



Aalto University
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SALES FUNNEL MANAGEMENT

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Assessing value co-creation and value capture potential in services: a management framework

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SALES MANAGEMENT KEY CONCEPTS



Customer's buying process

Our sales process

Funnel management

Opportunity management

Sales management system



FUNNEL MANAGEMENT is about

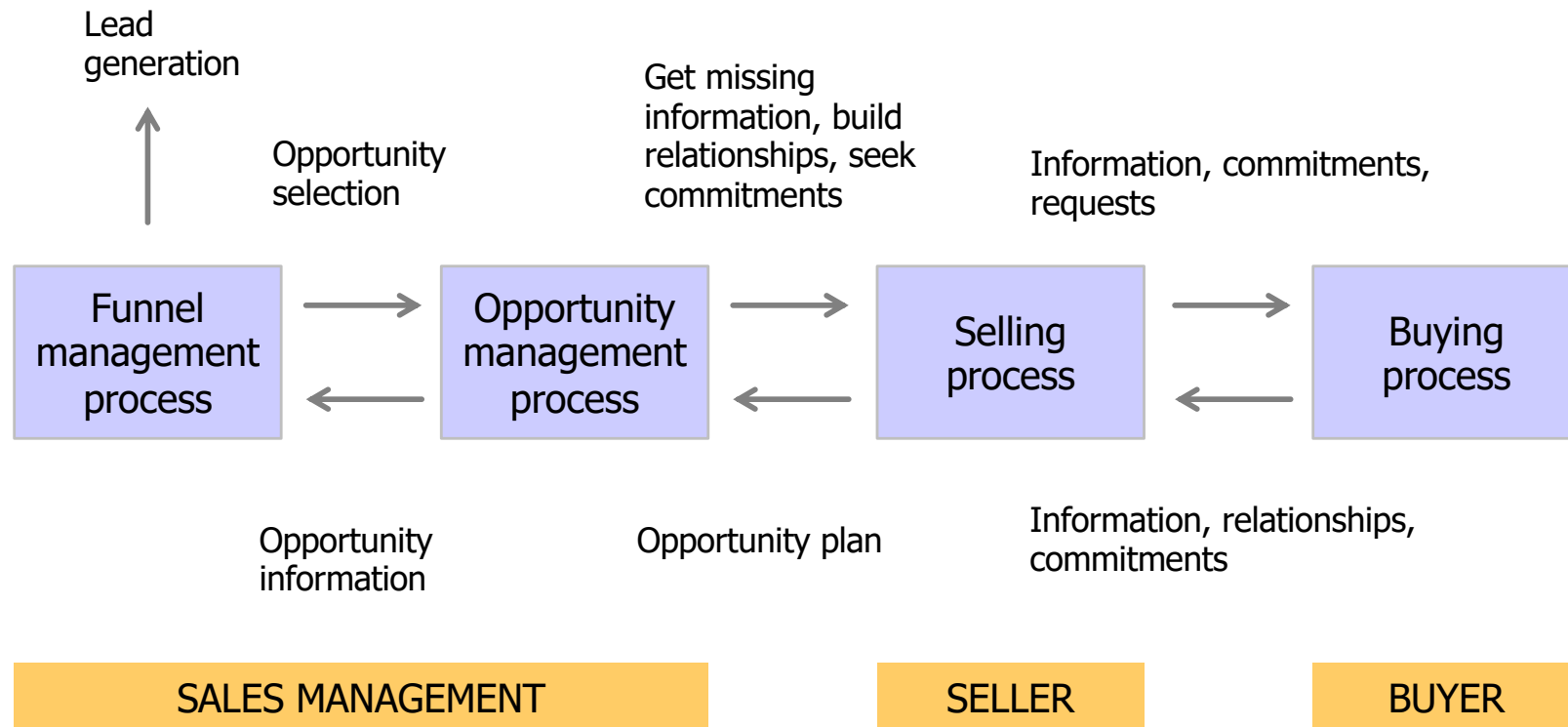
Generating key performance indicators about the entire portfolio of sales opportunities for

