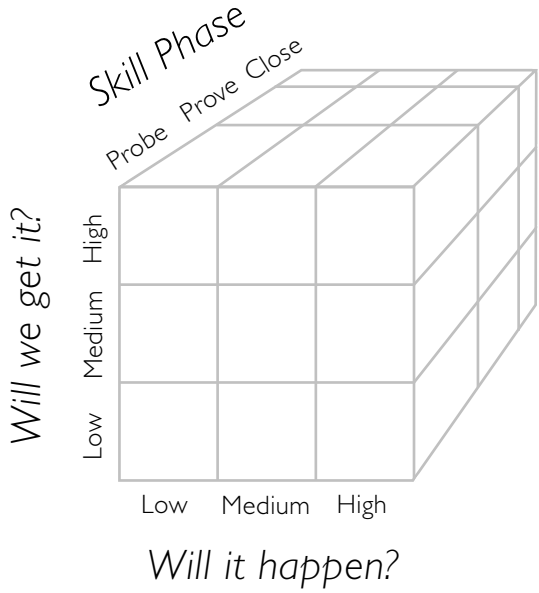


Figure 20-4: The twenty-seven point Priority Cube

The front face of the cube is divided into nine squares which are determined by the three possible answers to the questions "Will it happen?" and "Will we get it?" that constitute the now familiar Probability Matrix. Then we add a third dimension, which is skill phase with the three possible options of Probe, Prove or Close. It's easy to see that the Priority Cube is composed of twenty-seven sub-cubes, each one representing a unique combination of

"Will it happen?", "Will we get it?" and a skill phase. At any point in the sales cycle you can be only in one of these sub-cubes.

In Figure 20-5 the cube is shown "opened up." In the left hand column is the Probability Index first described in Chapter 18 (Figure 18-1). These are the values on the "face" of the Priority Cube. Each index represents a unique combination of "Will it happen?" and "Will we get it?" For instance, a Probability Index of 3 represents a value of High for "Will it happen?", and a value of Low for "Will we get it?", and is referred to as a High-Low.

Each intersection of the Probability Index *row* with the skill phase *column* represents a sub-cube and in each one, we've analyzed the set of circumstances concerning probability and phase of the sales cycle to come up with priority values and advice messages, just as we did in the above examples. The subtle differences between a sub-cube and its neighbors are reflected in the priority value, nature and tone of the message, and reflect the overall gut feel about the sale as expressed by the salesperson in the context of how much time has passed in the sales cycle.

Let's test the Priority Cube again by extending our examples a little differently. In the first cases, we looked at situations where the salesperson's assessment remained unchanged as we passed through the Probe, Prove and Close Phases. We were effectively picking a particular Probability Index from the left column and following across a single row through the three phases. What happens if the salesperson changes the probability from one phase to the next?

In Example One, the salesperson initially believed that the customer would not be successful in funding his project and set "Will it happen?" as Low. Remember, this customer is a friend of the competitor and therefore the salesperson rates the "Will we get it?" as Low. We assessed a Priority 2 in this Probe Phase with the idea that the salesperson should put enough effort into the opportunity to move his competitive position from Low to Medium or High. Let's see what happens as we move to the Prove Phase. At the start of the Prove Phase, the salesperson still sticks to their assessment of Low-Low. Because we've moved on in time and things still appear bleak, the priority is set from 2 to 3; after all, this looks to be a time-waster. But then the scenario changes a little. The salesperson bumps into an associate of the customer who divulges that this time, management is looking favorably at

Prob Index	Probe	Prove	Close
1. "Will it happen?" - **Low** Will we get it"? - **Low**	*"Sale won't likely happen, but worth investing time to position yourself if it does."* **Priority 2**	*"Low probability sale. Don't waste too much time on it."* **Priority 3**	*"You're confident you will not get this sale. Is your evaluation correct? If so walk away."* **"Leave it alone"**
2. "Will it happen?" - **Med** Will we get it"? - **Low**	*"There is a reasonable chance the sale will happen. Probe to uncover issues that will advance your chances, or obstacles that might be hindering you."* **Priority 2**	*"This sale may happen. The customer has to know why your proposal is better than the competition's."* **Priority 2**	*"A potential time-waster. Check your evaluation. It's time to move on to more productive opportunities. "* **"Leave it alone"**
3. "Will it happen?" - **High** Will we get it"? - **Low**	*"Sale will happen but you are not highly favored. Work hard to discover issues that will make your proposal better accepted."* **Priority 1**	*"Sales cycle is developing, but you are still not well-positioned. Now is the time to pull out all stops and try to distinguish yourself."* **"Breakthrough needed"**	*"At this point the competition looks like they will get this sale. Only something dramatic can rescue the situation!"* **"Breakthrough needed"**
4. "Will it happen?" - **Low** Will we get it"? - **Med**	*"Low chance that the sale will happen, but we are early in the sales cycle. Extra effort to differentiate yourself will pay off if the situation improves."* **Priority 2**	*"Low chance sale and we are positioned in the center. Try getting higher customer favor. Don't waste a lot of time."* **Priority 3**	*"Cover your bases. You're in reasonable shape to make the sale if it happens."* **Priority 3**
5. "Will it happen?" - **Med** Will we get it"? - **Med**	*"You are well-positioned in a sale that has a reasonable chance of happening. Probe now to improve your competitive position."* **Priority 2**	*"This sale may happen. Need to strongly differentiate yourself from the competitors to improve your chances at winning this sale."* **Priority 2**	*"There's still hope for this sale. Overcome any objections and be prepared for a strong close."* **Priority 1**
6. "Will it happen?" - **High** Will we get it"? - **Med**	*"High probability sale. Use your best probing skills to put yourself ahead of the crowd early in the sales cycle."* **Priority 1**	*"The customer still doesn't see you as a highly differentiated solution. Convincing now will vastly improve your chances later."* **Priority 1**	*"You are still not differentiated from the competition. Probe for objections, prove capability and try to close this order."* **Priority 1**
7. "Will it happen?" - **Low** Will we get it"? - **High**	"You are highly favored, but the chances that the sales will happen are low. Probe enough to protect your position." **Priority 3**	"Do enough to ensure that you stay in front of the pack, in the event that the sale does happen." **Priority 3**	"Cover your bases. Customer wants your product. Be ready to close if the sale goes through." **Priority 3**
8. "Will it happen?" - **Med** Will we get it"? - **High**	*"Maintain your strong position with the customer. Ensure the situation is as you think it is."* **Priority 2**	*"You are well-positioned to win. Do enough to maintain your position."* **Priority 2**	*"Stay close to the customer. You're in an excellent position to make a sale if it goes through."* **Priority 2**
9. "Will it happen?" - **High** Will we get it"? - **High**	*"Sale is very likely to happen and it looks as if you will get it, but don't get complacent and spoil your leading position."* **Priority 2**	***"Keep the momentum going. Eliminate any possible obstacles, objections, etc. You are in a commanding position. Get ready for an early close."*** **Priority 2**	*"The sale is yours—make the close and move onto the next."* **Priority 1**

Figure 20-5: The Priority Cube opened up.

the submission and the associate's personal opinion is that the project will fly. The salesperson realizes that although this is second-hand information, it should not be discounted and they decide that "Will it happen?" should move from a Low to a Medium. The Probability Index is now Med-Low (number 2). Checking Figure 20-5 shows that this means a move from row one to row two in the Prove Phase and the priority is escalated from a 3 to a 2 to reflect the higher probability.

