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# SALES FUNNEL AND OPPORTUNITY MANAGEMENT

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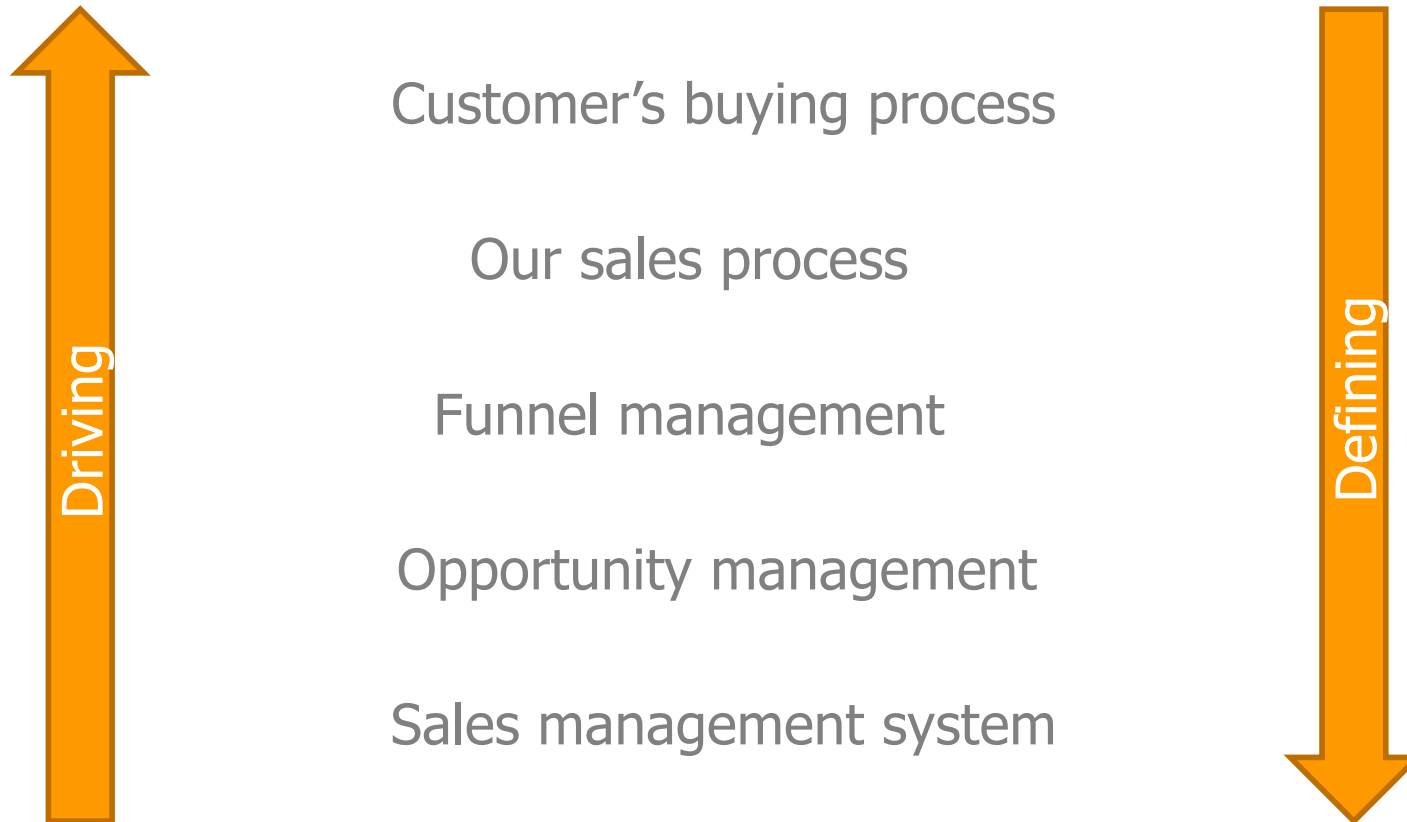
