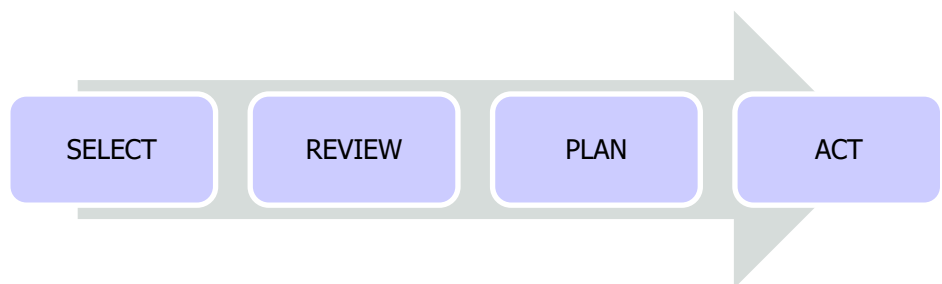


Sales opportunity management is identifying, reviewing, planning, and acting on a sales opportunity that deserves attention. This guide describes the process and tools for managers.

SALES OPPORTUNITY MANAGEMENT



1 SALES OPPORTUNITY MANAGEMENT

A sales opportunity is a single, active sales opportunity to win a new or deepen an existing customer relationship.

Sales opportunity management is to guide selling. The goal of opportunity management is to ensure that the focus is on the right customers and valuable opportunities, and by analyzing the information from the sales activities, decide on actions.

The foundation of the sales opportunity management is to understand what knowledge and what relationships are required for success, and then guide the sales work accordingly. Pre-requisite for success is to understand and influence the views and the decision-making of the customer's key people at the different stages of the customer's buying process.

Customers buy to reach their goals. Analyzing the difference between goals and current situation leads to identification of needs. Solution is a combination of products and services that fulfill the needs. Finding and implementing a solution requires active search, dialog, and agreement with solution providers. Seller's sales process and the activities included in the sales process supports and influences customer's buying process. Sales opportunity management reviews the information created by the sales work, and decides on actions accordingly.

Why? The expected benefits of active management of sales opportunities include the following:

- Decisions are based on information and not hopes.
- The efficiency of selling improves. The pay-off for the sales work is better.
- The sales work is focused on the right sales projects, strategically important customers, winnable and profitable projects.
- Efficient use of time management as a result of systematic and well-prepared reviewing of opportunities, resulting in quick and informed decisions.
- The development of sales skills through systematic application of the sales opportunity framework.

How? Sales opportunity is managed through four steps. The first step is to recognize a sales opportunity that needs attention. The second step is to recognize at which stage the opportunity is at; what has already been done, and what is the outcome of these actions. The third step focuses on identifying gaps in information and relationships, reviewing risks and pre-requisites success, in order to decide on the right actions to progress the case.



Buying, selling and sales opportunity management are tied together as illustrated by the picture below. The buyer proceeds in the buying process from the identification and prioritization of needs to definition, comparison, choice and implementation of a solution. The seller's task is to support and influence the buyer's process by understanding and influencing the buyer's needs, vision, and plan by providing information, removing barriers of progress, and reducing the risk associated with different decisions. The seller's tool in the implementation of these tasks is the sales process. The essential content of the sales process are stage-wise sales actions and related sales tools for planning and implementing the sales actions.



Sales opportunity management is implemented at every stage of the buyer's process by comparing the actual situation to our goal by using stage-specific milestones. The milestones measure both the perceived value of the opportunity to the customer and the seller. The opportunity milestones answer the following questions:

1. Comparing to seller's customer selection criteria, is this a right customer?
2. Is the customer convinced that they have identified a sufficiently critical reason to act, a need?
3. Does the seller have a solution that fulfills the customer's needs?
4. Is there a shared plan of actions to reach an agreement?
5. Do we have sufficiently strong relationships to the customer's key people to succeed?
6. Are the risks associated with the opportunity understood and manageable?

When is opportunity management needed?

Sales opportunity management is especially important, when the seller's business builds on making large, expensive, and risky deals, and when there is enough time to plan the sales actions. Active opportunity management also requires that



the buyer and seller engage early the buyer's process so that the seller has an opportunity to influence. Otherwise the sales opportunity management becomes an extensive opportunity qualification exercise for making "go – no go" decision.

2 THE SALES MANAGEMENT BIG PICTURE

The sales opportunity management is one of the key sales management tools. Below is the overall map of different sales management processes, which collectively engage with and influence the customer's buying progress.