A few months have passed and we move to the Close Phase. The customer calls our salesperson to say that one of the competitor's products, recently purchased, is giving trouble in its warranty period. The customer, understandably upset, can no longer be dependent on one supplier and vows to give our salesperson this sale—things have to change starting with this purchase. Our salesperson is excited, but not too excited because sometimes, customers react emotionally and calm down as time passes. But after some sober second thought, the salesperson thinks the time has come to crack this account, and moves "Will we get it?" from a Low to a Medium. This moves the Probability Index to a Medium-Medium and moves us to the fifth row down in Figure 20-5 to Index 5 and the Close column. We move the priority up from 2 to a 1. Some extraordinary effort put into this opportunity, even though the probability has been assessed as not that high (40%), could win the sale and it deserves extra effort from the salesperson. Here there is an inference which may sometimes be taken for granted—combined focus on specifics of the sale with increased effort on selling skills can turn run-of-the-mill sales opportunities into winners.

So that's how the Priority Cube works. It was developed using direct experience in sales opportunities over a fifteen year period. Readers should check the reasoning, and if they need added proof, they should test the logic out on their own real-world sales experiences. When doing this, it's enlightening to look at a few opportunities that "strayed from the norm."

The Computer Takes Charge

Everything we have planted into the Priority Cube can easily be plugged into the computer, ready for it to recognize and to react. The ammunition that the computer uses is the information stored in the IBO Essentials. If the IBO Essentials are recorded and updated as the sales cycle evolves, the computer

can allocate one of five possible priority values to each opportunity, along with a reminder of where to be vigilant in the sale. Let's see how that works. The IBO Essentials are "Will it happen?", "Will we get it?" and "When will it happen?"

"When will it happen?" is the date that the salesperson is forecasting for the sale to end. The start date is the date when the sales opportunity first gets logged. Using this date and the projected end date, the computer can calculate the *actual* sales cycle, and the skill phases of Probe (50%), Prove (35%) and Close (15%), and so it knows which column of Figure 20-5 to go to.

"Will it happen?" and "Will we get it?" are the other two Essentials that define probability. Each can have a value of High, Medium or Low and lets the computer locate the Probability Index value in column one of the matrix shown in Figure 20-5.

Armed with the row number and the column number of the matrix, the computer locates the priority and determines what to look out for. It sounds simple, but this is a 1 in 27 chance of hitting a very special combination of salesperson enthusiasm and position in sale, along with the ability to contribute sensible suggestions on how to prioritize and go forward. Computers always know what day it is, which means that as soon as the salesperson turns on the computer, it will know the current phase of every opportunity in the portfolio. Using the current probability assessment ("Will it happen?", "Will we get it?"), the computer will assign a meaningful priority. Remember that the Priority Cube shows that the priority can change from phase to phase in the sales cycle, *even though the probability remains the same*.

If the Opportunity Portfolio is large, there could be a lot of opportunities under Priority 1. If this is the case, other factors affecting priority come into play. What is the cash value of the opportunity? What are the actual days, weeks, months left to the end date? What is the strategic value of the sale? How long has it been since the last customer interaction? Some secondary sorting has to be put in place within each priority category. If this is done thoughtfully and in line with the specific objectives of the sales team, the salespeople can work their sales opportunity list safely from top to bottom, confident in the knowledge that they are maximizing their chances of winning more sales over the competition.

Points to Remember

1. There are 27 unique situations that can pop up in our model of what happens in the sales cycle (which means that there are many more in the real world!)
2. Each of these situations should be considered in their own light and assessed with one of five priority values.
3. The computer can remove the burden of time management within the Opportunity Portfolio, and *proactively* update priorities as conditions change.

CHAPTER 21

The Sales Environment

Everything we have to know to win!

We're at the end of Part 3, in which we've gone a long way in characterizing the sales opportunity. Although developed with sales automation in mind, this material is applicable to the everyday understanding of the sales opportunity, even outside of the framework of the computer. Much of it depends on the science of selling; we've taken some of the cornerstones of the science and reformatted them in a way that makes sense to the computer.

Now the discussion continues in a direction that is the most important in determining success or failure for the salesperson. What happens in the sales cycle itself?

The Importance of Information

In Chapter 14, we saw that Critical Interactions are the essential components of a reliable sales process because they provide the environment for the dialogue between the salesperson and the customer. In this dialog, **information** is exchanged which shapes the strategies that salespeople use in their efforts to win the sale.

Strategy is central to good selling. A strategy is a well-defined plan to get from where we are now to where we want to go. The plan is a series of action steps, forming a strategic *path* and leading in a strategic *direction*. For salespeople, the end is always the objective of winning the sale. If they don't have information about everything concerning the sale, they are flying blind and

can't develop a winning strategy. Strategic selling is founded on **knowledge** of what's going on in the sale formulated from the information picked up in the Critical Interaction. With good information coming in, strategies can be developed or modified on the fly. The process is ongoing—strategies are initiated, refined, discarded, and reinvented, depending on the ebb and flow of the sale.

The Sales Environment

Information and knowledge are intimately connected. Knowledge is **understanding** built up from accumulation and analysis of information. Salespeople need knowledge of *everything* that can affect the sale. Who is making the decision? Is more than one person involved? How much funding is available? Is there any competition? Who are they? How well am I doing in this sale? How do politics work in the customer's organization? How important a player is the customer in these politics? And so on, and so on. There is an awful lot of stuff to know. For the sake of convenience, we throw all of the answers to these questions into a grab-bag of information that's called the **Sales Environment**.

> *Sales Environment*: A term to describe all aspects and circumstances surrounding the sale that will ultimately determine its outcome.

The Sales Environment is the **factual** description of all the issues that affect the sale. Of course, no one person, the sales representative, the customer or anyone, *knows all the facts*. The customer may believe that funding can be secured, but the CEO of the company may have absolutely no intention of providing it. The salesperson may think that they will win the sale even though they are actually disliked by the customer, who has no intention of buying the product.

Proposition
All things being equal, the salesperson with the most knowledge of the Sales Environment will win the sale.

The proviso here is "all things being equal" because even the sales team with the most knowledge about the sale won't win if they don't know how to

formulate and execute the right strategy, or if their selling skills are not up to par.

There are a few important things about the Sales Environment that are vital to understand:

- The Sales Environment *changes* as the sales cycle progresses. As salespeople weave their way through the sales cycle, the issues that determine the sale constantly change, which will alter the Sales Environment.
- Salespeople's perception of the Sales Environment may be quite *different* to what it really is. In customer interactions, salespeople must seek all the facts that determine the Sales Environment. It's easy to get it wrong, but the closer it can be understood, the better.
- Salespeople have the power to *influence* the Sales Environment. That's a given since they are *half* of the sales equation (the customer fills the other role).
- The Sales Environment contains the answers to the questions "Will it happen?", "Will we get it?" and "When will it happen?"—The *IBO Essentials*.