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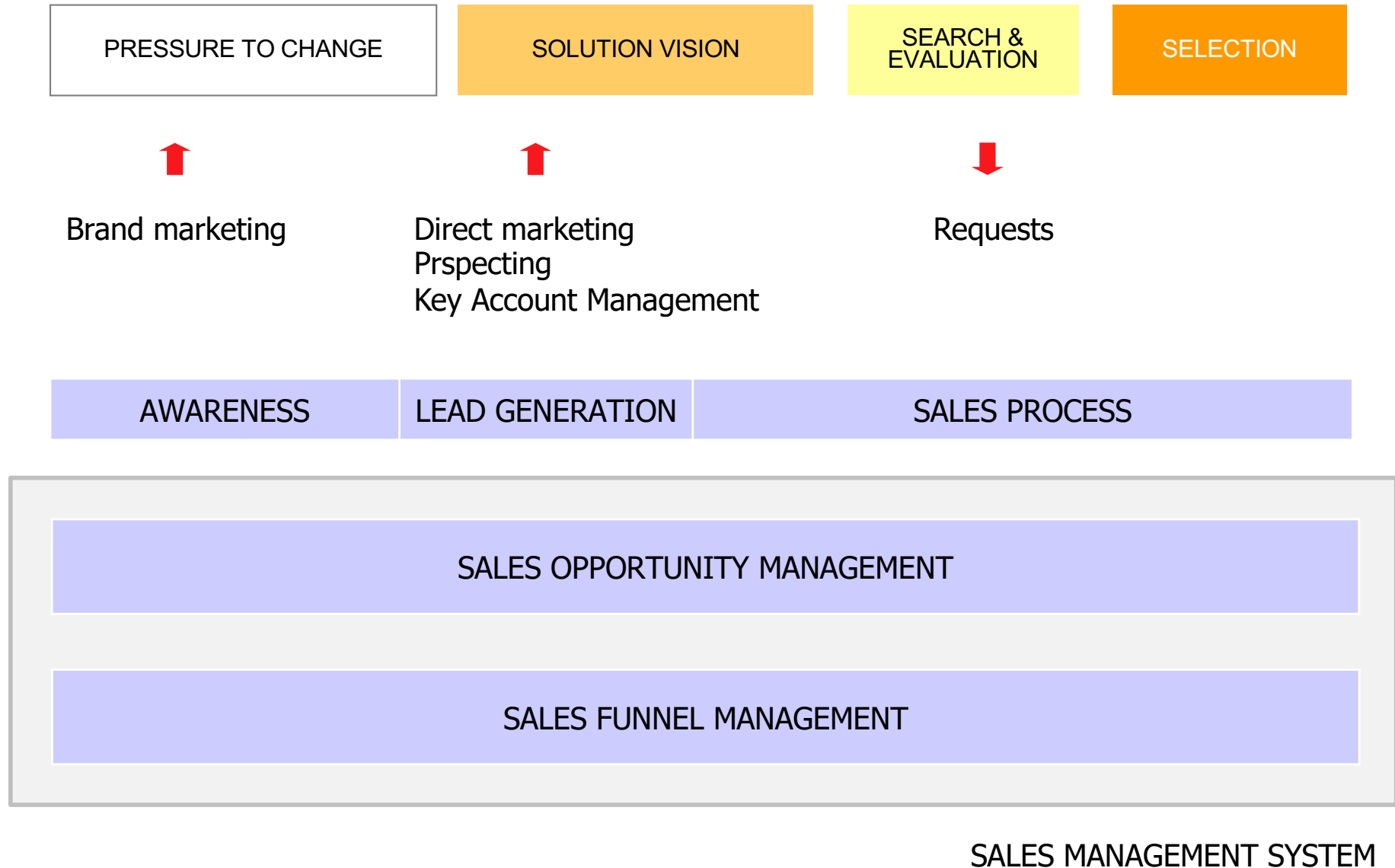
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# SALES FUNNEL MANAGEMENT

