

Shining a Light on Pipeline Problems

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Pipeline management, velocity, and accuracy have become a major focus of attention as organizations focus on the fundamentals of operating a business in a challenging market. This renewed focus has quickly highlighted problems that were somewhat hidden by the boom markets of a few years ago, problems that CRM systems were supposed to solve.

Huthwaite asked over 330 senior sales professionals for their perspectives on pipelines in general as well as the role CRMs play. The findings confirm what Huthwaite has discovered through its extensive research and from its interactions with businesses across multiple verticals across the globe.

When asked to identify the major cause of forecasting frustration at their organization over 44% identified stalled opportunities while another 34% identified unrealistic timelines (i.e. overly aggressive close dates). Both of these have major impacts on forecast accuracy and pipeline velocity and their underlying causes can be directly related to a number of factors including:

- Insufficient or ineffective qualification of the opportunity in the early stages of the sales cycle
- Misalignment with the customer due to a superficial understanding of their needs and decision criteria
- Proposing solutions too early in the sales cycle
- Not identifying where the customer is in the Buying Cycle™ and adopting the incorrect strategies as a consequence
- Taking shortcuts in the selling process and making assumptions

The antidote to stalled opportunities and wild timeline fluctuations is relatively straightforward. Huthwaite's research shows that world class sales organizations focus nearly *twice* as much on the front end of the pipeline where the funnel is wide and the opportunities to create value are numerous.

By focusing on early stage opportunities you can quickly identify the opportunities that you are best positioned to win and where you should deploy your resources - this will have a big knock-on effect for pipeline velocity and accuracy later. Good pipeline management and forecasting first and foremost relies on leading indicators - leading indicators are found in the early stages of the sales cycle by good buyer analysis and questioning.

People often think of pipelines as a bunch of activities strung together and demarcated in order to create some level of progress towards the goal of actually achieving the sale. In fact, it should be a series of strategies that are refined and modified according to buyer circumstances that unfold during a properly executed sales process. In other words, activities in and of themselves are not what counts - it is activities that are driven by strategy that count. This is where coaching is critical and leads us to the next question we posed to our senior sales professionals.

When asked where their Sales Managers were spending the majority of their time, 39% indicated that they were focused on late stage opportunities trying to get clarity around close dates, while another 34% said they spent their time chasing their reps to update numbers in the CRM system. Less than a third of them said that their sales managers spent the bulk of their time coaching around early stage opportunities. Consider the fact that our research shows that world class sales management focuses almost twice as much on early stage opportunities and you can see the problem clearly. If your sales management is focused on chasing accurate numbers or helping with late stage terms and conditions, they are not helping sales reps choose the right opportunities to pursue or helping to uncover unforeseen customer problems or provide unanticipated solutions. In short, they are not focused where they can help their reps create real customer value.

Now, as mentioned above, CRM systems were supposed to create greater efficiencies and help sales reps and sales managers use their time more effectively. The reality has unfortunately turned out to be quite different. While 44% of the senior sales professionals felt that their CRM was a good central repository for recording detailed account and contact information, only 13% of them felt it was a valuable tool that helped sales people navigate complex deals and close sales. To compound this 35% resented time being taken away from selling to perform what they considered to be data entry. So it is safe to say that while CRMs have delivered on the contact management and account information front, they are not perceived by sales reps as something that actually helps them close business.

Add all of this together and what does it mean for forecast accuracy? Given that sales reps are not invested in the system or its return to them, it stands to reason that their attention to data integrity is going to reflect this. The majority of the sales professionals, over 52%, indicated that they continue to use their traditional method of forecasting, i.e. an even mixture of objective data and subjective opinions in order to estimate close dates and final revenue number. Less than 27% were confident that they have a precise methodology for estimating pipeline stages, close dates, and revenue. In other words, nearly three quarters of our pool of senior sales professionals indicated that their forecasts and pipeline are built using less than reliable methods.

Consider for a moment the market conditions we are all operating in today and ask yourself - regardless of whether you are an independent contributor, sales manager or executive - can you afford to continue to operate with what essentially amounts to educated guesswork as your guide? After all, however well educated it may be a guess is still a guess. You will not be able to successfully manage your book of business or operate the business itself if you are not only having to adjust to shifting market conditions but also to rapidly fluctuating pipelines and at the same time scale the expense side of your business to simply stay in business. Something has to give. That something is to finally invest the time and energy in:

- a sales process that maps to your business vertical and how you go to market
- proven sales skills that allow you to develop business in a skillful manner that will ensure greater predictability and velocity in your pipeline
- a technology-based system that takes objectivity and guesswork out of the equation and delivers reliable forecast and pipeline data to effectively run a business
- a mechanism that is integrated into the daily work practices of reps that allows for coaching and collaboration between reps and managers to close more business more rapidly

If you can combine all four of these components then not only will you have shined a light on the problem, you will have addressed it and given yourself a real competitive advantage. you will have addressed it and given yourself a real competitive advantage.

”We have seen a 38% increase in sales productivity and our pipeline has increased in size by more than 250%. We are delighted that our customers are far more engaged with our ISR’s and our staff are commenting on the improved job satisfaction they are experiencing now that they feel they are really helping customers manage their business more effectively.”

John Jenkins
Inside Sales Director
Microsoft Mid-Market

Huthwaite is the world's leading sales performance improvement organization. Founded on scientifically validated behavioral research, our methodologies, which include the internationally renowned **SPIN® Selling**, guarantee sales success. Huthwaite assesses your organization's needs and develops customized sales performance improvement and coaching programs that drive real business results.



