

Disintermediation, The Sales Cycle, Relationship Prospecting & YOU

By

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Developing a sales pipeline is often judged on its size and based upon the qualities' portrayed of incoming business over a 9-18 month period. The realities of business to expect it quicker using a traditional pipeline development strategy would not bare support although owners often want it so. Therefore either you change your strategy or sit and wait. The quality of what you are working on in your pipeline has the greatest long-term impact on your business and controlling what goes into your pipeline is essential. Maintaining quality and understanding its timing includes:

- focusing on and defining your niche targets and working solely within that niche;
- focusing on “*non customer prospects*” that have good business practices and are industry leaders who work in a parallel industry to team up with; and,
- then prioritizing opportunities based on the quality of the existing relationships you derive from these non customer prospects and the relationship they have with your ultimate end users.

Consider these figures: fewer than 10% of sales meetings end in a sale, 81% of all business is brought to a successful close in the sales process after the 5th interaction, and 75% of sales pipelines are unhealthy. These figures are indicators of the flaws in our expectations of our sales and business development activities. These numbers hold true for businesses both large and small.⁽¹⁾ Quantity, quality, timing, knowing who to prospect to reach your ultimate client and persistence are 4 critical factors in developing a sales pipeline that is directed to your current sales cycle. Understanding what has changed in today's business environment as to how customers/clients (“end users”) approach their purchasing decisions will help you get your business where you want it to go, when you want to get there is your next step in your strategic plan. Like most good things it takes a commitment to this new environment.

Four key components that compose a sales pipeline have traditionally been:

- Qualifiers
- Timing
- Interest level
- Sales stage

Qualifiers are objective parameters that are clearly black and white, and you can easily see them as good or bad. Typical qualifiers include type of customer, dollar value of sale, number of employees and annual revenue of prospect. If pursuing federal government contracts, standard qualifiers include your incumbent status as a brand with the potential

⁽¹⁾ Fairfax County Economic Development Authority May 2012

customer/client, but understanding who are your teaming partners is now becoming the single most important process you can do. Reality is in today's commodity (price) driven environment your past performances are not as important as they were once and the estimated value of the contract is always taken in consideration as to your timing of being introduced into the relationship.

You used to be able to select at least two qualifiers in building your pipeline and creating sales strategies. But literally only 13 years ago we marketed to an audience who did not have the available resources to inject themselves into the process as they do today. In the last 3 years that has changed once again by the means of how they do this research (smart phones, hand held devices). The amount of available information on the internet is overwhelming and it is used daily by what may become your potential client as you wait for them to discover you. Branding is important but it may lead your potential client into learning who else is out there when they search your brand. In the early days of the internet the concept of disintermediation evolved as it pertained to the banking industry and clearly impacted what would eventually happen to the banking industry in total going forward.

As it evolved the customer/client could and did by pass the agents, the tellers, the banking executives and go directly to the source, run comparisons of the charges, the benefits and make their decisions as to who they would do business with. Internet banking took off and today you can bank and never leave your home, car because its access is ubiquitous and the customer/client is empowered like never before.

Today and as often is the case the process of a company seeking a solution to a need does this due diligence and it falls upon a staff employee who often has no financial stake in the purchasing decision, but who **“will”** be the qualifier of who they suggest they do business with, but never be the actual decision maker as to the eventual winner of said opportunity. Consequentially your competition no matter how bad their web site is, or inferior a product they have, they will be getting a chance to bid for the business when it is needs driven and the process becomes commodity driven with the low price provider having as much a chance as the quality driven manufacturer to secure a win.

This is how disintermediation is affecting the sales process in today's business environment. Surely you will work all these qualified leads, accounts and opportunities. But to not understand that you are now in the midst of a red ocean bleeding with competition everywhere is to be ignoring the facts at decision making time and very cost ineffective for your company. Small businesses and even large corporate sales teams often seek paths of least resistance or chase opportunities that appear easily attainable like these low hanging fruit. But those are the pitfalls that minimize their sales revenue, profits and the basic pleasure of doing business.

So then we focus on timing, client/customer interest level and at this sales stage there are components that **can** be influenced through strategies and techniques. Timing is the single most important factor in getting your pipeline which as stated before is traditionally a 9-18 month cycle to close to close within a 6 month or less cycle. So the critical effort is to find a way to enter it as it is coming apparent to the customer/client and to circumvent their laying this search responsibility on the staff employee as mentioned before. Timing is the anticipated close from when you were brought into the process to the award date. More importantly when it is driven by the stakeholders of the prospect/end user and not an employee with none of the above authority the engagement is meaningful because to a stakeholder all the elements of your company your product are as meaningful as they are to them. To not be involved in this timing sequence means the prospect/end user will be engaged in the process and you not even know it until they call

you. So the question arises “how do you pursue such a business relationship”? Otherwise, it is very likely that you will not achieve a timing win, because you will not even see it coming unless they find you and execute the commodity strategy of purchasing.

Sales stages are the progressive steps in a successful sales process from beginning to end. Moving forward from one sales stage to another does not equate to a prospect becoming more interested in working with you or buying your product. All three of these components must be examined honestly to know where you stand and what your sales strategies moving forward must be. So reaching the same client who is well into the process of but doesn't know it yet is paramount. That is where the non customer prospect comes in.

The non customer prospect is in a parallel relationship with your product or service. They are often brought in as a part of a strategy that now calls upon decisions to be made by the stakeholders or may even be decisions already made by the stakeholder. As noted in **Newton's laws of motion** there are three physical laws that together laid the foundation for classical mechanics. They describe the relationship between a body and the forces acting upon it, and its motion in response to said forces. And so as in Physics it exists in sales development that when a prospect enters into a decision making pattern they do it with this parallel non customer prospect. They are easy to find and usually it takes little effort for you to look around you and when such an entity is engaged in their process it is likely they can become engaged with your product and process also.

The result is that you build your marketing strategy around cultivating these non customer prospects. This can be done either by consciously reaching out to them sharing job or potential lead information or you can participate in such local business networking groups that do this with this intent in mind. Some even suggest a qualified referral program so that you have the party's interest in bringing your firm in at the critical point as a cost effective marketing approach and much more inexpensive than a large call center dialing for dollars as it were looking for that needle in the haystack. The customer is interested and motivated and comfortable because you have not disrupted their process.

Referrals especially when you come in on the process along side a trusted element of the stakeholders involvement allows you now to be the collaborative consultant element that should be used to drive value added sales presentation. You are immediately brought in with the sales stage already set to meet their needs as apart of what your non customer prospect was working on with them. Often your addition to the process may help them get their own propositions seated. This usually culminates with a higher closing ratio and because you are now in the process having leapfrogged over all the other aspects in it your closing cycle has shortened to under 6 months and you sales expense is more appropriate to your effort..

The methods of reaching out to these non customer prospects are many and because of how you are approaching them (with a win/win scenario) they are more likely to listen and participate. No not everyone of them, but the cumulative effect of building a network of non customer prospects is that they are waking up every day and like you are vested in the process and when you share with them they are likely to share back with you. You will learn of opportunities in motion not in anticipation.

Because if executed properly this strategy should provide that at some point 75% of them will be engaged in a project/proposal/proposition that runs congruent to your business development strategy.

If you would like further information and examples of this strategy in process please contact us as we are:

Integrated Management Services, llc. and its affiliate Santa Fe Advisory Services provide business strategy, planned development, advisory services, methodology and operations, marketing & sales management.

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