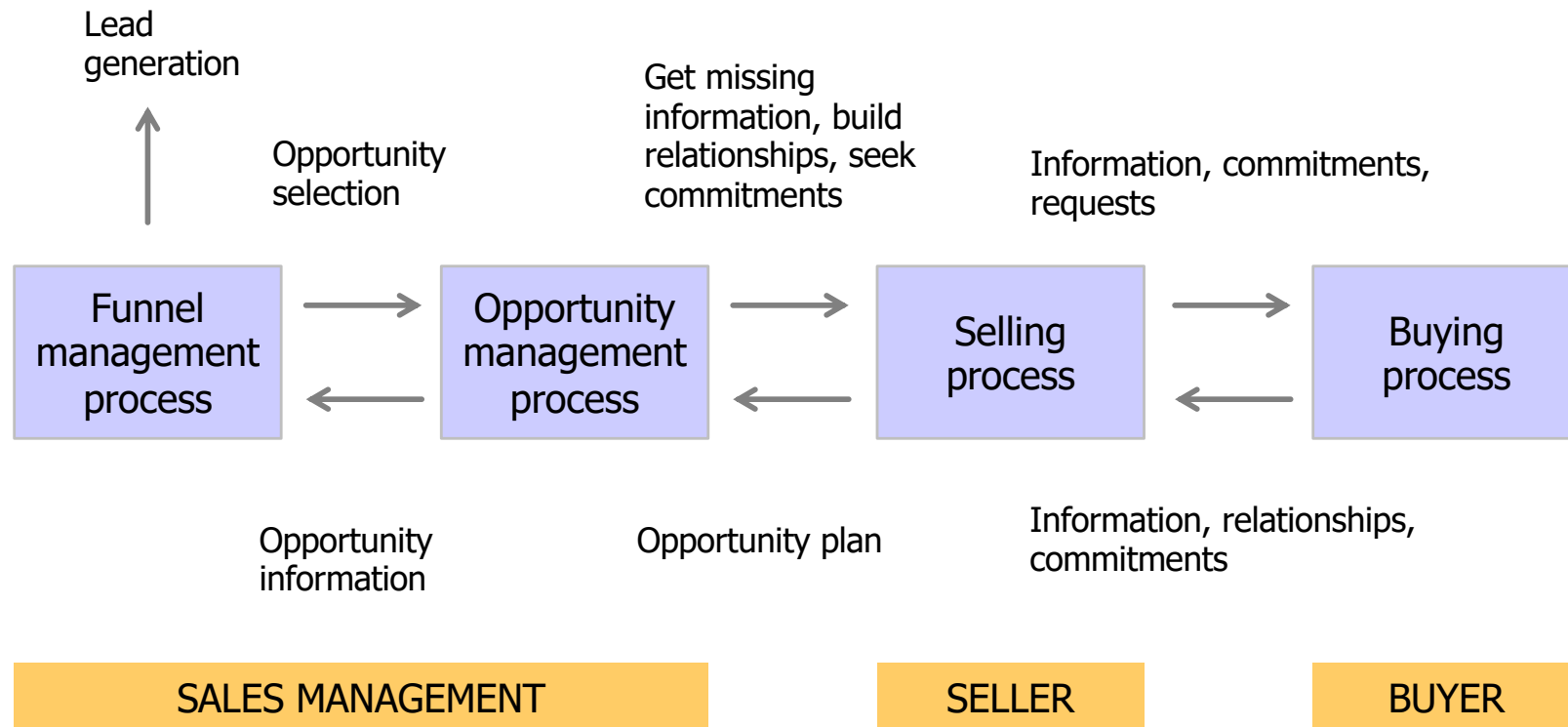
# SALES MANAGEMENT KEY CONCEPTS



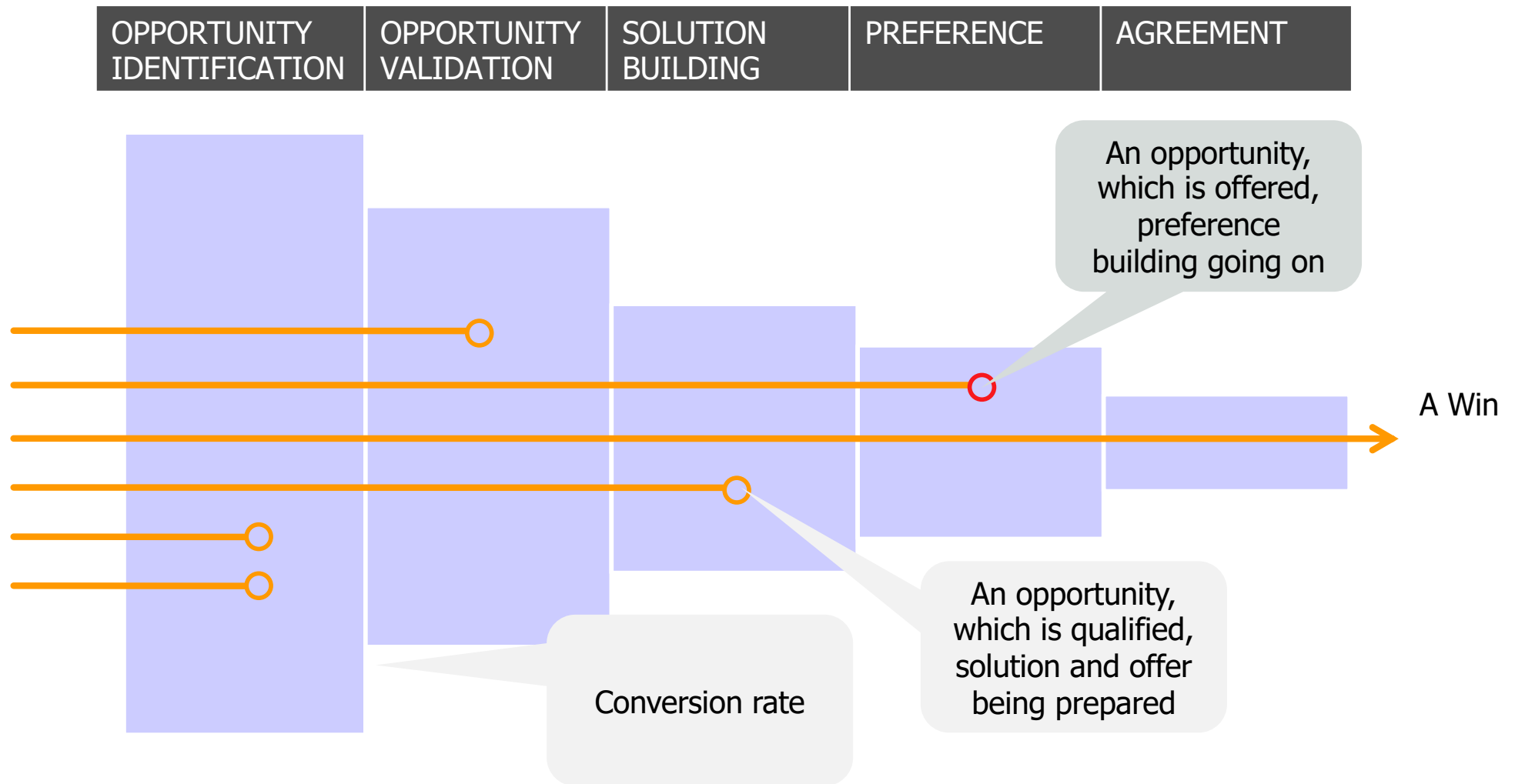
# SALES MANAGEMENT PROCESSES



# FUNNEL MANAGEMENT FRAMEWORK



# SALES FUNNEL



## EXERCISE

How do you know which stage an opportunity belongs to?