Discovering the Sales Environment

Salespeople function within the Sales Environment. They are an intimate part of it, as are all other players: customers, competitors, advisors, users, and more. When the sales cycle starts, the interactions between these parties begin, and the complex dynamic of the Sales Environment unfolds. It's like a play by Shakespeare—but this isn't acting.

The challenge confronting salespeople is figuring out what the Sales Environment really is. At this point, our story links back to earlier discussions on fundamental skills—the skill of *probing* is used to discover facts surrounding the sale. Figure 21-1 shows this in a simple way; the circle on the right represents what the Sales Environment really is while the circle on the left represents what salespeople think it is. The *gap* between the two represents the knowledge that separates perception from reality. Salespeople have to work hard to narrow this gap. A certain way to do this is to probe as much as possible.

Influencing the Sales Environment

How can salespeople influence the Sales Environment? By using the fundamental skills of *prove* and *close*.

If the customer doesn't understand an important feature of the product, the outcome of the sale may tip towards the competition. The performance and the value must be *proven*, which can move the balance back to the salesperson and change the Sales Environment. The skill of proving is an important agent of change within the Sales Environment and it has to be mastered.

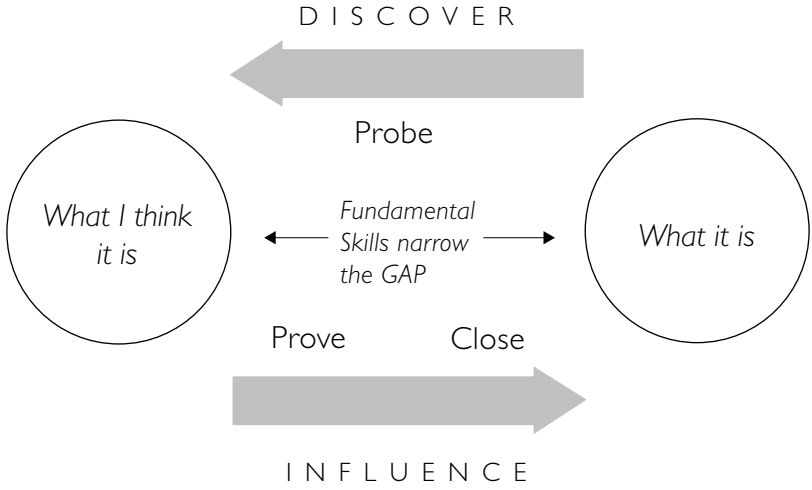


Figure 21-1: How the salesperson interacts with the Sales Environment

The skill of *closing* can have a more dramatic effect on the sale because it has the power to bring a win, eliminating the Sales Environment.

Successful proving and closing puts the mark of the salesperson on the Sales Environment. Influencing moves the Sales Environment to where the salesperson *wants it to be*.

Proposition

Fundamental selling skills are used to narrow the gap between the salesperson's perception of the Sales Environment and what it really is.

Developing a strategy that works depends on getting as much information on the Sales Environment as possible, and probing is the way to do

it. The strategy is then executed by proving and closing. Strategic selling depends heavily on interacting with the Sales Environment.

Lessons Learned in Part 3

This discussion on the Sales Environment concludes Part 3. We've covered a lot of material, all of it being interconnected. The result is a characterization of the sales opportunity that is conveniently suited to being understood by the computer. These ideas are important to understand as we move forward into Part 4, which will deal with a method of figuring out, as accurately as possible, what the Sales Environment really is. They are important enough to warrant a recap, and Figure 21-2 helps us with that.

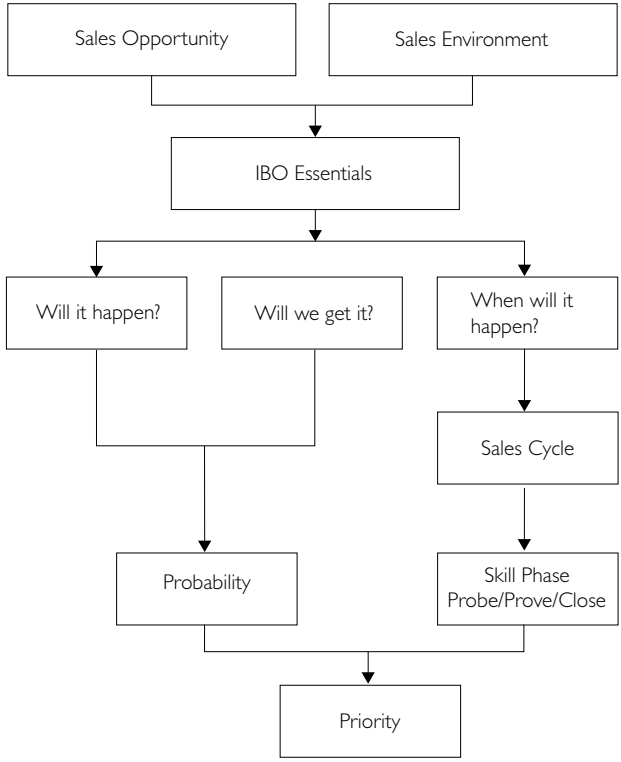


Figure 21-2: Summary diagram showing the methodology introduced in Part 3

Starting with the **sales opportunity**, it is vital to recognize its existence as early as possible. It's not acceptable to log a sales opportunity into a sales automation system at the point where the customer's request for quotation ends up at the door. Getting into the sale as early as possible is one of the most important factors in winning the sale. Accordingly, our advice is don't be *reactive* in addressing customer's needs, but be *proactive*. Sales automation helps here; once the sales opportunity is logged into the computer, there is a constant reminder that selling effort is needed.

Every sales opportunity has a unique set of issues and circumstances that determine its outcome, which for simplicity is dubbed the **Sales Environment**. We've condensed all of the information associated with the Sales Environment into three crucial concerns for the salesperson, which we call the **IBO Essentials**. The answers to these three questions determine the value of the IBO. If the best "gut-feel" response is assigned to each Essential as the sale develops, opportunities get labeled with a priority that places them in a natural hierarchy of importance in which the salesperson has confidence.

The IBO Essentials each have a contribution to developing the story further. **"When will it happen?"** determines the length of the **sales cycle**, and is obtained by subtracting the "date entered" from the expected close date. The sales cycle is then divided into the three **Skill Phases** using the rule of 50%/35%/15%. Now, at any point in the sales cycle, the computer knows which of the fundamental skills should be dominant—in other words, which skill phase we are in.

The other two IBO Essentials contribute to the important issue of **Probability**. Probability is derived from **"Will it happen?"** and **"Will we get it?"**. Assigning a *one out of three* value to each of these Essentials in the Probability Matrix leads to the computer tagging each opportunity with one of six unique probabilty percentages.

