

# Sales Management: How to Get the "Sludge" Out of Your Company's Sales Opportunity Pipeline - Part 1

by Alan Rigg

I speak with a lot of business owners, executives and sales managers who are frustrated with the **poor quality** of their company's sales opportunity pipelines. They are frustrated because:

- They have difficulty forecasting sales with any **accuracy**.
- Many of the opportunities in their company's sales opportunity pipelines have **not seen any change in status** for weeks or months.
- Their salespeople **don't add enough NEW opportunities** to the pipeline.

Do you share any of the above frustrations? If you do, read on. This article will shed light on key reasons behind the poor condition of your company's sales opportunity pipeline and what you can do to fix it.

## Why do so many sales opportunities stall?

For now, let's define a stalled opportunity as **an opportunity that hasn't seen a change in status for a specific period of time**.

There are many reasons why opportunities stall. Let's look at **two of the most important reasons**:

## Reason #1 - Poor Sales Opportunity Qualification

A sad fact of life is that many salespeople do a poor job of sales opportunity qualification. Why is this such a common problem? Basically it comes down to **three factors: lack of training, lack of accountability, and lack of inspection**. Let's look at each factor separately.

### 1a. Lack of Training

What is your company's **definition** for a fully qualified opportunity? Does the definition exist in **writing**? Are your salespeople **trained** to qualify opportunities in a **specific** way?

In my opinion, **a sales opportunity has not been properly qualified unless the salesperson knows (at minimum) the answers to the following questions**:

- What **business problems** does the prospect have that can be solved by one or more of your company's products and services?
- How **significant** are these business problems? In other words, what **impact** do they have on the prospect, both professionally and personally?
- Can the prospect **quantify** the impact of the business problems? In other words, can they associate **dollar amounts** with the business problems?
- Is the prospect **worthy** of the investment required for your company to manage a sales cycle? In other words:
  - Are they **credit worthy**?
  - Do they have a **budget** to invest in solving their business problems?
  - Are **all key decision makers** engaged in the decision process?

- Does the company take proposed investments out to **bid**? If they do, are they willing to give your company some **advantage** in the bid process as a reward for designing the solution to their problems?
- What is their **time frame** for implementing a proposed solution?

## 1b. Lack of Accountability

Accountability pertains to creating and communicating **clear expectations for sales performance**. If your company does not have clearly defined performance expectations for salespeople, or if those expectations have not been **communicated** to (and ingrained in) your salespeople, you are likely to be disappointed with the results they produce.

To determine whether your company is truly holding salespeople accountable, do your best to answer the following questions:

- What percentage of each salesperson's sales leads will be generated by **your company's marketing and advertising efforts**?
- What percentage of each salesperson's sales leads are they expected to **source for themselves**?
- What are the primary **prospecting methods** that your salespeople are encouraged to use?
- How many "**discovery conversations**" (first meetings, whether in person or on the telephone) should a salesperson book with new prospects each week or month?
- What percentage of a salesperson's sales should come from **new** business?
- What percentage of a salesperson's sales should come from **repeat** business?
- How long should the **average sales cycle** be for each of your company's products and services?
- What percentage of their opportunities are your salespeople expected to **close**?
- At what point is an opportunity considered to be "**in trouble**" (which means it should immediately be brought to the attention of management)?
- Who decides whether an opportunity is "**lost**"?
- How are lost opportunities (and the reasons why they were lost) **tracked**?

## 1c. Lack of Inspection

Sales opportunity inspection involves **sitting down with salespeople on a regular basis** (I recommend **weekly**) to discuss the status of every opportunity in their pipelines. These discussions should have two goals:

1. To determine whether each opportunity has been **properly qualified**.
2. To determine whether each opportunity reflects an **accurate status**.

**NOTE:** Don't worry - this is **not as time-consuming as it might appear**. Once you slog through the initial pipeline discussion and help the salesperson clear the "deadwood" from their pipeline, future discussions are much more streamlined.

How do you determine whether an opportunity has been properly qualified and reflects an accurate status? By asking questions! The sales manager should **ask the salesperson the same questions that the salesperson should ask their prospects**. If the salesperson does not know the answers to key questions, or if their answers lack key details, the salesperson should be assigned **specific opportunity qualification tasks** to complete prior to the next pipeline review meeting.

**Sales opportunity inspection is truly a critical sales management activity.** Why? Because companies waste incredible amounts of time, money and resources on opportunities that **can't** or **won't** close! The sooner these (poor quality) opportunities are identified

and removed from the sales opportunity pipeline, the sooner your salespeople will have **more time to invest in finding truly qualified opportunities!**