# DISCUSSION

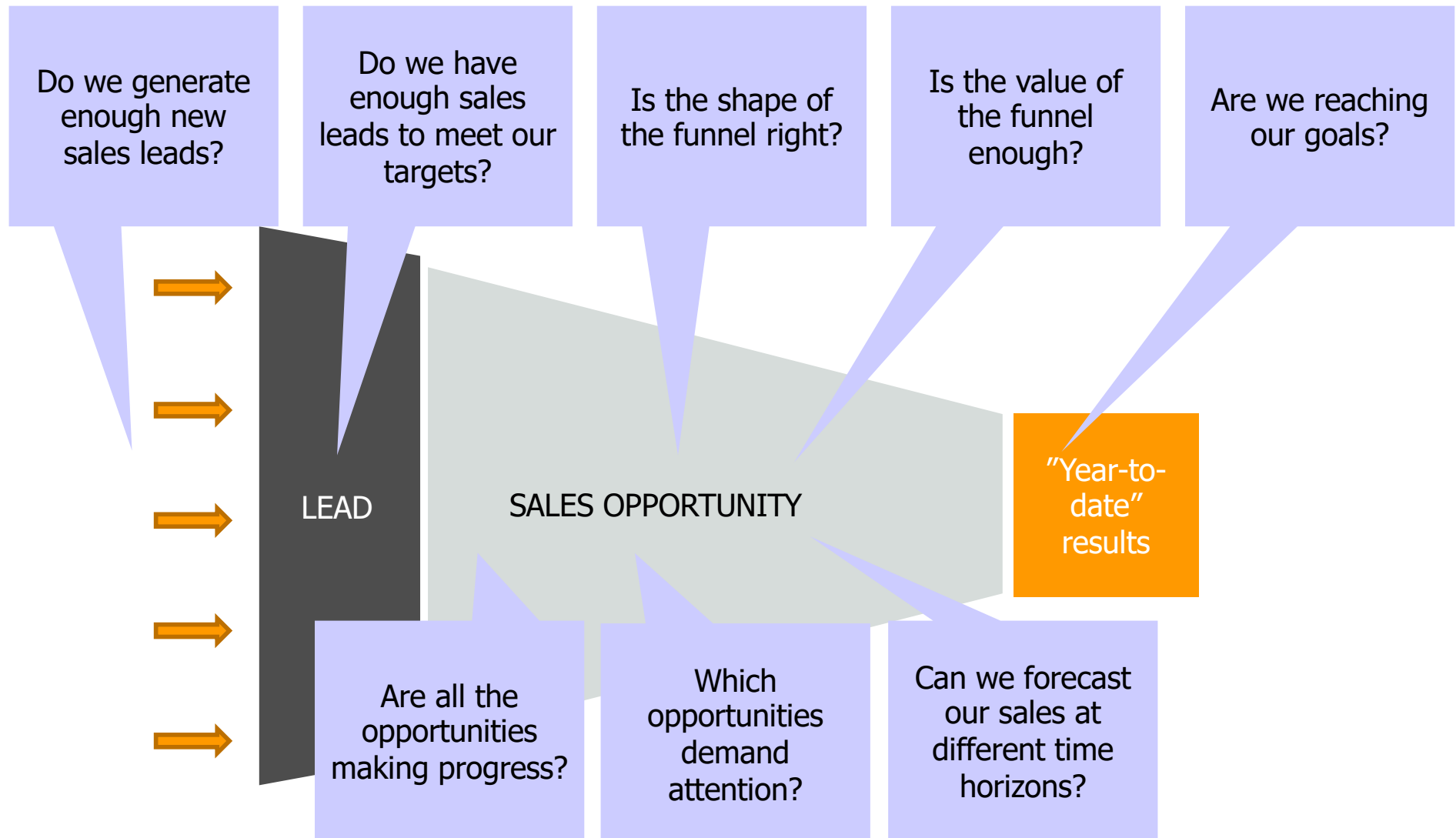
Let's discuss the following question for 5 mins:

You have a (large) number of active sales opportunities at different stages of the sales process

1. What different **information** would you like have of this portfolio of opportunities to manage the "sales funnel"?

Prepare to share your findings with the rest of the group by using Zoom "chat"

# SALES FUNNEL MANAGEMENT



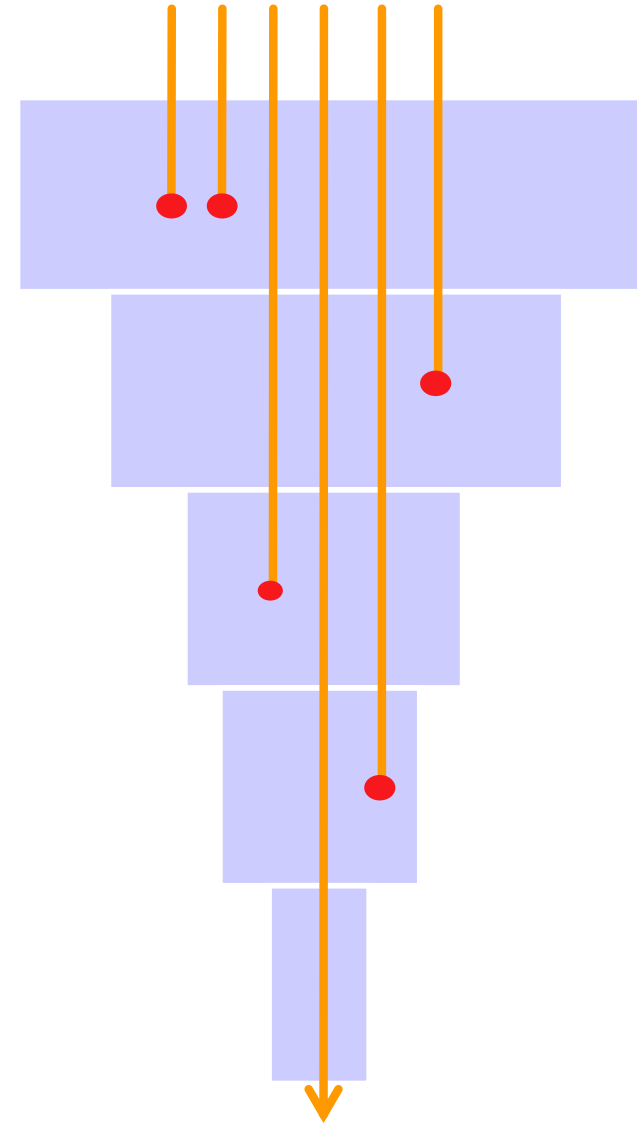


# FUNNEL MANAGEMENT HIGHLIGHTS

<b>WHAT?</b>	<ul style="list-style-type: none"><li>• Plan and predict</li><li>• Identify opportunities needing attention</li><li>• Analyze sales efficiency (with conversion rates)</li><li>• Plan marketing and lead generation actions</li><li>• Forecast sales</li></ul>
<b>WHY?</b>	<ul style="list-style-type: none"><li>• Generate enough leads to feed the funnel</li><li>• Direct sales and marketing activity to accelerate the funnel</li><li>• Understand reasons for win/loss at different stages of the funnel</li><li>• Improve overall sales efficiency</li><li>• Forecast short term, medium term, long term sales</li></ul>
<b>HOW?</b>	<ul style="list-style-type: none"><li>• Compare actual sales funnel to target</li><li>• Determine sales funnel SHAPE, VALUE and SPEED</li><li>• Decide on actions</li></ul>