The only work left to do is to meld together the two parameters of probability and skill phase to come up with **Priority**.

Figure 21-2 helps to focus on connectivity between the various pieces of the story, and points out the tremendous importance of the IBO Essentials. The information embodied in the three Essentials provides so much value in managing a heavily populated portfolio of sales opportunities. Two of the

Essentials provide a consistent evaluation of chances for success, which is fundamental to accurate forecasting. The other Essential provides the answer to how much time is left to sell, and to the skills needed at a certain time in the sales cycle. The three Essentials combined provide a value of importance to each opportunity, such that salespeople can intelligently work one opportunity in relation to another, knowing that their precious time is being used to the best effect. The IBO Essentials are so interdependent that if you take away one of them, most of their value disappears. Probability alone is not much help in sorting the Opportunity Portfolio, because you also need consideration of the sales cycle. The wonderful thing about the computer is that it can do all the behind-the-scenes calculations in the process outlined in Figure 21-2 while keeping a constant eye on time, and it can do it for all the sales opportunities in the portfolio. All the salesperson has to do is to update the IBO Essentials throughout the sales cycle whenever the Sales Environment for a particular opportunity changes.

The computer can help out in another important way. It can perform a reality check on the salesperson's views of what the IBO Essentials are.

Proposition
The IBO Essentials are derived from knowledge of the Sales Environment. The more detailed the knowledge, the more accurate the answer.

Determining the IBO Essentials is not easy. Many issues within the Sales Environment can collectively contribute to what the Essentials should be. Issues may not be factual and could be open to interpretation. The salesperson's gut feel on whether "Will it happen?" is Low, Medium or High depends on their ability to seek out and identify the many factors that can contribute to the answer. Only detailed knowledge of the Sales Environment can ensure a correct handle on the IBO Essentials. Seasoned salespeople may get it right, whereas a rookie may not.

Regular updating of the IBO Essentials is a good exercise because it forces a rethink of the Sales Environment. Salespeople typically check out their feelings about a sale in discussion with their peers or managers. The Sales Environment for the opportunity in question is dissected under close scrutiny by both parties, with each trying to poke holes in the other's in-

terpretation. The objective is to get down to the facts, and to challenge the assumptions that have been made, to see if they hold water. Here are some of the issues that might get addressed:

- "Are you sure that you've talked to all of the decision makers?" (Affects "Will we get it?")
- "Are you sure that we will get an order in May and not June?" (Affects "When will it happen?")
- "Will he get Board approval for a purchase this time around?" (Affects "Will it happen?")
- "Are you sure that the customer has an urgent need for our product?" (Affects "Will it happen?")
- "Do we know all the competition involved in this sale?" (Affects "Will we get it?")
- "The customer says we will get the order. Will Purchasing allow the award to come to us without going to tender?" (Affects "Will we get it?")
- "Is the customer telling us the truth when she says she is the sole decision maker?" (Affects "Will we get it?")
- "Have you had enough face-to-face meetings with this customer to do some serious selling?" (Affects "Will we get it?")
- "The customer has already started work on a new research wing to house all of this equipment." (Affects "Will it happen?")

Notice that the information in the above exchanges consists of fact, observation, interpretation or perception. But this is the raw material that the sales team has to deal with. The number of meetings with the customer is fact, and it is either enough or not as judged by the sales team. The new research wing is fact, and the sales team can form their own impression of whether it will be completed, or get delayed through factors such as funding cuts. How well the competition is doing is perception, based on the salesperson's exchanges with the customer, as is the urgency of the customer's need. These notions about the sale come from integrating a myriad of issues within the salesperson's mind—and the human mind is particularly adept at this. The best salespeople observe the Sales Environment, are sensitive to it,

and build the insight necessary to assess it correctly. Then they develop their strategies to manage it.

It also helps if the salespeople can easily bounce their ideas off a willing listener because they cannot conduct strategies in a vacuum. Now here's a proposition that will cause a stir in the crowd.

Proposition
The computer can be used as a useful tool to question assumptions that are being made by the sales team about the Sales Environment.

This infers that the computer can take the place of the "willing listener." Before this could happen, the computer would have to have a level of understanding about the performance of the salesperson in the sale. Is this possible? It is, if we narrow the scope to the "science" of selling. In fact, we are not narrowing the scope too much—the science provides most of the building blocks needed for successful strategic selling. But first, we need to develop the technology that provides the intelligence that the computer requires, which leads us conveniently into Part 4.

Points to Remember

1. The Sales Environment contains all the information needed to build sales strategies, and a better understanding of the Sales Environment than the competition will lead to more sales
2. The salesperson *discovers* the Sales Environment using the skill of *probing*.
3. The salesperson *influences* the Sales Environment using the skills of *proving* and *closing*.
4. The IBO Essentials are contained in the Sales Environment. To provide the answer to an IBO Essential, the salesperson evaluates and considers all contributing issues from the Sales Environment and then forms a final conclusion.
5. Determining the IBO Essentials *forces* salespeople to re-evaluate and assess changes in the Sales Environment.

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Want to know more?

To view a continuing discussion on the ideas presented in *sales automation done right*, visit the SalesWays Web Site at:

www.salesways.com

- communicate with the author, and the team of creators of the sales methods described in the book
- learn about OPM (Opportunity Portfolio Management) Sales Training programs, that explore these sales methods in more depth
- join the ongoing blog discussion on new ideas and developments in sales methodology, techniques, strategy, and all technological issues that affect sales
- check on the latest CRM and SFA technology products that employ the ideas *of sales automation done right*

Glossary

There are many definitions scattered throughout *sales automation done right*. This glossary throws in a few more, along with examples that are framed specifically from the point of view of the salesperson. Making a short, all-encompassing description of what a word or few key words should mean is tough to do. As I've learned in my years of designing SFA and CRM solutions, there will be controversial elements in some of these explanations. But then it is up to the reader to look at other reference material to formulate their own ideas. That can only help foster a better understanding of the concepts.

ACCOUNT

An account is a logical grouping of people who work for a common organization and therefore, have shared interests. The account is designated by the Sales Manager to be conveniently targeted by the sales team with a planned sales strategy. Account Management is one of the four core competencies of the management of selling.

Example: "My Sales Manager gave me a new account. It's a new division of Image International Corp, whose Baltimore group have been good customers of ours for years. This new Buffalo division should need at least twenty Industrial Copiers to get started."

See related topics: Contact, Sales Cycle, Territory.

ACTUAL SALES CYCLE

The actual sales cycle is the amount of time that the salesperson has to sell their product to the customer. It is the time between the salesperson discovering the sales opportunity and the time that the customer awards the business to the successful vendor.

Example: "I could kick myself for not visiting Global Diodes more often. I've learned that they want five High Speed Printers, but the competitors have been working on the requirement for over three months. I've only got a month to show them we have a better solution."

See related topics: Average Sales Cycle, Buying Process, Customer's Sales Cycle.

ART OF SELLING

The art of selling is the salesperson's ability to secure a sale through their natural skills at communicating, building relationships and engendering trust.

