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SALES OPPORTUNITY MANAGEMENT

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SALES OPPORTUNITY MANAGEMENT

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Sales opportunity management denotes the activity of identifying, reviewing, planning, and acting on a sales opportunity that deserves attention.

PREREADING

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
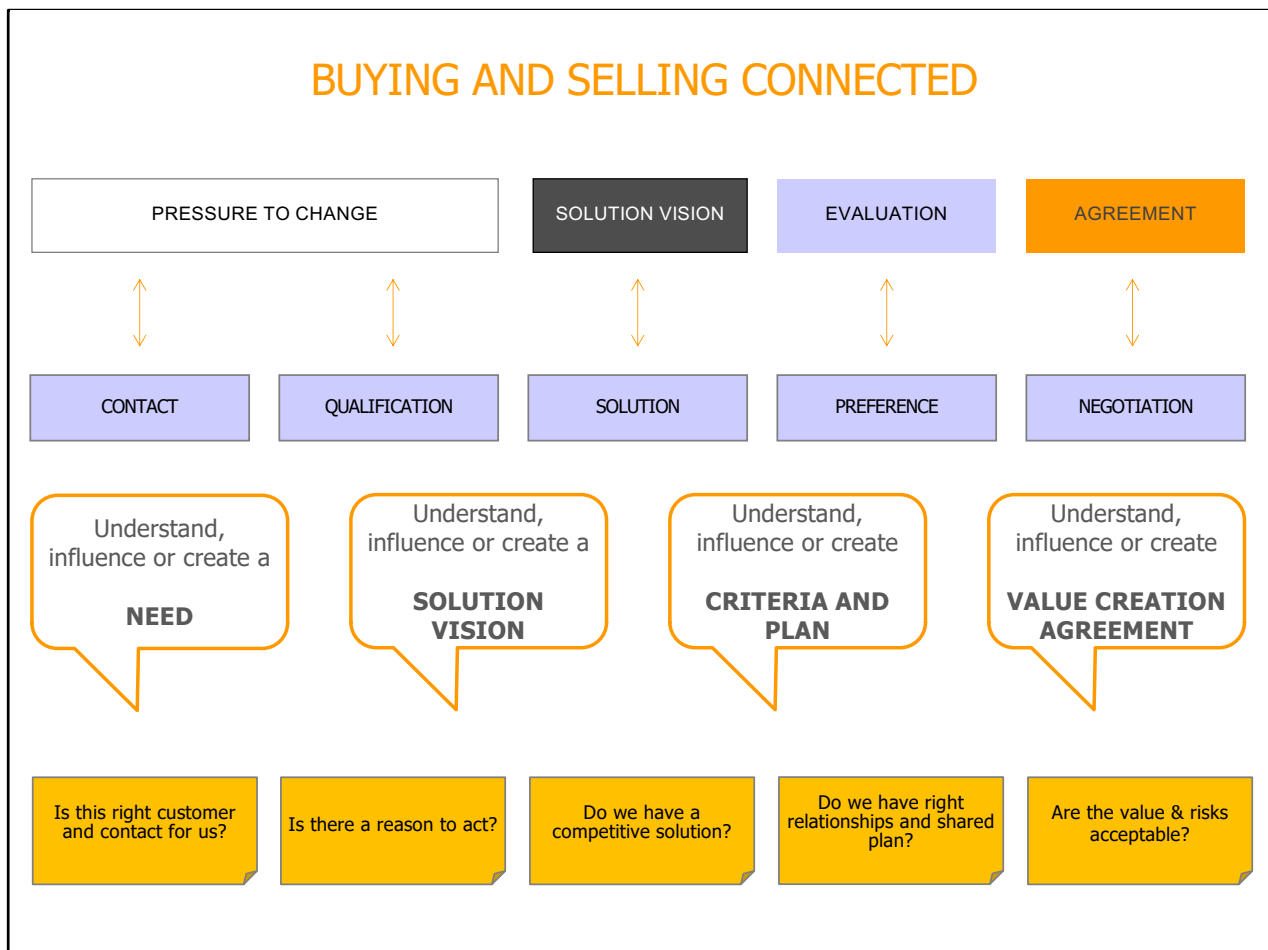
| SELECT | REVIEW | PLAN | ACT |