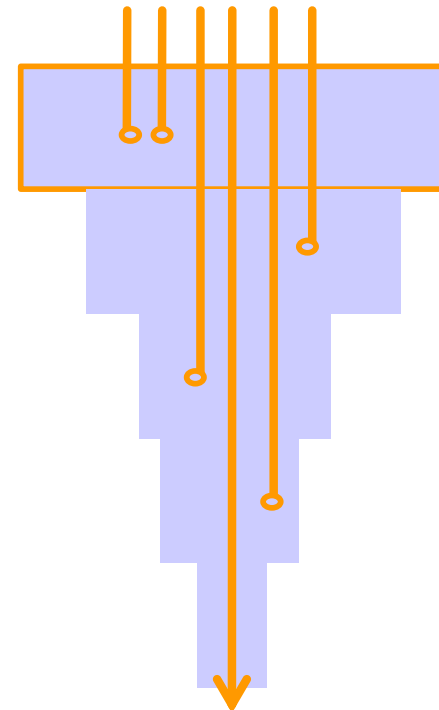
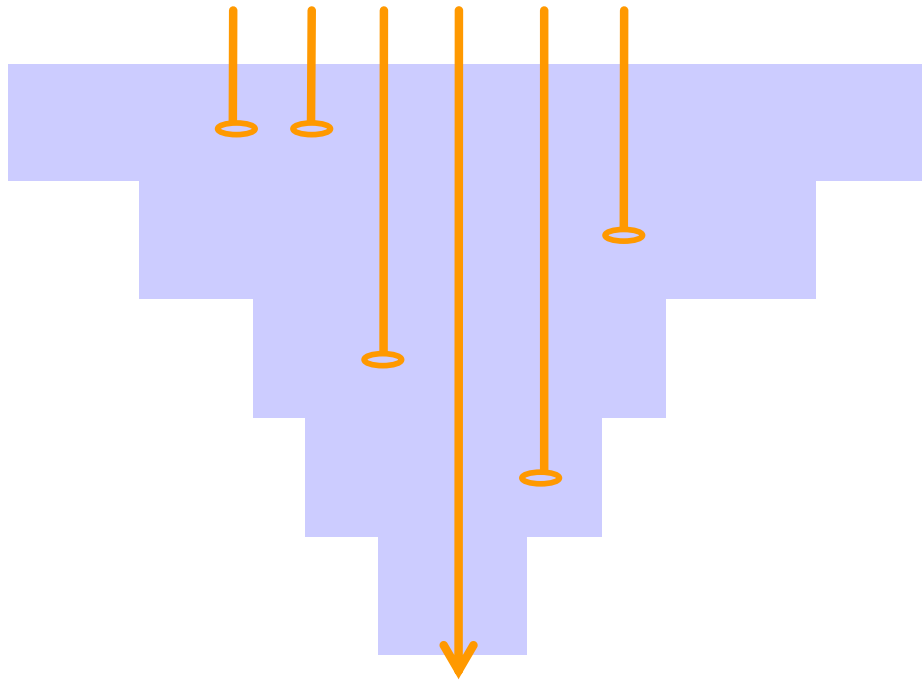
# SALES FUNNEL KEY CONCEPTS

- Sales funnel SHAPE
  - The funnel shape is determined by the "conversion %" between sales process stages
  - Low conversion % → wide funnel
  - High conversion percentages → narrow funnel
- Sales funnel VALUE
  - Sales funnel value is the sum of the sales values of all opportunities
  - Important to decide which funnel stages are included
- Sales funnel SPEED
  - For how long an opportunity stays at each funnel stage



# FUNNEL MANAGEMENT GROUP ASSIGNMENT

- Why is wide funnel good?
- Why is narrow funnel good?
- What is an ideal funnel shape?