Example: "I'm in good shape. I get on really well with the purchasing agent at Global Diodes, after working on our relationship for the past year—we are both avid sports fans. I know that he will give me the business if it comes to a tie."

See related topics: Relationship Focused Interaction, Science of Selling.

AVERAGE SALES CYCLE

The average sales cycle is the most probable length of time that it takes for a salesperson to sell a given product or service. The sales team will only be able to derive the average sales cycle through experience of many sales opportunities over a period of time. There will be deviations in the average sales cycle (shorter or longer) because of abnormal influences on the customer's usual buying process.

Example: "It usually takes six months to sell a Type 560 printer, but this customer already has five on the shop floor, and they are pressured by workload. We'll see this one go through in a month."

See related topics: Actual Sales Cycle, Buying Process, Customer's Sales Cycle.

BACK OFFICE

The Back Office is, collectively, the departments or functional groups in the company which are essential to the successful operation of the company,

but are not regularly in direct contact with the customer. These could be finance, manufacturing, development, inventory control, shipping/receiving and others.

Example: "I rely upon my manufacturing group to consistently produce a good product. Otherwise, I would find my sales commitment tough to fulfill."

See related topics: Front Office.

BINARY SALES FORECAST

A binary forecast is a prediction of future revenues by the sales team that is determined on a decision of which actual sales opportunities will be sold, rather than taking some form of average or weighted summation over a number of possible sales opportunities.

Example: "I'm including the GDPN deal in my binary forecast for April. Even though the Welland deal could close that month, I'm not sufficiently confident to include it, but it will show up in my weighted forecast."

See related topics: Sales Forecast, Weighted Sales Forecast.

BUYING PROCESS

This is a process that most customers use to purchase a product or service from start to finish. The buying process proceeds in three distinct stages: recognizing the need, evaluating solutions, and negotiating value.

Example: "A customer called for information on our new series of printers. She thinks she will want one for her new production line, and is in the early stages of researching what's available. She'll want to try out her own protocol on a selected few before coming to a final decision."

See related topics: Sales Process.

CLOSE PHASE

The Sales Model defines the Close Phase as the final phase in the three phase sales cycle in which the dominant skill used is closing. In this phase, the salesperson and the customer work together to negotiate a mutually agreeable value proposition that hopefully leads to a successful conclusion for the salesperson. The other two fundamental skills, probing and proving, are used to support the closing effort.

Example: "We've finally shown how our printer will do everything they need. They should have enough information to go ahead. We'd better start finding out if there's any reason for them not to place an order."

See related topics: Close Skill, Probe Phase, Prove Phase.

CLOSE SKILL

The fundamental skill of closing is the ability of the salesperson to uncover any barriers that prevent the customer from placing an order, and to overcome those barriers such that a decision can be made.

Example: "I think all the objections to making a decision have been answered satisfactorily. I overcame their concerns about budget by working out an extended payment plan reaching into their new fiscal year—we should get the order."

See related topics: Close Phase, Probe Skill, Prove Skill.

CONTACT

A contact is a person who could buy your product or who may influence the decision to buy your product. Contact Management is one of the four core competencies of the management of selling.

Example: "Ms. Corning is the one with the immediate need for an Industrial Copier and is directing the sale, but she won't buy without consulting her associate in Baltimore. I also think the purchasing agent will have a say in the matter."

See related topics: Account, Sales Cycle, Territory.

CRITICAL INTERACTION

A Critical Interaction is an opportunity focused interaction that occurs within a sales cycle. Strategies and tactics designed to win the sale are played out in Critical Interactions with the customer. Critical Interactions are most often two-way, but can be one-way.

Example: "I sent the buyer our final offer which showed a 5% discount and an extra year of warranty."

See related topics: Customer Interaction, Non-Essential Interaction, One-Way Interaction, Opportunity Focused Interaction, Relationship Focused Interaction, Two-Way Interaction.

CRM (SEE CUSTOMER RELATIONSHIP MANAGEMENT)

CRM PROCESS

The CRM process is the process that governs the smooth flow of responsibilities between the three Front Office groups of marketing, sales, and service, in their ongoing efforts to find customers, sell them product or service, and maintain their level of satisfaction.

Example: "I'm glad that marketing are still targeting the GDPN organization even though they are one of our loyal and trusted customers. Every so often a new manager is hired, who has had no experience of our products, and we need to make sure they get to know who we are quickly."

See related topics: Customer Acquisition and Retention Loop, Customer Relationship Management.

CUSTOMER ACQUISITION AND RETENTION LOOP

The customer acquisition and retention loop is a closed loop multi-step process diagram that shows how a new customer's transaction is passed between marketing, sales, and service in a CRM system. In this case, the customer transaction encompasses everything between learning about a product, to becoming a lifetime user, and potentially a repeat customer (hence the loop).

Example: "This is the third generation of Industrial Copier that GDPN has purchased. I'm pleased that Smith's vision of providing lifetime value and service is paying off."

See related topics: CRM Process, Customer Relationship Management.

CUSTOMER INTERACTION

A customer interaction, or simply, an interaction, is any event in which the company touches (relates with) the customer, regarding mutual business relationship.

Example: "I met with the purchasing agent of Lexington, and they seem set to go ahead with our offer. I'll enter this into the CRM system so everyone can share the news."

See related topics: Critical Interaction, Non-Essential Interaction, One-Way Interaction, Opportunity Focused Interaction, Relationship Focused Interaction, Two-Way Interaction.

CUSTOMER KNOWLEDGE STORE

The Customer Knowledge Store is the company's bank of information about all the dealings that have occurred with the customer in the past, good or bad. The Knowledge Store is a historical database of all interactions between the company and the customer.

Example: "I looked back at what had happened with Lexington two years ago when Brad had that account. Brad was very close to the customer, but was suffering from the bad performance history of the old Type 520. I think that stuff is still haunting us."

See related topics: Customer Interaction, Customer Relationship Management.

CUSTOMER RELATIONSHIP MANAGEMENT

Customer Relationship Management, or CRM, is a way of doing business with a focus on creating a long term relationship with the customer, such that the customer is more inclined to offer continued business rather than seeking competitive solutions. As such, this definition does not imply any connection with technology. But the term CRM has grown to mean the computer-based networking and software applications that make the closeness to the customer more easily achievable.

Example: "We've been doing business with Lexington for over ten years, and the efforts we've been putting in with servicing their account and tailoring our product to their specific issues are really paying off. They are very reluctant to try anything from Universal, as the trust just isn't there."

See related topics: Sales Force Automation.

CUSTOMER'S SALES CYCLE

The customer's sales cycle is the time that elapses between the customer initiating the buying process, and the point at which a decision is made on which product to buy. If the salesperson is close to the customer from the very start of the buying process, the actual sales cycle will be equal to the customer's sales cycle.

Example: "Mr. Smith told me that he had been thinking about getting a High Speed Printer, and today his boss said it was a good idea, as funds were available, so he is starting to collect information. I'm glad I'm in at the start of this situation. He said he'll plan to get a unit

installed in October, so he will need to make a decision by the first week of September, which is only six months from now."