SALES TASKS HAVE MEASURABLE GOALS
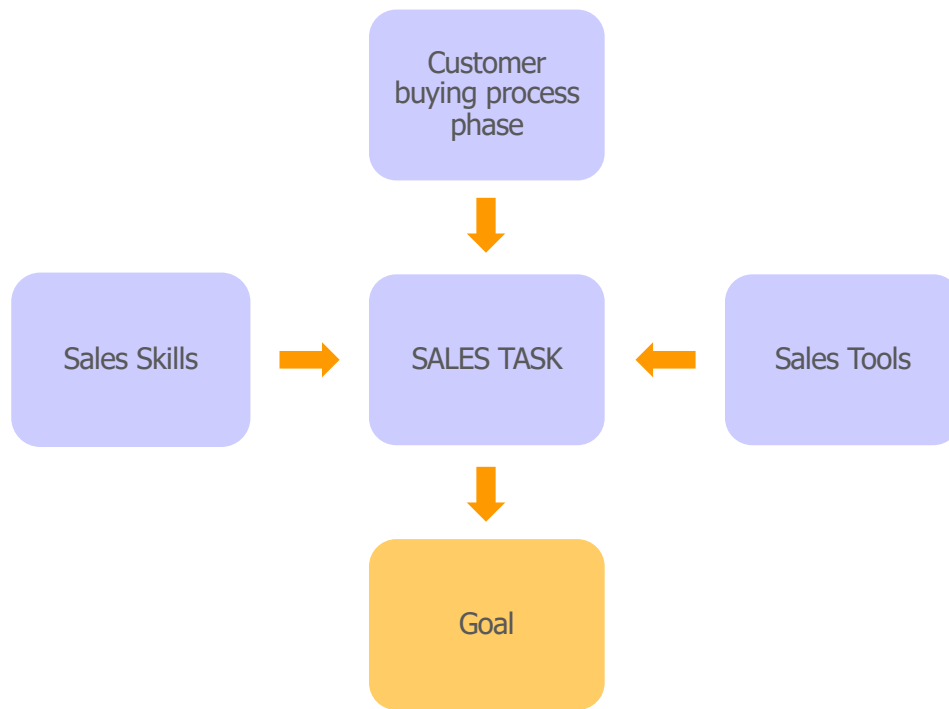
We have already learned that selling is about performing sales tasks. Sales tasks can be classified into three categories:

1. Tasks for relationship building with influential stakeholders
2. Tasks for identifying joint value creation opportunities
3. Tasks for controlling the dialog with customer by evaluating tasks outcomes against their goals, planning further tasks and making decisions about the entire sales project.

Ideally, each sales task have a measurable goal. This goal is assigned and evaluated by the sales opportunity management process. The sales opportunity management is a managerial process for evaluating, coaching, and decising on sales implementation.

BUYING AND SELLING CONNECTED

PRESSURE TO CHANGE		SOLUTION VISION	EVALUATION	AGREEMENT

CONTACT	QUALIFICATION	SOLUTION	PREFERENCE	NEGOTIATION

Understand, influence or create a **NEED**

Understand, influence or create a **SOLUTION VISION**

Understand, influence or create **CRITERIA AND PLAN**

Understand, influence or create **VALUE CREATION AGREEMENT**

Is this right customer and contact for us?	Is there a reason to act?	Do we have a competitive solution?	Do we have right relationships and shared plan?	Are the value & risks acceptable?

Buying and selling processes are tightly connected. Selling is about performing THREE types of activities in FOUR phases:

1. The initial focus is to **understand**, if there is a sufficiently compelling **NEED**. If the need exists, the seller may want to **influence** the need. If none exist, the seller's only option is to **create** need.

2. Once the NEED stage is completed, the next focus is on **VISION**. Symmetrically, the initial focus is to **understand**, if the customer already has a solution vision. If the vision exists, the seller may want to **influence** the vision to better match the seller's capabilities. If no vision exists, the seller's task is to **create** the vision.

3. Once the VISION stage is completed, the next focus is on **PLAN**. Again symmetrically, the initial focus is to **understand**, if the customer already has a plan to implement the vision. If the plan exists, the seller may want to **influence** the plan. If no plan exists, the seller's task is to **create** the plan

4. Finally, the parties need an **AGREEMENT** defining how the cooperation is arranged.

GROUP DISCUSSION

Why and when is sales opportunity management needed? Or is it?