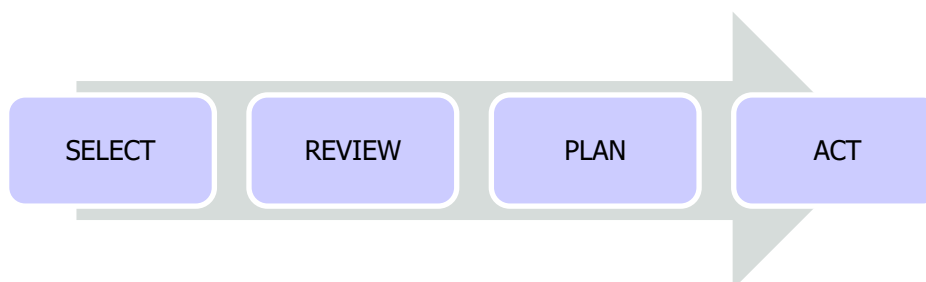


- The goal of all sales actions are customer's key people and their buying process. The key people proceed in their buying process from one stage to the next by finding and analyzing information, making decisions and implementing buying actions. At different stages of the buying process, the buyer's focus is on different goals, needs, and risks.
- The selling company employs complementary processes of marketing communications, customer relationship development, and selling to influence the key people and progress the buying process.
- The **sales funnel management** process manages the entire portfolio of all ongoing sales opportunities by calculating key performance indicators for the shape, overall value, and the overall progress of the opportunities included. The overall goal of the sales funnel management is to ensure that enough of the right things are progressing to meet the sales goals. The sales funnel management also identifies the opportunities requiring action.
- **Sales opportunity management** is a process of 1) selecting a sales opportunity needing attention (for example an opportunity that is not moving), 2) reviewing the status of the opportunity and the outcome of previous actions, 3) utilizing planning tools to recognize new sales actions, and 4) updating the opportunity action plan. Opportunity management also makes the decision to abandon the opportunity, if not promising enough. The emphasis of opportunity management is guiding the quality of sales work.



3 OPPORTUNITY MANAGEMENT PROCESS

An opportunity is managed through four steps:



SELECT

Focus is on those sales opportunities, which benefit from attention. Opportunities that need attention are, for example. Opportunities that are not moving, opportunities that are important, opportunities that internal actions, approvals, risk assessment, offer approval, or other similar actions.

- Opportunity that is strategically or commercially important
- Opportunity that is not moving
- Opportunity that is new
- Opportunity that is expected to close soon

REVIEW

The Opportunity Review template includes the following status review questions:

- What is the sales process stage and how long have the opportunity stayed there?
- What is the status of the previously agreed actions and what has happened since the previous review?
- What has been agreed as the next step with the customer?
- Are there any issues preventing us from moving ahead?
- What could prevent us from winning?
- What are the actions required to win?

PLAN

If the questions of follow-up above give cause, the opportunity can be analyzed with the following questions:

1. Is the customer right for us?
2. Is the customer convinced that we have identified a sufficiently important reason to act, a need?



3. Do we have a solution that fulfills the customer's expectations and demands?
4. Do we have a plan for the steps required to reach an agreement?
5. Do we have sufficiently strong relationships with the customer's organization to act?
6. Are the risks associated with the opportunity acceptable?

The questions can be answered by using two tools:

- **The customer selection criteria** assess how well the customer fits our goals. Is the customer worth pursuing according to our strategy?
- **The key personnel map** focuses on understanding the customer's key individuals. The key personnel map analyzes how the customer's key personnel participate in the decision-making process, their role in decision-making, influence, personal motives and how the opportunity impacts them and the personal relationships between key personnel and the selling organization.
- **Opportunity assessment** measures our knowledge of the sales opportunity. The goal is to understand the importance of the opportunity to the customer, the importance of the opportunity to us, to identify what knowledge we already possess and what knowledge we are lacking.

ACT

Follow-up and planning lead to decisions on the right actions to take in order for the opportunity to proceed. These actions are documented in our sales plan (not defined in detail in this document).



4 CUSTOMER SELECTION CRITERIA

The customer selection criteria assess the importance and value of a potential customer to us, as a preceding step before the evaluation of an opportunity itself. The potential of a customer relationship can be assessed by short and long-term profitability potential, and other strategic benefits, such as reference value, opportunity to learn, entry in to a new market. The cost of sales, cost of maintaining the relationship, and diverse risks also matter. Below are some examples of customer selection criteria.

