HOWTO... stop sales slipping

Objective

It's every Sales Director's nightmare – the deal that has been on the forecast for months, but as the predicted closing date gets closer it slips month on month. This kind of thing undermines your forecast and can attract unwelcome attention from the Board. How do you spot the sales most likely to slip and how do you stop this happening in the future?

Early identification is key

Early identification gives you a chance to take action before the problem becomes a crisis. Sales that are likely to slip often share one or more of the following warning signs:

- **No business case discussion**: your sponsor will need to be convinced that his investment with you makes business sense, and he will probably need to convince others. If your salesperson has not had this discussion you are a long way from a win.
- **No compelling event**: companies rarely spend money until they have to, so if your salesperson has not identified what will force the customer to make the buying decision then there is a big risk of slippage.
- **Sponsor has not yet sought Board approval**: the personal signing power of even a Board-level executive is surprisingly low; €100k is not uncommon. So for most serious sales your sponsor will need full Board approval. Rarely does a Management Board approve an expenditure proposal first time – there is always someone with an objection or a competing use for the funds. Furthermore, Board agendas get congested, so if your sponsor has not been to the Board at least once already you could still be 2 or 3 monthly Board meetings away from approval.
- **Lack of involvement of other departments – yours and theirs**: any high-value sale will affect multiple departments. If your people have not had extensive discussions with your customer's people then they are not taking you seriously.
- **Reorganisations, takeovers and mergers**: the Finance Director's favourite excuse to freeze spending! If you cannot accelerate the process to close before the planned reorganisation, takeover or merger starts to impact business plans, then you are likely to be facing a period of slippage.
- **No problems to fix**: very few sales go smoothly. If you or your various sales support units have not been involved in fixing problems – helping overcome resistance from your sponsor's colleagues, resolving technical objections, handling price issues – then you are probably not on the shortlist.
- **Lack of clarity on the decision making process**: an obvious sign. If your salesperson cannot explain the customer's decision making process to you then either the customer has not decided what it is, in which case you are a long way from closing, or worse, they have not told your salesperson, in which case you are not in the running.

Preventing slipping sales

The answer is process. Slipping sales are a sign that the sales reporting process is lax or not being applied properly. Bad sales reporting systems rely too much on feelings and soft criteria, but to commit a forecast to the Board you need more than that. You need a sales reporting process that uses objective criteria – specific facts that cannot be mistaken or faked – to judge the stage a sale has reached.

Take it in stages

Your process must include objectively verifiable stages; for example, "Business case presented to Board" is a more reliable milestone than a salesperson's estimation that there is a 60% probability of a win. Stages must be frequent. I have even seen semi-artificial stages like "visit to the Executive Briefing Centre" inserted into the standard process to act as check points.

Look for stages that get other people involved, maybe a seminar or workshop that requires input from several of the customer's business units. Your sponsor won't want you interacting outside their own department unless they are serious. Likewise, create reasons for the customer to interact with other departments of your own company. This gives you the opportunity for a second opinion – a good Project Manager can quickly determine if the customer is really serious just from the questions they ask.

Stages that require the prospective customer to invest money or effort are extra valuable because they are a true test of serious intent and also an incentive to move forward with you so as not to waste the investment. Even free-of-charge work, preferably work that delivers some value to the customer

immediately and even more when they buy your offering, can demonstrate serious intent, provided it requires the customer to expend effort supporting your activity. Better still, something like a paid discovery process or network review is convincing evidence that this customer wants to move forward with you.

Know the business case

Critically review your customer's business case with the salesperson. Your customer may not want to reveal their business case but your salesperson should have worked it out for himself. If he hasn't then you know that the sale has not progressed far. If he has the business case but you are not convinced by it then you know there is work to be done. You may want to reveal your doubts to the customer and get them to convince you – there's no better way of understanding the customer's motivation. If the business case is strong then you know you can resist pressure to discount. Either way, by reviewing the business case you get forewarned of potential troubles ahead so you can consider action to prevent them delaying the customer's buying decision.

There is another benefit of understanding the business case: if you are aware of the cost savings and/or extra revenue this purchase will generate, then you can calculate what it is costing the customer to delay the decision. If there is no other compelling event, then showing your customer that each day of delay costs them €10,000 will help to create the sense of urgency that may avoid the decision date slipping.

Prepare the ground

Who was it who voiced the famous quote about "getting our retaliation in first"? Whoever it was they had a good message for sales. Everything you will ever sell will have certain standard objections attached to it – maybe the up-front price is higher than a competing solution, maybe it uses an unpopular operating system or is locked-in to the "wrong" database software. No matter how good your product there will be objections. The way to prevent these objections stalling the sale is to get your retaliation in first; answer them before they are raised. But first you have to know what they are, so analyse your solution ahead of time, identify the likely objections and then make sure your salespeople are briefed to pre-answer them for the customer. They don't have to be obvious about it, they don't have to refer to objections, they just need to raise the point in discussion and neutralise it.

The same goes for weaknesses. Your solution is certain to have weaknesses, but do you know what they are? If not you are vulnerable. Know your weaknesses and make sure that your salespeople are briefed about them so they can make sure that they are not key issues for the customer. The aim is that when a competitor points out your weakness the customer will say "that doesn't matter to me, I am more concerned about XYZ", where XYZ are areas in which you are strong.

Qualify

No doubt your sales process already involves qualification – the analysis of information about the prospect in order to reach a bid/no-bid decision. The best sales processes I have seen include two main qualification stages: pre-qualification at the entry into the sales funnel, and full qualification before work begins on a formal offer. At the full qualification stage you are considering the deal from two angles: from the customer's viewpoint – if you were the customer would you buy from you? – and from your company's viewpoint – is this good business for your company and, assuming it is, what steps could be taken to strengthen the proposal?

Some qualification processes are driven by the company system, e.g. SAP. These are usually generic, asking general questions like "Do you know the decision makers?" and "Is the budget allocated?". You need better than this. If you are to be sure of the sale running to plan, you need solution-specific qualification criteria. For example, some solutions require that the client takes a trial system before moving to full roll-out, some rely on the customer having certain infrastructure in place, some do not cost-in for smaller customers. To reveal this important detail you need to have solution-specific qualification criteria. If you limit yourself to generic questions you may overlook important details that are warning signs of slippage, and which, if dealt with before they cause problems, could keep the sales on track.

What now?

You will never banish slipping sales completely because you will never control the customer, but you can minimise the risk. Review your pipeline and look for the warning signs. Take a hard look at your sales reporting process and make sure it includes the features needed to give you confidence that every sale is under control. Through good process and astute judgement you can make slipping sales a rarity.

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