Pipeline Management Fundamentals

Presented by:
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OUR PRESENTER

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Vantage Point Performance
First, 4 Facts about Vantage Point

Sales MANAGEMENT Training

Sales PERSON Training
First, 4 Facts about Vantage Point

Research-Based Best Practices

Focus on Execution

- ROI
- The Agile Sales Code®
- Pipeline Coaching®
- Frontline Forecasting®
- The Sales Management Code®
Some Fans

- General Electric (GE)
- 3M
- Royal Bank of Canada (RBC)
- Abbott
- Google
- Cummins
- Johnson Controls
- Tyco
- Equinix
- Aon
- FedEx
- NetApp
- Kaiser Permanente
Sales Pipelines... A Big Deal

Expected Frequency of Pipeline Meetings

- Several Times per Week: 51%
- Weekly: 17%
- Several Times per Month: 16%
- Monthly: 11%
- Less than Monthly: 5%

Source: Vantage Point / Sales Management Association Study
n=62
And They Consume a Lot of Time

Duration of Each Pipeline Meeting

- 30 Minutes or Less: 10%
- 45-60 Minutes: 36%
- 90 Minutes or More: 54%

Average = 53 minutes

Source: Vantage Point / Sales Management Association Study
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n=62
So We Must Be Good at It, Right?

Effectiveness at Managing the Pipeline

- Ineffective: 43%
- Effective: 44%
- Neutral: 13%

Source: Vantage Point / Sales Management Association Study
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Fact: It **Pays** to Be Effective

Relative Revenue Growth

- **Ineffective**
- **Effective +15%**

Source: Vantage Point / Sales Management Association Study
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Determinants of Pipeline Management Impact

Top 3 Pipeline Management Practices

Relative Revenue Growth

Source: VPP / SMA 2013 Survey n=62
A Basic Process for Pipeline Management

Stage 1  Stage 2  Stage 3  Stage 4  Stage X
Welcome to QUIETTECH!

Acoustic Ceiling Tiles

Sound Curtains

Full Sound Enclosure

Sound Absorbing Baffles

Sound Barrier

Noise-Cancelling Headphones
Activity: QuietTech’s Sales Pipeline Design

• Read the **QuietTech** Sales Pipeline Design background
• Select the pipeline design you like best for its new CRM tool
Activity Debrief – Option #1

Sales Pipeline Stages

- New Lead
- Qualified Opportunity
- Request for Proposal
- Proposal Submitted
- Negotiation
- Won/Lost

Rationale for Pipeline Design

This process was designed with the help of the consultant who originally designed and developed our existing CRM application.
Activity Debrief – Option #2

Rationale for Design
This sales process has been used since 2010, when we conducted a ‘voice of the customer’ survey that revealed our sales calls were misaligned with their buying activities. It was designed by our salespeople in a series of workshops.
Activity Debrief – Option #3

Rationale
This sales process came already embedded in our current CRM system and was determined at the time to be a best practice sales process.

1 Lead
- LEAD -
  There is an identified construction project that will be awarded to a supplier within 120 days.

2 Qualified
- QUALIFIED -
  • Purchasing responsibility has been assigned
  • Specifications have been determined
  • Aligns with our current product set or the size of the opportunity could justify product customizations

3 Proposed
- PROPOSED -
  A complete documented proposal has been delivered to the prospect

4 Closed
- CLOSED -
  The final contract has been formally awarded to us or a competitor.
The Stages of the Pipeline Mirror the Buying Process

Identify Needs
Establish Criteria
Assess Solutions
Mitigate Risks

Prospect
Qualify Opportunity
Influence Criteria
Develop & Position Solution
Build Confidence
And Increasing Customer Commitment

*I’m interested in what you offer*

*I’m willing to share information*

*I’ll introduce you to others*

*I’ll put you on the short list*

*I like it... Let’s negotiate*

*Yes, let’s party!*

Stage 1  Stage 2  Stage 3  Stage 4  Stage 5  Stage 6
With Clear Definitions of What Goes in Each Stage

Stage 1
Stage 2
Stage 3
Stage 4
Stage 5
Stage 6

What’s in here?
Just Enough Stages to Be a Meaningful Management Tool...And No More

Stage 1  Stage 2  Stage 3

Stage 1  Stage 2  Stage 3  Stage 4  Stage 5  Stage 6

Stage 1  Stage 2  Stage 3  Stage 4  Stage 5  Stage 6  Stage 7  Stage 8  Stage 9  Stage 10
Survey Says!

Source: Insight Squared Study

NO!
SALES MANAGEMENT TRAINING
Three Typical Measures of Pipeline Health

- Size
- Progress
- Contents
- Win!
The Primary Measure of Pipeline Health
Key Question: Is a Bigger Pipeline Better?

IT DEPENDS
Important Question

How big do *You* think is big enough?
‘Back-of-the-Envelope’ Inputs to Optimal Pipeline Size

1. Close Rate
2. Quota
How to Determine a Close Rate

Actual Sales
over a given period

Average Pipeline Size
during that period
Example: Annual Close Rate

12 Months of Sales = $1 million

Average Pipeline Size = $2 million

\[
\frac{1 \text{ million}}{2 \text{ million}} = 50\% \text{ Close Rate}
\]
How to Determine A Pipeline’s Ideal Size

Quota
per period

Close Rate
during that period
If the Annual Quota is $4 million

Quota = $ 4 million

$4 million

for 12 months

Close Rate = 50%

.50

for 12 months

= $8 million pipeline
Example

<table>
<thead>
<tr>
<th>Sales per Quarter</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4 (Most Recent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales per Quarter</td>
<td>$500,000</td>
<td>$750,000</td>
<td>$500,000</td>
<td>$750,000</td>
</tr>
<tr>
<td>Pipeline Size at Quarter End</td>
<td>$8,000,000</td>
<td>$12,000,000</td>
<td>$7,500,000</td>
<td>$12,500,000</td>
</tr>
</tbody>
</table>

| Total Sales | $2,500,000 |
| Average Pipeline Size | $10,000,000 |
| Close Rate | 25% |

| Quota | $3,000,000 |
| Close Rate | 25% |
| Target Pipeline Size | $12,000,000 |
Activity: Pipeline Sizes at QuietTech

• Read the **QuietTech** Sales Rep scenario for Carson
• Is Carson’s pipeline sufficient for him to succeed?
Activity Debrief - Carson

$2,000,000 \div 25\% = $8,000,000

Annual Sales

Quota

Current Pipeline Size

$7,000,000

$1,500,000

Average Pipeline Size

$6,000,000

$7,000,000

$2,000,000

25\% 

25\% 

Target Pipeline Size
Summary

• Pipeline management is a big deal, BUT we screw it up
• Process design is foundational
• Train your managers to build healthy pipelines
  • Right Size
  • Right Contents
  • Right Progression
• KNOW THAT WE CAN HELP
Q & A

PLEASE BE SURE TO SPEAK INTO THE MICROPHONE. WE’RE RECORDING!

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