Criteria	0,1,2
We have a credible and cost-efficient access to the customer's key people	
We can communicate value for the customer, we have a value proposition for the key people	
Our value proposition favorably compares to the customer's other alternatives	
The customer's decision-making process is fast, straightforward, and doesn't get politicized due to the decision makers' conflicting goals	
The customer supports our entry into other customers in the same segment. The reference value matters	
The customer supports our product development and learning	
The target segment has growing, active demand for our solutions	



5 OPPORTUNITY SELECTION



A significant sales management challenge is to use time as efficiently as possible. Hence, only those opportunities that deserve attention are ones that should be chosen for management. Such opportunities often are:

- Opportunities with high strategic and commercial value
- Opportunities that are new, newly identified. The goal is to ensure that the opportunities are worth spending time on
- Opportunities that have stopped moving or are facing problems. The goal is to revitalize the opportunity or to conclude that hope is lost and move attention elsewhere.

The opportunity selection for management is frequently triggered by an opportunity reaching a decision "gate", when an opportunity is moving from one buying process stage to another.



6 REVIEW

The following questions are used to analyze the opportunity status.

What is the status of the previously agreed actions and what has happened since the previous review?	The routine follow-up of the previously agreed actions and their outcome.
Action plan	Do we have a common vision and plan over the steps of progress with the customer? How was the plan chosen? How will this plan proceed?
What has been agreed as the next step with the customer?	Are we in control of the opportunity progress? if there is nothing agreed with the customer, the likelihood of nothing happening is high.
Are there any issues preventing us from moving ahead?	How important is this opportunity compared with the other customer's projects? Are there any reasons depending on us for the opportunity not to move? Are there any reasons dependent on the customer for the opportunity not to move? Does the opportunity have all the necessary resources?
What are the actions required to win?	Do we have a clear vision over what winning requires? If not, decide on actions with the help of planning tools.
What internal decisions should we make?	Do we have the required resources to win? Are there any internal decisions required?



7 PLAN

The goal of opportunity planning is to identify and decide on the right actions to implement, in order to win the opportunity, or to give up on the opportunity. Planning is implemented throughout the customer's buying process by focusing on important milestones at each stage. Milestones measure, on one hand, the significance of the opportunity to the customer (measured by the value created for the customer and the customer's decisions), the customer's motivation to advance the opportunity and, on the other, the significance and value of the opportunity to the seller.

The following assesses the different dimensions and significance of an opportunity for the decision-making of both the customer and the seller, structured according to the processes of decision-making and both buying and selling.

RIGHT CUSTOMER?

Sales is about strategy implementation. A company prospers by focusing on those customers to whom value can be created and captured from. Sales management should therefore prioritize those opportunities that are the most valuable for strategy realization.

Key questions include: Should we sell to this customer? Is this customer part of a customer group that is important to us? Does this customer support the accomplishment of goals that are important to us? Customer selection criteria answers these questions.

CUSTOMER SITUATION AND NEED

The first step of the customer's buying process is becoming convinced of the need for change and its importance. Key questions to evaluate while assessing the customer's need are:

What is the customer's reason for buying? Is the reason compelling enough and the benefits gained by buying that we can assume the customer will buy? How concretely can we demonstrate value? How influential is the key individual who wants to advance the opportunity? How far into the buying process is the customer? Has the opportunity been allocated resources already? Does the decision have a date?

If the seller is involved in the customer's assessment of the situation and need for change, the following influencing steps support the seller's success:

1. The starting point is to understand the customer's current situation and process. How is the customer doing things now?



2. Innovate improvements to the customer's current process (which can be implemented by using the seller's products and services)
3. Evaluate the value of the improvements together with the customer by calculating and expressing the value by using customer's key performance indicators.
4. Communicate the value to the customer's influential key people.

SOLUTION FIT

If the customer has a sufficiently compelling reason to change, and hence, buy, does the seller have a solution to the problem? What are the customer's functional, technical, financial, and implementation project related demands for the solution? How easy or difficult to the customer is it to implement the solution? How does the seller's solution differentiate from the customer's other options in comparison to the customer's selection criteria?

