SALES OPPORTUNITIES – REAL OR IMAGINED?

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IS IT REAL OR IMAGINED?
The ability to assess the quality of potential sales opportunities both quickly and effectively is a critical skill for every account team.

It is particularly important at the sales stage typically known as the 'Bid/No Bid' stage when account teams decide whether or not to compete for an opportunity. It is at this point that vital decisions are made to commit valuable sales and support resources that will either generate a return on the investment of resources or will ultimately turn out to be an expensive business cost with an unacceptable return.

Clearly some initial investment of resources has to be made to gather the important information upon which the decision to 'Go/Not to Go' can be made. However on far too many occasions this qualification process tends to meander along aimlessly, using up valuable sales and sales support resources that ought to be redirected to other, more realistic sales initiatives.

We often ask in our seminars for a show of hands to indicate how many account teams have spent weeks, sometimes months working on 'phantom' projects were never converted into a genuine business initiative for the customer and a corresponding sales opportunity for the account team. There is always a large show of hands!

'Phantom' projects are those apparent sales opportunities where it becomes clear, usually over a period of some time, that the customer does not have or indeed, never had a commitment to take action. The account team may well have identified an important business need but it ultimately transpired that the customer had other, more pressing business initiatives in which to invest its resources.

The consequence is that the account team's time and energy have been wasted on a 'phantom' opportunity that probably never existed at all. This situation also reveals another underlying but nonetheless significant 'cost' to the account team – Opportunity Cost. When time, energy and manpower are invested in pursuing 'phantom' opportunities, then those resources cannot be invested in other opportunities where the likelihood of success could be much higher.

KEY QUESTION: Are there any 'phantoms' in your opportunity pipeline?

'THE WINNIPEG BID/NO BID PROCESS'
A colleague of mine was working with an account team in Winnipeg, Canada and stressing the need to effectively qualify sales opportunities. In particular, he was focusing on opportunity qualification at the point of the bid/no bid decision.
He asked the question, 'What Opportunity Assessment method do you use currently?' The Sales Director who was participating with the group immediately declared, 'We use the Winnipeg Bid-No Bid System'.

In true facilitator style, my colleague responded, 'Tell me, what is the Winnipeg Bid/No Bid process? I don't believe I've heard of that particular approach'. The Sales Director then explained, 'We have an eight-sided model and on seven of the sides we write the word 'BID', we then put a spindle through the middle of the model and spin it and wherever it rests, that's what we do!'. By now, the whole group realised that this was a 'send-up' and laughter began to be heard in the group. My colleague though, was intrigued and asked 'But what do you write on the eighth side?'. The Sales Director replied, 'SPIN AGAIN'!

The message was very clear – they had no effective process at all.

KEY QUESTION: Do you use the Winnipeg Bid/No Bid process to qualify sales opportunities?

A few years ago whilst working with The Sales Director of a major software company in the Netherlands told me that he had been analysing the sales initiatives that his Account Teams had been working on for the past twelve months.

He was horrified to discover that his sales team's bid: win ratio was 3:10. In other words, only 30% of the opportunities for which they competed, they actually won. Some of the 'lost' opportunities were won by their competitors and others were simply 'phantom' opportunities

He wanted us to help sharpen up the Account Managers' skills so that there was an improvement in their overall performance and in particular, the bid: win ratio.

Six months later I spent time with him reviewing the results of the development initiative and he enthusiastically told me that there had been a noticeable improvement. The bid: win percentage now stood at 57%.

He believed the reason for the improvement was that the teams were not only winning more opportunities but also identifying the 'phantom' opportunities more quickly and 'qualifying out'.

KEY QUESTION: Do you know the bid: win ratio for your account team?

CRITERIA FOR QUALIFYING OPPORTUNITIES

So what criteria did we suggest the Sales Director should use to 'sort out the wheat from the chaff' and identify those opportunities which were real business initiatives and those which were likely to be 'phantoms'?

The most important issue to define is whether or not the 'potential' project is of a high enough priority to the customer to justify the sales team's investment of valuable resources.

In order to assess the level of customer priority, there are some key questions the account team should address:

1. Is there a clear connection between customer's strategic business plan and the potential opportunity?

It is important to clarify the strategic relevance of the 'project' from the customer's perspective. This analysis will enable the account team assess if its potential opportunity reflects a high priority issue for the customer.

This means that account team need to know the key objectives of their customer's business plan. With this insight, they must be able to identify a clear connection between the sales opportunity and the customer's key business objectives.

KEY QUESTION: What are the customer's priority business objectives?

2. What is 'driving' the customer to take action?

'Business Driver' is a term that is well known in professional sales circles and essentially reflects which element of a customer's overall marketplace is motivating it to take action.

Is it a 'regulatory' driver? Does the customer have to comply with new legislation?

Is it a 'customer' driver? Is the customer trying to improve its customer satisfaction ratings?

Is it a 'competitive' driver? Does the customer have to launch a new product or service to take market share from a key competitor?

It is vital that the account team can

pinpoint which marketplace pressure has mobilised the customer to take action.

Not only does this insight provide the evidence of a potential priority issue for the customer but it also enables the account team to focus its business solution more precisely.

KEY QUESTION: Which business driver is creating a compelling need for the customer to act?

3. 'Who is sponsoring the project?'
This is a vitally important question when assessing whether the project sponsorship is of a high enough level to carry the appropriate amount of decision making influence.

The answer to this question alone should enable the account team to assess the level of project priority as far as the customer is concerned.

If the sponsor is at the executive or senior management level then there is a strong probability that there will be supporting resources – budget, personnel etc. that will provide the project with real momentum.

KEY QUESTION: Who are the customer personnel that have the decision making authority to provide the project with resources and momentum?

4. What are the consequences on the customer's business if the project fails?
This question helps the sales team to assess the overall level of priority of this project compared to other business initiatives. Businesses have to address problems

Finite resources dictate that only those that are having a significant impact on its business plan will be addressed. Is this issue simply an irritation, a headache or is it a significant problem that the customer cannot overlook?

KEY QUESTION: What is the measurable business impact that the customer's project is designed to deliver?

5. What are the project timeframes and milestones?
When a customer sets specific timeframes and project milestones in place, it normally means there is a degree of urgency attached to the project. Whilst timeframes may suffer from the almost inevitable 'slippage', the fact that they exist at all normally indicates an underlying commitment by the customer to move ahead.

KEY QUESTION: Have the key milestones and timeframes for the project been confirmed?

These five key questions enable the account team to decide with a great deal of clarity if the customer really has a compelling 'Need to Act' or if the project is just another 'phantom' opportunity.

Account teams face unprecedented challenges in today's marketplace – pressure on sales costs, pressure for revenue growth together with intense competition.

As a result, they must take time to assess each potential sales opportunity effectively and make Bid/No Bid decisions based on accurate information about the strategic intentions of their customers.

The customer's Alternative Use of Capital is the account team's most challenging competitor. Where will customers invest their resources? Which projects will provide them with the return for which they are looking? Are we, the account team focusing on the right issues with the right people at the right time?

A colleague of mine summarises this key issue of opportunity qualification with three simple but very incisive questions:

‘Why should the customer do anything at all?

Why should they do it now?

Why should they do it with us?

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