

Sales Sustainability™ – “Sales Cycle Management” (SCM)

>> Knowing the sales cycle is essential to directing sales activities, improving sales performance, and avoiding the common pitfalls in sales management.

What is the sales cycle in a small business? Often managers think it's just making sales calls to existing accounts or answering questions from prospective customers. They may think it's magic, but the truth is they don't know the details or why certain customers don't buy the product or service. They expect their salespeople to know. Many times this is because the managers aren't salespeople themselves. But when sales slow down we often ask “why are my salespeople so busy, with sales going down?” *This is a great question for the business to investigate.*

Failure to understand and document the sales cycle is one of the most common mistakes among small businesses. Proactive sales management is a key issue for small businesses because they cannot afford to lose sales revenue. We need to understand our sales cycle. This includes all of the activities and milestones that are needed to close a good sale. The sales cycle documents each step in the process of developing sales. In many companies this is occurring right under our nose, but we don't realize it. Why? It isn't documented or communicated across the entire sales organization.

The sales manager must communicate a clear sales cycle to the salespeople.

By communicating the steps of the sales cycle, we are ensuring that all salespeople are trained in the same process. We can now easily train new people. The manager then reinforces the positive sales activities that produce results on a daily basis. Since all salespeople will know the sales cycle, everyone communicates in a common language. *If everyone speaks the same language, it is easier to evaluate individual opportunities throughout the sales cycle.*

Managing sales by using the sales cycle allows us to determine progress toward closing the sale.

Ever notice how sales forecasts often are poor indicators of actual sales? Despite all the efforts of the sales force to explain why, there isn't a good answer. Actually there is a good answer. What is it? Well, salespeople are optimistic, they will rationalize why a prospect isn't buying and many will chase a poor prospect to the ends of the earth! Unfortunately, this doesn't always produce increased sales and it wastes our valuable investment in sales people. The solution is managing by the sales cycle. It clearly tells us when a prospect isn't meeting a

certain milestone or action. We know when we have issues and the sale is at risk. It isn't a mystery. Using the sales cycle allows us to determine problems and provide solutions, well before the sale. *Without the sales cycle we discover "at risk" sales opportunities too late.*

Improve the efficiency of your entire sales team by changing your sales fulfillment process. How? Document your sales cycle. Look for steps that are not required or don't add value. Eliminate them and relieve your sales resources. Do specific steps actually require a salesperson? Many can readily be performed by customer service or other functions more effectively. With a documented sales cycle you can identify these steps and transfer them to complimentary functions. This produces a more cohesive sales based organization. *The language of the sales cycle makes transferring roles much easier and realignment faster.*

"Buyers are liars" is a common excuse for a poor sales management process. Would any of us really say this to a prospect? No, not really. So we keep spending time and valuable resources trying to convert them into a customer. Salespeople are masters at inventing reasons for a prospect not returning a call! The fact is that buyers aren't liars; they just don't qualify themselves for us. Poor qualifying combined with optimistic sales people is a serious challenge for the sales manager. The sales cycle eliminates unqualified prospects. How? Sales activities are reviewed by the sales manager and sales people are expected to explain why a prospect has shown no progress toward the next level. *When progress doesn't meet a certain timeline, the salesperson is assigned to another prospect and we know a prospect isn't viable.*

Improve the focus of your prospecting efforts and increase your hit rate. Sounds like a good proposition but how is it done? Simple, tighten your qualifications for a viable prospect and focus the efforts of your sales people on the latter half of the cycle. This is where the sales are actually closed and customer concerns handled. Here you qualify a prospect heavily before you invest the time for quotes, proposals and product trials. If your sales cycle places high priority on prospect qualification, you improve your hit rate. Why? Poor prospects are eliminated early in the sales pipeline and good prospects get the service they expect. Develop a prospect profile as part of the sales cycle process. Now your team knows who to look for during their prospecting efforts and everyone can agree on why a prospect isn't qualified.

Sales cycle based management allows the manager to quantify the potential sales portfolio before too much time is wasted on unqualified prospects.



Owners and managers are provided with a list of which prospects are in the sales process (“funnel”) and their potential impact on sales revenue. The sales manager applies a percentage for each step in the sales cycle which estimates the probability of a sale. This gives others a good estimate of sales revenue when properly implemented. Since the sales cycle is a common language the entire organization gets a snapshot of the overall efforts of the sales team.

Management of all backgrounds can understand the sales cycle based process and the cumulative efforts of the sales team. This is particularly important because managers in small to medium sized businesses may not have either a sales or sales management background. This technique allows owners and financial managers to actively participate in the sales process and improve their assessment of current business conditions. *It also clearly establishes the expectations for the sales manager in terms of sales revenue, customers, and margins.*

Sales cycle management is a tool, but selling is still a process. We still need good sales people to execute our sales program and develop long term customer relationships. The sales cycle documents the steps in the sales process and the activities required for our salespeople to move prospects through the sales pipeline. However, it does not teach the sales team how to sell during each step. This is the role of the sales manager and the sales program approved by the organization. Sales cycle based management helps us manage our sales people by clearly establishing expectations, measuring activities and establishing a common language for performance. *When properly developed and implemented, sales cycle based management improves our efficiency and gets us one step closer to sales sustainability.*