See related topics: Actual Sales Cycle, Average Sales Cycle, Buying Process, Sales Cycle.

DIRECT BENEFITS OF SALES AUTOMATION

The direct benefits of sales automation enable salespeople to make best use of their selling skills, resulting in an improvement in the ratio of sales won to sales lost. The salesperson becomes more effective.

Example: "I checked my progress in the Global Diode sale with my sales automation system. It suggested that I need to spend more time with the economic decision maker. That is not a bad idea."

See related topics: Indirect Benefits of Sales Automation.

FRONT OFFICE

The Front Office is the collection of departments or functional groups within the company that deal directly with the customer. Typically these are marketing, sales and service.

Example: "I see from my CRM system that the service group was out at Lexington today, and they have discovered that the customer could use another CL-250."

See related topics: Back Office.

FUNDAMENTAL SKILLS

The three fundamental skills of selling are probing, proving and closing. Each of the three skills is dominant in a particular phase of the sales cycle. The fundamental skills are comprised of a set of lower level skills necessary to achieve the primary objective of the parent skill. In any Critical Interaction at least two, and sometimes three of the fundamental skills are used to differing degrees, dependent on the position in the sales cycle.

Example: "It's near the end of the sale and in tomorrow's meeting, my objective is to show the customer that my service can meet all of his expectations, in spite of this being a competitor's account. That's going to take all of the diplomacy (probing), product knowledge (proving), and negotiating (closing) capabilities that I have."

See related topics: Closing Skill, Critical Interaction, Probing Skill, Proving Skill.

IBO (SEE IDENTIFIED BUSINESS OPPORTUNITY)

IBO ESSENTIALS

The IBO Essentials are three pieces of information that the salesperson uses to characterize a sales opportunity. The important parameters of Probability and Priority can be calculated directly from the IBO Essentials. The three pieces of information are "Will it happen?" "Will we get it?" and "When will it happen?"

Example: "This IBO is my best shot at booking something in August ('When will it happen?' is August). The customer is happy with the machines he has already bought from us ('Will we get it?' is High), and the need is very high ('Will it happen?' is also High)

See related topics: "When will it happen?", "Will it happen?", "Will we get it?".

IDENTIFIED BUSINESS OPPORTUNITY

The Identified Business Opportunity is a term used in *sales automation done right* to describe the sales opportunity. Emphasis is on the fact that the salesperson has correctly qualified the opportunity as real. In the sales automation system, IBOs are given unique numbers to distinguish them from each other (i.e. IBO #2020).

Example: "After talking to marketing about their meeting with GDPN at the Print Show, I'm going to open up an IBO for a Type 560 for the GDPN Boston facility."

See related topics: Sales Opportunity.

INDIRECT BENEFITS OF SALES AUTOMATION

The indirect benefits of sales automation enable the salesperson to work more sales opportunities by making administrative, support, and connectivity tasks much easier—in other words, by making the salesperson more efficient.

Example: "Since we implemented sales automation, doing quotations has become a cinch—no more scribbles on pieces of paper that get sent off to Head Office. Now everything flows electronically, and I can see when support has completed the quote and sent it out. It's freeing up more time for me to sell."

See related topics: Direct Benefits of Sales Automation.

INTELLIGENT RESPONSE TECHNOLOGY

Sales automation done right uses Intelligent Response Technology on the computer to compare the salesperson's current performance against a model of the most successful strategies used in the past. If necessary, the computer provides advice to the salesperson on changing strategies to win the sale.

Example: "I entered my best guess on the sale as to whether it would go through and whether we would get it. Then I detailed out my progress—the computer disagreed, and felt that my 'Will it happen?' was not High, but Medium. It suggested that I do more talking with the economic decision maker."

See related topics: Sales Environment, Sales Model.

LEAD

A lead is an expression of interest in your product or service, and represents a potential sales opportunity.

Example: "I got a message from the receptionist this morning. Mr. Smith from Lexington called to request information on the new Industrial Copier."

See related topics: Long Term Lead, Sales Opportunity.

LONG TERM LEAD

A long term lead is one that cannot be qualified immediately to a positive result (an opportunity), or a negative result (close the lead, the customer is not buying anything). Rather, the customer is not buying now, but there is a strong possibility that they will buy in the future. The long term lead is kept open, and the salesperson follows up regularly in order to be ready when the lead turns into an opportunity.

Example: "The service engineer called to tell me that the customer only expected an in-service life of three years, and at that time, would need to buy a larger unit. I will enter this as a long term lead."

See related topics: Lead, Sales Opportunity.

MARKETING DEPARTMENT

The marketing department is the functional group that finds potential customers, qualifies them and hands over positively qualified leads (IBOs) to

the sales department. In the customer acquisition and retention loop, the marketing department comes before the sales and service departments.

Example: "I received ten new IBOs from marketing today. They were qualified at the Los Angeles Print Show."

See related topics: Sales Department, Service Department.

NON-ESSENTIAL INTERACTION

A Non-Essential interaction has no real importance in measuring the relationship with the customer or impacting the strategy of winning the sale. As such, it need not be recorded into the CRM system.

Example: "I called the purchasing agent to check into the state of Mr. Smith's requirement, but she was not there, and I did not leave a message."

See related topics: Critical Interaction, Customer Interaction, One-Way Interaction, Opportunity Focused Interaction, Relationship Focused Interaction, Two-Way Interaction.

ONE-WAY INTERACTION

One-way interactions occur when one party contacts the other, but there is no immediate connection or response. A response may never come, if so, the interaction stays one-way. If a response comes later, the interaction becomes two-way.

Example: "I've sent an e-mail to the purchasing agent saying that we will meet Universal's warranty proposition, but I haven't heard back from them. It's been a week already."

See related topics: Critical Interaction, Customer Interaction, Non-Essential Interaction, Opportunity Focused Interaction, Relationship Focused Interaction, Two-Way Interaction.

OPPORTUNITY FOCUSED INTERACTION

In opportunity focused interactions, the salesperson's primary objective is to use true selling skills to win the sale from the competition.

Example: "The final presentation of our proposal went down well with everyone. The President said that we would definitely get the order."

See related topics: Critical Interaction, Customer Interaction, Non-Essential Interaction, One-Way Interaction, Relationship Focused Interaction, Two-Way Interaction.

OPPORTUNITY PORTFOLIO

The Opportunity Portfolio is the list of open sales opportunities that the salesperson is currently working on, and has yet to close.

Example: "Right now my sales automation system tells me I'm working on fifty open opportunities—this time a year ago, I had only thirty."

See related topics: Sales Opportunity.

PRIORITY

The priority assigned to a sales opportunity is a measure of its importance with respect to other opportunities that need to be worked.

Example: "This is a new opportunity that's at the start of the sales cycle. The customer heavily favors the competition, but if I leave it alone, I don't stand a chance. It's tough to prioritize it, as I have a lot of other situations that are about to close in which I am favored vendor. I think I'll deal with those first and then come back to this one."

See related topics: Probability Matrix, Priority Cube, Probability Index.