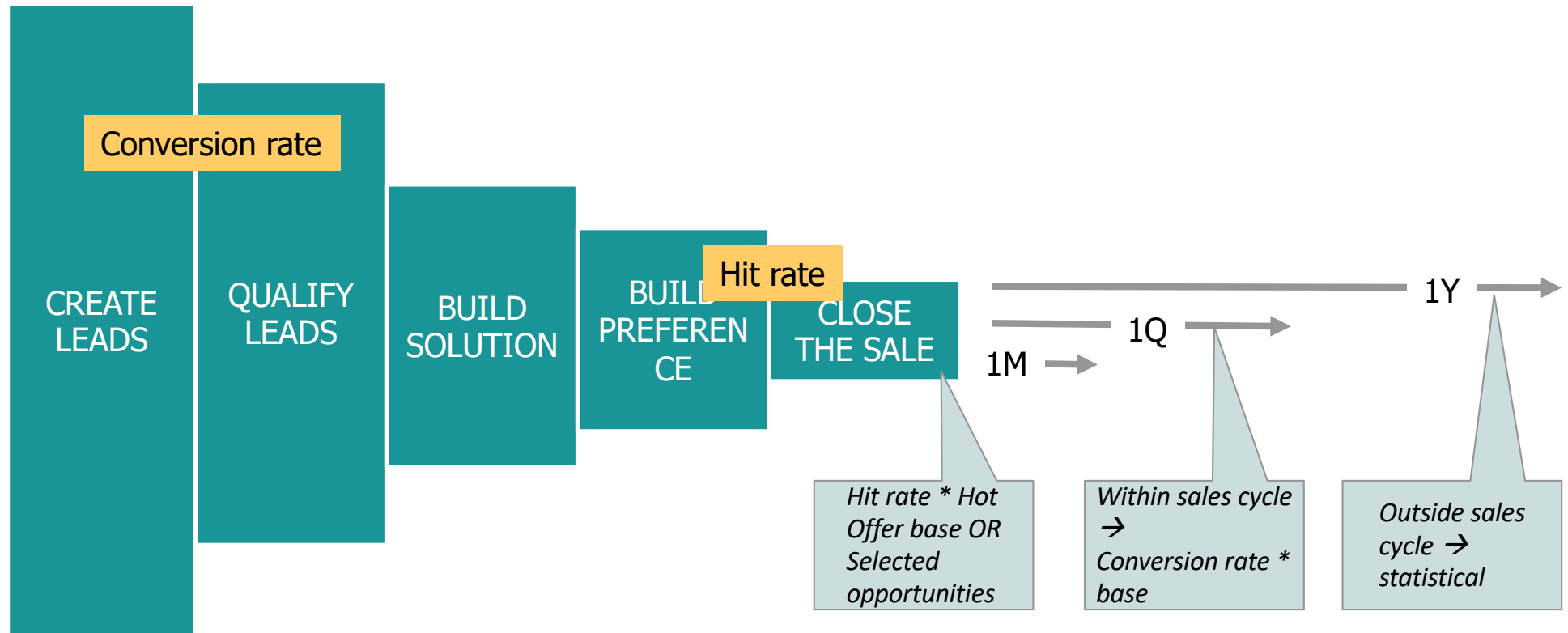
# PROBABILITY OF WINNING A SALES OPPORTUNITY

	WHY is this important?	HOW do we know?	WHAT do we do?
Where are they in their buying cycle?	<ul style="list-style-type: none"> <li>Customers are investing time, resources and money to progress their buying process</li> <li>The further they in the process, the more likely they are to buy</li> </ul>	<ul style="list-style-type: none"> <li>We need to decide, what are the "<u>verifiable buying actions</u>" that we would like to see happening</li> </ul>	<ul style="list-style-type: none"> <li>We assign the PROJECT PROBABILITY depending on where they are in their buying cycle:</li> <li>Assessing NEED</li> <li>Defining SOLUTION</li> <li>PURCHASING the solution</li> </ul>
How likely are they buying?	<ul style="list-style-type: none"> <li>Customers buy, IF                             <ol style="list-style-type: none"> <li>Their reason to buy is strong</li> <li>The solution is valuable</li> <li>The decision makers are personally motivated to buy</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>We have a set of test questions to evaluate the opportunity, SEE NEXT PAGE</li> </ul>	<ul style="list-style-type: none"> <li>We INCREASE the probability, IF                             <ol style="list-style-type: none"> <li>Their NEED is compelling</li> <li>The SOLUTION is valuable</li> <li>DECISION MAKERS are committed (= they personally win)</li> </ol> </li> </ul>
How likely are they to buy from us?	<ul style="list-style-type: none"> <li>We win, IF                             <ol style="list-style-type: none"> <li>The overall solution vision is better fitting than competition</li> <li>The solution value is higher than competition</li> <li>The relationship to decision makers is better than competition</li> </ol> </li> </ul>		

# SALES FUNNEL CRITERIA

What is this?	What opportunities belong here? Example criteria	Project probability	Examples of verifiable buying actions	Increase project probability, IF	Increase OUR probability, if
<b>TARGET MARKET</b>	<ul style="list-style-type: none"> <li>Any customer that meets our customer selection criteria</li> </ul>	0%			
<b>LEAD 0-5</b>	<ul style="list-style-type: none"> <li>We have decided to contact the customer OR</li> <li>Customer has shown interest</li> <li>We have a contact person</li> </ul>	0 – 5%	<ul style="list-style-type: none"> <li>Inquiry</li> </ul>		
<b>QUALIFIED LEAD 5 – 25%</b>	<ul style="list-style-type: none"> <li>We have collected enough information (usually by meeting) to be convinced that the customer is likely to buy</li> <li>We believe we have a solution</li> <li>We have submitted a budgetary offer</li> </ul>	5 – 25%	<ul style="list-style-type: none"> <li>Sales call with customer to understand the needs</li> <li>Budgetary offer</li> <li>Next steps agreed</li> </ul>	<ul style="list-style-type: none"> <li>Customer has a compelling need</li> </ul>	
<b>OFFER 25 – 50%</b>	<ul style="list-style-type: none"> <li>We have contact to customer to refine the offer</li> <li>We have contact to customer's decision makers</li> <li>Our solution meets customer's criteria</li> <li>We understand customers needs and solution criteria to say the project % &gt; 50%</li> </ul>	25 – 50%	<ul style="list-style-type: none"> <li>Offer submitted</li> <li>Offer evaluation with customer</li> <li>Next steps agreed</li> </ul>	<ul style="list-style-type: none"> <li>The solution value is high</li> </ul>	<ul style="list-style-type: none"> <li>WE has unique solution value, the overall solution is better than competition (in customer's opinion!)</li> </ul>
<b>HOT OFFER 50 – 75%</b>	<ul style="list-style-type: none"> <li>We understand customers needs and solution criteria to say the project % = 100%</li> <li>OUR solution has unique value to customer AND</li> <li>OUR relationship to decision makers is strong enough to convince us that OUR% &gt; 60%</li> </ul>	50 – 75%	<ul style="list-style-type: none"> <li>Offer refining with customer</li> <li>Negotiation</li> </ul>	<ul style="list-style-type: none"> <li>The decision maker's are personally motivated to buy</li> </ul>	<ul style="list-style-type: none"> <li>OUR relationship is stronger than competitions</li> <li>Buyinghistory</li> </ul>
<b>ORDER 90 – 100%</b>		90 – 100%	<ul style="list-style-type: none"> <li>Negotiation</li> </ul>		