Prepare to share your findings with the rest of the group

OPPORTUNITY MANAGEMENT FRAMEWORK

Lead
generation

Opportunity
selection

Get missing
information, build
relationships, seek
commitments

Information, commitments,
requests

Funnel management process	→	Opportunity management process	→	Selling process	→	Buying process

Opportunity
information

Opportunity plan

Information, relationships,
commitments

SALES MANAGEMENT   **SELLER**   **BUYER**

WHY ACTIVE SALES OPPORTUNITY MANAGEMENT?

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

Sales opportunity management seeks to ensure productive use of the sales organization, by using verifiable information to select and develop those sales opportunities that deserve attention.

GROUP DISCUSSION

Let's say that you have two promising sales opportunities, but you can only choose one, and drop the other.

1. What information would you like to have to make your decision and why?

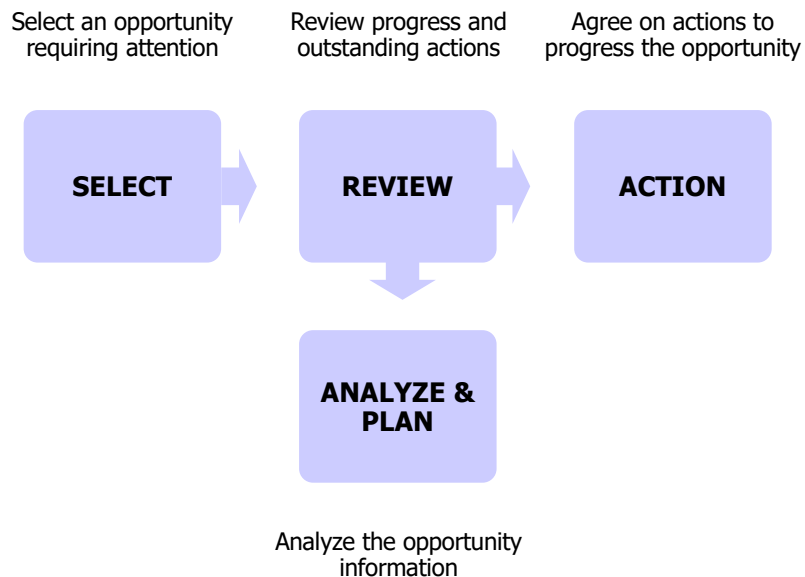Prepare to share your findings with the rest of the group

GROUP WORK

The table on the next page provides an example set of questions for analyzing an opportunity. Discuss the different questions in your groups 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

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

The opportunity process is how you decide what to do with a sales opportunity (see "How do you win a sales opportunity"). You need to do the following:

1. Decide what you need to know (of the need, the vision, the buying and the people)
2. Design your opportunity assessment questions (next page)
3. Decide on the right sales actions accordingly

SELECT a sales opportunity that needs attention (because it's important, not moving, is new, or is about to close soon)

REVIEW the sales actions taken so far and the results. Usually the actions are managed by the "Closing Plan" sales tool.

• Where is the customer in the buying process?
• What has been done so far, what are the results?
• What is agreed (with the customer) as the next step?
• Is there anything stopping us from moving ahead?

ANALYSE

• Use the "what do we need to know" questions to systematically analyse the opportunity

ACTIONS

• Agree on the actions to influence the need, the buying vision, the buying process and (often most imortantly) the key individuals influencing the decision making. What do we need to do to win?
• Document the actions as Closing Plan

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?

Basic review questions to understand the situation. The question 5 leads into the opportunity planning tools.

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	RECEPTIVITY G, T, I, O	INFLUENCE 1 - 5	RELATIONSHIP -2, … , 2

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?	• Customers are investing time, resources and money to progress their buying process • The further they in the process, the more likely they are to buy	• We need to decide, what are the "verifiable buying actions" that we would like to see happening	• We assign the PROJECT PROBABILITY depending on where they are in their buying cycle: • Assessing NEED • Defining SOLUTION • PURCHASING the solution
How likely are they buying?	• Customers buy, IF 1. Their reason to buy is strong 2. The solution is valuable 3. The decision makers are personally motivated to buy	• We have a set of test questions to evaluate the opportunity, SEE NEXT PAGE	• We INCREASE the probability, IF 1. Their NEED is compelling 2. The SOLUTION is valuable 3. DECISION MAKERS are committed (= they personally win)
How likely are they to buy from us?	• We win, IF 1. The overall solution vision is better fitting than competition 2. The solution value is higher than competition 3. The relationship to decision makers is better than competition		