PRIORITY CUBE

The Priority Cube takes the idea of the Probability Matrix one step further by adding in another three-point possibility, which is skill phase (Probe, Prove or Close). With the Priority Cube, an opportunity has three parameters associated with it: "Will it happen?", "Will we get it?", and skill phase. Each of the parameters has three options, leading to a three-by-three-by-three matrix or cube, with twenty-seven possibilities.

Example: "I'm very confident that this sale will happen ('Will it happen?' is High), but I'm not so sure that I will win it ('Will we get it?' is Medium), which gives me a probability of 60%. I'm in the Probe Phase (skill phase), and I still have time to improve on this situation. I'm going to give it top priority with the hope of moving the 'Will we get it?' to a High."

See related topics: Probability Matrix, Skill Phase, "When will it happen?", "Will it happen?", "Will we get it?".

PROBABILITY

Probability is an expression of the chance that a sale will be won. It is most often expressed as a numerical percentage (i.e. 50%). In *sales automation done*

right, the probability is calculated from a matrix constructed from the salesperson's answers to the questions "Will it happen?" and "Will we get it?"

Example: "This sale has a fifty percent chance of us winning in April."

See related topics: Probability Index, Probability Matrix, "Will it happen?", "Will we get it?".

PROBABILITY INDEX

The Probability Index is a unique point on the three-by-three Probability Matrix constructed from the possible answers to "Will it happen?" and "Will we get it?" Each answer can be one of the three possibilities: High, Medium or Low.

Example: ""Will it happen?" is High, but "Will we get it?" is Low." That's position 3 on the Matrix and a probability of 25%."

See related topics: Probability, Probability Matrix, "Will it happen?", "Will we get it?".

PROBABILITY MATRIX

The Probability Matrix is a three-by-three grid constructed from the answers to the questions "Will it happen?" (High, Medium, Low) and "Will we get it?" (High, Medium, Low).

Example: "This customer will definitely buy in June, and I'm sure we'll get the order. 'Will it happen?' is High, and 'Will we get it?' is High. That's position 9 on the Matrix and a probability of 80%."

See related topics: Probability, Probability Index, "Will it happen?", "Will we get it?".

PROBE PHASE

The Probe Phase is the first in a three phase sales cycle in which the primary focus of the salesperson is on the skill of probing. The skill of proving will also be used to a lesser or equal degree in support of probing.

Example: "This is a six-month sales cycle. I should be focusing on probing for the first three months."

See related topics: Close Phase, Probe Skill, Prove Phase.

PROBE SKILL

The fundamental skill of probing is the ability of the salesperson to find out everything about the customer's requirements and to discover all the issues that are behind their decision to purchase a product or service.

Example: "I've got to get to the bottom of how this decision will be made—I have a suspicion that purchasing may try to rein in the budget towards the end of the deal."

See related topics: Close Skill, Probe Phase, Prove Skill.

PROVE PHASE

The Prove Phase is the second in a three phase sales cycle in which the foremost objective for the sales team is to prove. The associated skills of probing and closing will be used with lesser degree to support the proving effort.

Example: "I'm reaching the three-quarter point in the sales cycle. Now is the time to get the customer in front of a machine to test how their application works."

See related topics: Close Phase, Probe Phase, Prove Skill.

PROVE SKILL

The fundamental skill of proving is the ability of the salesperson to provide evidence to the customer and to convince them that the solution that they offer is the best.

Example: "At the factory demonstration today, Ralph proved conclusively that our High Speed Printer could outperform Universal's demonstrator unit on both throughput and color control. He managed to shoot down all the claims that Universal salespeople were making about their demonstrator."

See related topics: Close Skill, Probe Skill, Prove Phase.

QUALIFICATION

Qualification is the process of checking that a lead has the potential to become a sales opportunity. If it is qualified positive, an opportunity has been discovered. If it is qualified negative, there is no sales opportunity, but the record of the lead can be kept for future marketing activity.

Example: "I called Mr. Smith this morning. He is just interested in what's new in the industry and does not need or even use Industrial Copiers. I've qualified the lead as negative."

See related topics: Lead, Long Term Lead, Sales Opportunity.

RELATIONSHIP FOCUSED INTERACTION

In opportunity focused interactions, the salesperson's primary objective is to measure, nourish and build the relationship with the customer.

Example: "It's been six months since the copier was installed. I paid a visit to see if the customer was still happy, and everything seems to be just fine. They would be happy to become a reference site."

See related topics: Art of Selling, Critical Interactions, Customer Interactions, Non-Essential Interactions, One-Way Interactions, Opportunity Focused Interactions, Two-Way Interactions.

SALES AUTOMATION (SEE SALES FORCE AUTOMATION)

SALES CYCLE

Measured in units of time (days, weeks, months, years), it is the lifespan of the sales opportunity. It also represents the only available time to get the selling job done. According to whether you are the customer or the salesperson, the sales cycle may be different. Sales Cycle Management is one of the four core competencies of the management of selling.

Example: "I made one of my routine calls to the Lexington facility to talk to the VP of Production. I showed him the flyer on the new Type 560, and he was thrilled. It has all the features he has been asking for. He checked his budget and he has enough funds to buy one. I think he's serious. This IBO could close in just six weeks."

See related topics: Actual Sales Cycle, Average Sales Cycle, Customer's Sales Cycle, Account, Contact, Territory.

SALES DEPARTMENT

The sales department is the functional group within the company that takes positively qualified leads (IBOs) from the marketing department and attempts to win as many of them as possible. In the customer acquisition and retention loop, the marketing department comes before the sales department, and the service department comes after.

Example: "Over 50% of the leads I've received from marketing in the past year have resulted in won orders. I'm keeping the service group very busy with installations."

See related topics: Marketing Department, Service Department.

SALES ENVIRONMENT

Sales Environment is used to describe everything about the sale that will ultimately determine its outcome.

Example: "I think I've identified all the decision makers, but I'm not sure about the politics of this sale, and who is really driving the purchase."

See related topics: Sales Model.

SALES FORCE AUTOMATION

Sales Force Automation, or Sales Automation, is a way to use technology to improve sales performance, directly or indirectly. Directly, by improving the salesperson's effectiveness, and indirectly, by improving the salesperson's efficiency. *Sales automation done right* suggests that a more appropriate definition is one that leaves efficiency to CRM and effectiveness to SFA.

Example: "Since we've installed a sales automation system, I've found it frees up more time for selling, and the built-in sales method also helps too."

See related topics: Customer Relationship Management.

SALES FORECAST

An estimate of future sales usually provided in terms of booked revenue, but sometimes in terms of product units. A forecast is usually generated by the individual salesperson, and the manager rolls up the total across the entire sales team.

Example: "I don't expect to book much in June, so this quarter won't be too good, but next quarter looks as if it will be a winner."

See related topics: Binary Forecast, Weighted Forecast.

SALES MODEL

The Sales Model is a set of descriptions, understandable by the computer, that attempt to define the ideal performance of the salesperson as they prog-

ress through the sales cycle. It is built up from four key components: time, fundamental skills, Critical Interactions, and information.