# SALES FORECASTING



# SALES FORECASTING CHECKLIST

Should the opportunity be included the forecast?	Y/N
• Is the win probability high enough?	
• Is the forecasted close date safely within the forecasting horizon?	
• Does the opportunity meet the funnel criteria?	
Challenge the Close Date	
• How strong incentive the customer has to decide within the expected close date?	
• Is the expected close date achievable from the current stage of the opportunity, i.e. is there enough time for sales process to achieve the expected close date?	
• How “hot” is the opportunity? How recently have we met the customer’s decision maker? How is the sentiment?	
Challenge the likelihood of winning	
• How well does the win probability comply with the Opportunity Coaching?	
• What are our solution differentiators?	
• How strong is our relationship?	

# SALES OPPORTUNITY MANAGEMENT



# WHY ACTIVE SALES OPPORTUNITY MANAGEMENT?

1. Decisions based on facts instead of opinions
2. Improve sales quality and skills
3. Improve "hit rates"
4. Focus on right opportunities
5. Use time efficiently
6. Create and share best practices and sales culture

# DISCUSSION

The table on the next page provides an example set of questions for analyzing an opportunity. Discuss the different questions in your break-out rooms for **10 mins**, and answer the following question:

1. **Which questions are the 5 least important and why?**

Prepare to share your findings with the other groups

<b>2</b>	<b>Right customer</b>	<p>1.Should we be selling to this customer? (how do they compare to our ideal customer criteria?)</p> <p>2.Any potential showstoppers? (What is their buying history?)</p>
<b>3</b>	<b>Need (are they likely to buy?)</b>	<p>1.What is their reason to buy?</p> <p>2.How compelling is their reason to buy?</p> <p>3.Is there an influential decision maker who wants to buy? (personal win)</p> <p>4.How much have they invested (time, money, resources) to buy?</p> <p>5.Is there a deadline for their decision?</p>
<b>4</b>	<b>Solution</b>	<p>1.How valuable is the solution? (can we show the value in customer's terms?)</p> <p>2.How do we compare to the customer's criteria?</p> <p>3.Who is the competition and how do they compare to customer's criteria?</p> <p>4.Do we have unique differentiators? (where are we better than competition?)</p>
<b>5</b>	<b>Organisation &amp; relationship</b>	<p>1.Who cares? (do we have a sponsor in their organization?)</p> <p>2.How is our relationship to the power sponsor(s)?</p> <p>3.Why would they choose us?</p> <p>4.Where were they in their process when we got involved?</p>
<b>6</b>	<b>Decision process</b>	<p>1.What is customer's plan to proceed &amp; decide? Can we propose/influence the plan?</p> <p>2.Can we compete? (do we have the resources &amp; skills to meet customer's requirements &amp; timetable?)</p>
<b>7</b>	<b>Value &amp; risk</b>	<p>1.How valuable is this opportunity for us?</p> <p>2.Strategic value (new customer, new market, ..)?</p> <p>3.How high and how risky is the cost of sales?</p> <p>4.What other risks have we identified? (reputation, delivery, margin, relationships)</p>