PLAN

When there is an agreement between the buyer and the seller that the customer has a compelling reason to act, the seller has an attractive solution to the need, the next step in the process is to identify and decide on the actions that will lead to an agreement. These actions typically include a variety of workshops, trial uses, surveys, reference visits, whose purpose is to provide information and remove risks. Depending on which side is driving the sales project, the customer may already have a plan of actions to implement the buying process. If the seller is driving the process, the seller may have an opportunity to propose a plan. Key questions include:

What do we know of the customer's plan to advance the opportunity and decision-making? Can we and do we want to influence the customer's plans? What actions would we ourselves want to implement in order to influence the customer's decision-making? Do we have an opportunity to proceed according to the customer's plans? Do we have the necessary resources and skills available?

KEY PLAYER RELATIONSHIPS

It is often convenient to evaluate sales opportunities at two levels and from two points of view, at opportunity level and at key people level. Business-to-business exchanges strive to provide benefit for the companies involved. Companies themselves, though, don't buy anything, people do. A company's key players participate in decision-making, supported by their own motives and knowledge. Buying and its effects must therefore be assessed both at the company and at key people levels.

Who in the customer's organization wants to advance the opportunity? How influential is this person? Do we have a confidential relationship to this or these persons? Can we influence the key individuals and criteria? Can we offer the customer's key individuals something special, to make them buy specifically from us?



The following matters when assessing key player relationships:

1. Role (What is the decision-making role of the person?)
2. Personal win, (or threat). What is the personal motive of this person to buy (if any)?
3. Receptivity of the key person to our value proposition. Does the person see the need for change? How does the change affect the key person?
4. The influence of the key person in the decision making. How influential is a key person in the decision-making process?
5. Relationship to us. How is our relationship with the key person? Is he/her for or against us?

The relationship development goal can be neatly summarized as follows: "The seller must focus on winning the customer's influential key players on her side by showing how the seller can support them achieving their goals".

VALUE AND RISK

What is the value of the opportunity to the seller? Are the expected profitability and known risks of the opportunity acceptable and controllable?



The following table summarizes the key opportunity analysis questions at the different stages of the opportunity management process.

CATEGORY	SUMMARY	EXAMPLE QUESTIONS
Target customer	Should we sell to this customer?	<ul style="list-style-type: none"> • Fit with our customer selection criteria? • Do we have a key individual contact?
Need and urgency	Is the customer buying (anything, from anyone?)	<ul style="list-style-type: none"> • What is their reason to buy? • How compelling is their reason to buy? • Where are they in their buying process? • Is there influential internal support for buying? • Is there a timeline for a decision?
Solution	How good is our solution (based on the customer's criteria)?	<ul style="list-style-type: none"> • How important is the solution to them? Based on what? • What are the customer's demands/expectations? • Have we been able to influence the customer's solution vision? • How do we differentiate?
Customer relationship and influence	Who cares, who is important? Can we influence key players and criteria?	<ul style="list-style-type: none"> • Have we identified key individuals? • Do we have internal support in their organization? • How do we support the attainment of the key players' goals?
Chance to influence and control	How does the customer decide?	<ul style="list-style-type: none"> • Does the customer have a sales process implementation plan? If not, can we agree on a plan? • How far into their buying process they already are? • Do we have the resources and the skills to meet the customer's plan (if exists)?
Value and risk	How important is this	<ul style="list-style-type: none"> • What is the strategic, commercial value of the opportunity? • What type of risks have we identified (reputation, margin, skills, resources, ...)?



	opportunity to us?	
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KEY PLAYER ANALYSIS

The key player map analyzes key player relationships and supports the relationship analysis. An example content may include the following information:

1. Role (What is the decision-making role of this person?)
2. Personal win, (or threat). What is the key player's own motive to buy (if any)?
3. What is the receptivity of the key person on new ideas from us?
4. Influence. How influential is the person in the decision-making process?
5. Relationship. How good is our relationship with the key person? 2 = wants to help us win, -2 = wants our competitor to win/us to lose

Key player	Role	Personal win, goal, threat	Receptivity G, T, I, O	Influence 1 - 5	Relationship -2, ... , 2



8 ACT

The opportunity assessment questions and the key player map the seller can identify gaps in knowledge and relationships. The closing plan implements the analysis as sales actions.

DECISION PROCESS	How can we influence their decision process? (who are involved, what tasks, when, what criteria, milestones?)
KNOWLEDGE	What more information do we need (based on the assessment questions)?
RELATIONSHIP	What relationships we need to develop (based on the relationship map)?
RISKS	What risks have we identified and what actions can we take to minimize risks?
INTERNAL ACTIONS	What internal approvals, support do we need and when?