Example: "I'm about three-quarters of the way through this sale and I should be focusing on proving the benefits of my product. The next time I meet with the customer, I'm going to take my Product Manager to try to see if there are any details of the customer's application I have missed."

See related topics: Customer Interaction, Fundamental Skills.

SALES OPPORTUNITY

The Sales Opportunity is the chance given to a salesperson by a prospective customer, to offer their product or service to fulfill the customer's requirements and needs. In *sales automation done right*, the Sales Opportunity is called the IBO, which stands for Identified Business Opportunity.

Example: "Mr. Parker called to say that the old Universal machine had died, and they have an immediate need for a replacement. They will have to follow the normal tendering routine. I'll enter it into the system as a new IBO that will probably close in September."

See related topics: Identified Business Opportunity.

SALES PROCESS

The sales process is a proven, repeatable and well-established set of Critical Interactions through which the sales team implements their strategies and tactics to win the sale.

Example: "We're about three-quarters through this sales cycle, and I need to think about organizing a demonstration of the Type 560. Seeing the performance of this machine usually puts us ahead."

See related topics: Buying Process, Critical Interaction.

SALES STRATEGY

A strategy is a plan to move from the current situation to a preferred situation in the future. A sales strategy is a predefined plan to win the sale from the competition. Ideally the strategy starts at the beginning of the sales cycle and is enacted through Critical Interactions as the sales progresses. Strategy, tactics and process are intimately linked.

Example: "This is a key sale in a competitor's account. We need to do everything we can to win this one, including offering the best price."

See related topics: Sales Process, Sales Tactics.

SALES TACTICS

Tactics are the actions that are used to put strategies into effect. If tactics are executed successfully, as planned, then the strategy is on the way to happening. Tactics are executed through Critical Interactions and are the "hook" between the strategy and the sales process.

Example: "I know that Roger Smith is central in the politics of the organization. I'll take him to lunch to see if he knows how the decision will be made."

See related topics: Sales Strategy.

SALES TEAM

The sales team is the group of people whose mission is to convince the customer that their solution is better than that of their competitors. The team can comprise of field salespeople, inside salespeople, sales administration, technical support or any other group that supports the sales effort.

Example: "If Ralph from Technical Support had not come with us to the factory, the customer would not have been convinced that the Type 560 could do the job."

See related topics: Sales Department.

SCIENCE OF SELLING

The science of selling is a set of rules that describe how to handle a sale, specifically, where certain skills and strategies should be employed, and to what degree they should be used. These rules have been compiled and refined over many years by sales professionals.

Example: "I'm about halfway through this sale, and still have a lot of proving to do with this customer—I would be stupid to try to close this now."

See related topics: Art of Selling.

SERVICE DEPARTMENT

The group within the company responsible for all aspects of supporting a product or service after a customer has purchased it from the sales depart-

ment. In the customer acquisition and retention loop, service follows on from sales, but the CRM process flows from service to marketing, because at the end of a product's life cycle, the customer may need a replacement, and marketing must be aware of this new potential for business.

Example: "Bob from service called me to say that GDPN Boston have two of our old Type 90's that will need replacing next year. I'll alert marketing to make sure they meet up with them at next week's Print Show in Los Angeles."

See related topics: Marketing Department, Sales Department.

SFA (SEE SALES FORCE AUTOMATION)

SKILL PHASE

A skill phase is a phase of the sales cycle in which one of the fundamental skills of selling is dominant over the others. There are three skill phases corresponding to the three fundamental skills of probe, prove and close.

Example: "My sales automation system is telling me that I have twelve opportunities that are in the Close Phase. I only have two in Prove Phase and none in Probe. I need to bug marketing for some more leads."

See related topics: Close Phase, Probe Phase, Prove Phase.

TERRITORY

The Territory is the list of accounts over which a salesperson has been given the responsibility to sell their products. Territory Management is one of the four core competencies of the management of selling.

Example: "My territory was expanded today, from everywhere south of Broad Street and west of 67th, to the whole southern half of the city."

See related topics: Territory Group, Account, Contact, Sales Cycle.

TERRITORY GROUP

The Territory Group is the administrative structural organization of the territories belonging to a specific sales team. The territory group concept makes it easier to administer changes in territory responsibilities that happen through company growth or product expansion.

Example: "When Steve leaves, I get his territory, which means that I sell the IC line, and take on the extra geography of the East."

See related topics: Territory.

TWO-WAY INTERACTION

Two-way interactions are willing dialogues between the customer and the salesperson that happen in real time (face-to-face, or on the phone), or quasi real time (e-mail, voice mail, or even fax or letter).

Example: "I sat with the customer for two hours, and we had ample opportunity to discuss how our product could solve a lot of issues in his process."

See related topics: Critical Interaction, Customer Interaction, Non-Essential Interaction, One-Way Interaction, Opportunity Focused Interaction, Relationship Focused Interaction.

WEIGHTED SALES FORECAST

A sales forecast in which the revenue associated with each sales opportunity is multiplied by the percentage probability of winning the order. The results are then summed across all opportunities.

Example: "The Lexington deal is huge; around $1,000,000. But at 10%, our chances are really low. That will still contribute $100,000 to my weighted forecast."

See related topics: Binary Sales Forecast, Sales Forecast.

"WHEN WILL IT HAPPEN?"

The answer to "When will it happen?" is the salesperson's best estimation of when the customer will finally decide which vendor will receive their business and awards an order. "When will it happen?" is one of the three IBO Essentials.

Example: "We've been working at this for nine months. I am sure we will see the order two months from now, at the end of our third quarter."

See related topics: IBO Essentials, "Will it happen?", "Will we get it?".

"WILL IT HAPPEN?"

"Will it happen?" is a question that tests the salesperson's opinion on whether a sales opportunity will go through to completion. The answer to "Will it

happen?" can be one of three choices: High, Medium, or Low. "Will it happen?" is one of the three IBO Essentials.

Example: "This customer has budgeted for a Type 560 and is acting like he will get the cash, but he's tried before and has been unsuccessful. I would say that 'Will it happen?' is Medium."

See related topics: IBO Essentials, "Will we get it?", "When will it happen?".

"WILL WE GET IT?"

"Will we get it?" is a question that tests the salesperson's opinion on his or her chances of winning the sale over the competition in the event that the sale goes through to completion. "Will we get it?" can be one of three choices: High, Medium, or Low. "Will we get it?" is one of the three IBO Essentials.

Example: "This division of Lexington has nothing else but Universal Equipment. The customer is happy, and I think for this sales opportunity, 'Will we get it?' is Low."

See related topics: IBO Essentials, "Will it happen?", "When will it happen?".

WORKFLOW

Workflow is the process of getting a task completed by dividing it into discreet chunks, each of which is handled by a different person or group. When complete, the chunk is moved to the next person or group in the process. Workflow works best when it moves electronically, and not using paper.

Example: "The new system for processing orders works well. The salesperson checks the customer's purchase order, and if it's OK, passes it to sales administration to write up. The details then go to order entry for processing."

See related topics: CRM Process.