# OPPORTUNITY MANAGEMENT PROCESS

Select an opportunity  
requiring attention

Review progress and  
outstanding actions

Agree on actions to  
progress the opportunity

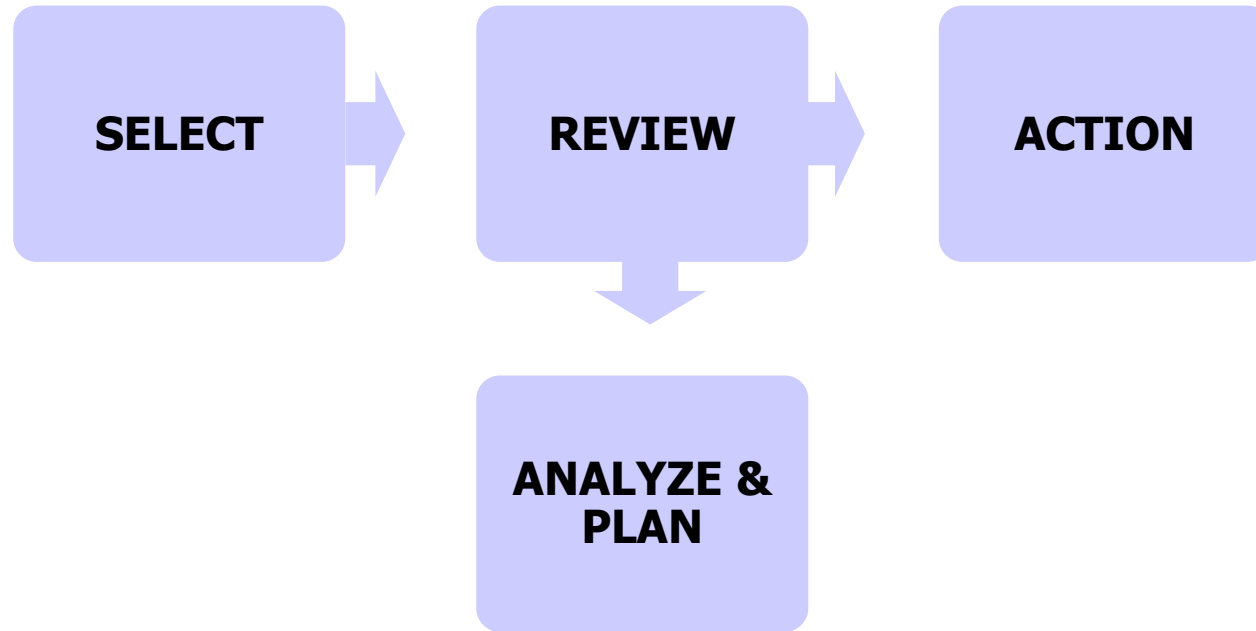
**SELECT**

**REVIEW**

**ACTION**

**ANALYZE &  
PLAN**

Analyze the opportunity  
information



# SELECT

Opportunity that is important	Make sure we do our best with the strategically and commercially important opportunities
Opportunity that is not moving	Opportunities that are not making progress need attention
Opportunity that is new	Qualify new opportunities
Opportunity that is expected to close soon	Prepare for negotiations and make sure everything is done

# REVIEW

## **Opportunity review**

1. What is the sales process stage?
2. What is the status of the previously agreed actions? / What has happened since the previous review?
3. Any issues preventing from moving ahead?
4. What could prevent us from winning?
5. What are the actions required to win?

1 – SITUATION ANALYSIS			6 – CLOSING PLAN			
How important is this opportunity (in relation to other opportunities)?						
What is the status of the previously agreed actions?			How do we influence the customer’s decision process?			
What is the next step agreed with the customer?			What information are we missing?			
Is there anything preving from moving ahead?			What relationships we need to focus upon?			
What could prevent us from winning?			What risks have we identified?			
Do we know what we need to do to win?			What internal decision need to be made?			
2 – CUSTOMER SELECTION		3 – NEED AND URGENCY		4 – SOLUTION CRITERIA		
Fit with our customer selection criteria?		What is their reason to buy?		Does our solution meet customer’s criteria?		
Customer’s buying history?		How compelling is their reason to buy?		How do we differentiate?		
Strategic value? Deal profitability?		Where are they in their buying process?		Can we assess the solution value?		
Customer-related risks for failure?		Is there influential internal support for buying?				
Our ability to deliver?		Is there a timeline for a decision? Resources?				
5 – KEY DECISION INFLUENCE	ROLE	Goal and business challenges		RECEPTIVIT Y G, T, I, O	INFLUEN CE 1 - 5	RELATION SHIP -2, ... , 2

# EVALUATE AND PLAN SALES OPPORTUNITIES

	Opportunity Identification	Opportunity Validation	Indicative Proposal	Budget Proposal	Firm Proposal	Final Negotiations
Value for customer	<input checked="" type="checkbox"/> Customer has credible business opportunity	<input checked="" type="checkbox"/> We understand customer's goals & challenges <input checked="" type="checkbox"/> Customer admits compelling need	<input checked="" type="checkbox"/> We can show competitive ROI	<input checked="" type="checkbox"/> ROI calculation prepared	<input type="checkbox"/> Customer confirms ROI <input checked="" type="checkbox"/> Strong references <input type="checkbox"/> Innovative ways to serve the customer	
Key players	<input checked="" type="checkbox"/> Key player identified	<input checked="" type="checkbox"/> Potential champion identified <input checked="" type="checkbox"/> Positive relationship history	<input checked="" type="checkbox"/> Champion qualified <input checked="" type="checkbox"/> Customer key players identified	<input type="checkbox"/> Customer key player analysis done	<input type="checkbox"/> Access to key players achieved	
Our competitiveness	<input checked="" type="checkbox"/> Relationship fit	<input checked="" type="checkbox"/> Solution fit		<input checked="" type="checkbox"/> Solution scope approved by key players <input type="checkbox"/> Decision criteria known	<input type="checkbox"/> Customer's vision match with our strengths <input type="checkbox"/> Competition analysis done	
Value for us	<input checked="" type="checkbox"/> Strategic fit	<input checked="" type="checkbox"/> Champion letter sent & reviewed <input checked="" type="checkbox"/> Column A validation		<input checked="" type="checkbox"/> Activity plan agreed upon <input checked="" type="checkbox"/> Competitive position evaluated	<input type="checkbox"/> We are the vendors of choice	<input type="checkbox"/> Negotiation plan prepared
Customer project feasibility	<input checked="" type="checkbox"/> Project feasibility qualified		<input checked="" type="checkbox"/> Decision making power verified		<input type="checkbox"/> Customer has resources for implementation	<input type="checkbox"/> Investment decision done
Risk management	<input checked="" type="checkbox"/> Country risk evaluated <input checked="" type="checkbox"/> End customer identified	<input checked="" type="checkbox"/> Terms and conditions ok			<input type="checkbox"/> Payment terms ok <input type="checkbox"/> Solution and technology reviewed	<input type="checkbox"/> Project success criteria defined <input type="checkbox"/> Shared understanding of responsibilities <input type="checkbox"/> Shared understanding of scope



# PROBABILITY OF WINNING A SALES OPPORTUNITY

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