- Analyzing sales efficiency (with conversion rates)
- Planning marketing and lead generation actions
- Forecasting sales

and

- Identifying opportunities needing attention

FUNNEL MANAGEMENT FRAMEWORK



GROUP DISCUSSION

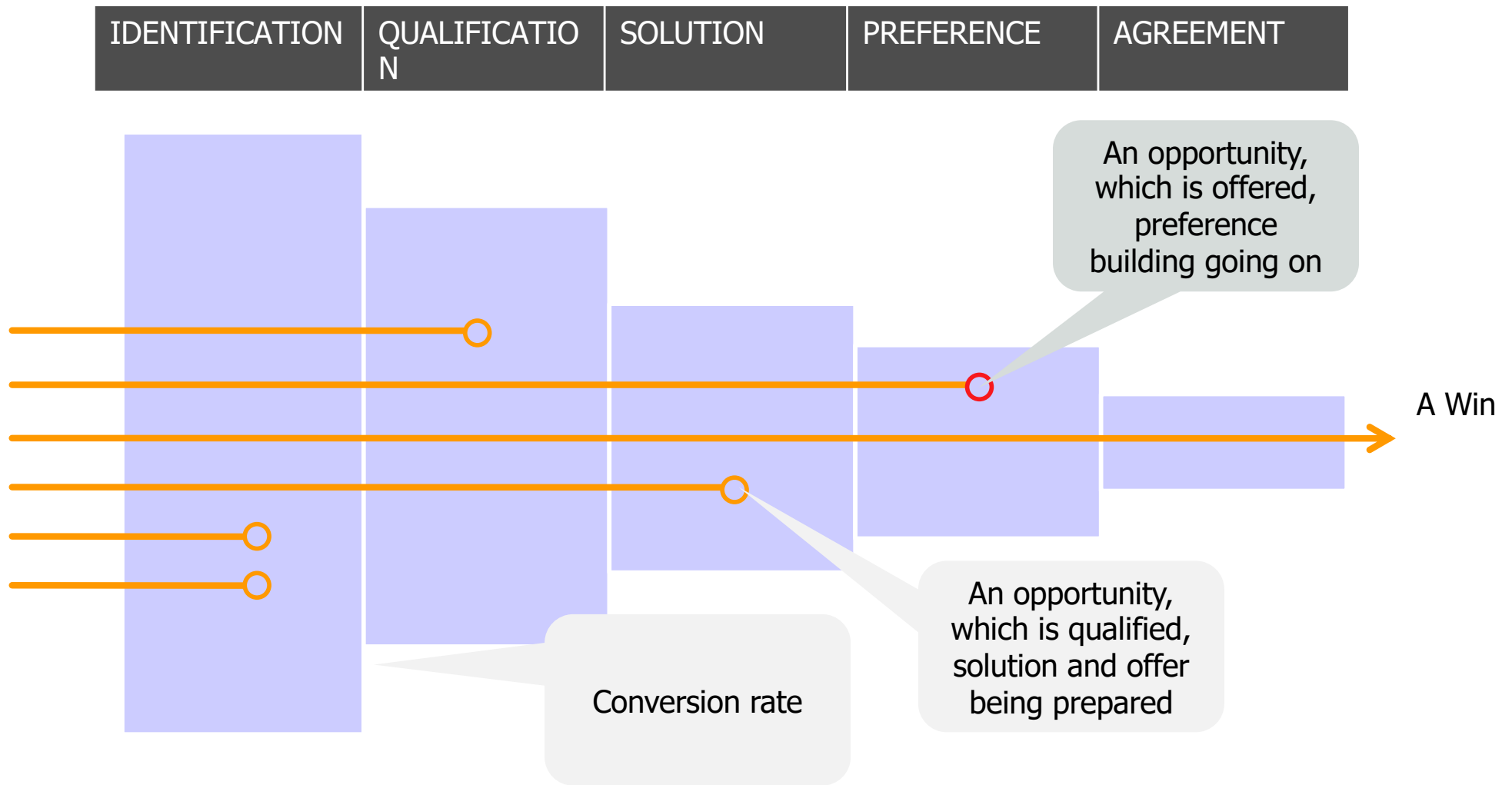
Why and when is sales funnel management needed? Or is it?

Prepare to share your findings with the rest of the group

FUNNEL MANAGEMENT HIGHLIGHTS

WHAT?	<ul style="list-style-type: none">• Analyze sales efficiency (with conversion rates)• Plan marketing and lead generation actions• Forecast sales• Identify opportunities needing attention
WHY?	<ul style="list-style-type: none">• Generate enough leads to feed the funnel• Direct sales and marketing activity to accelerate the funnel• Understand reasons for win/loss at different stages of the funnel• Improve overall sales efficiency• Forecast short term, medium term, long term sales
WHEN?	<ul style="list-style-type: none">• When the number of active sales opportunities is large• When the duration of the sales project is long enough to allow intervention• When planning and preparing requires accurate sales forecasting
HOW?	<ul style="list-style-type: none">• Compare actual sales funnel to target• Determine sales funnel SHAPE, VALUE and SPEED• Decide on actions

SALES FUNNEL



EXERCISE

How do you know in which stage an opportunity belongs to?

GROUP DISCUSSION

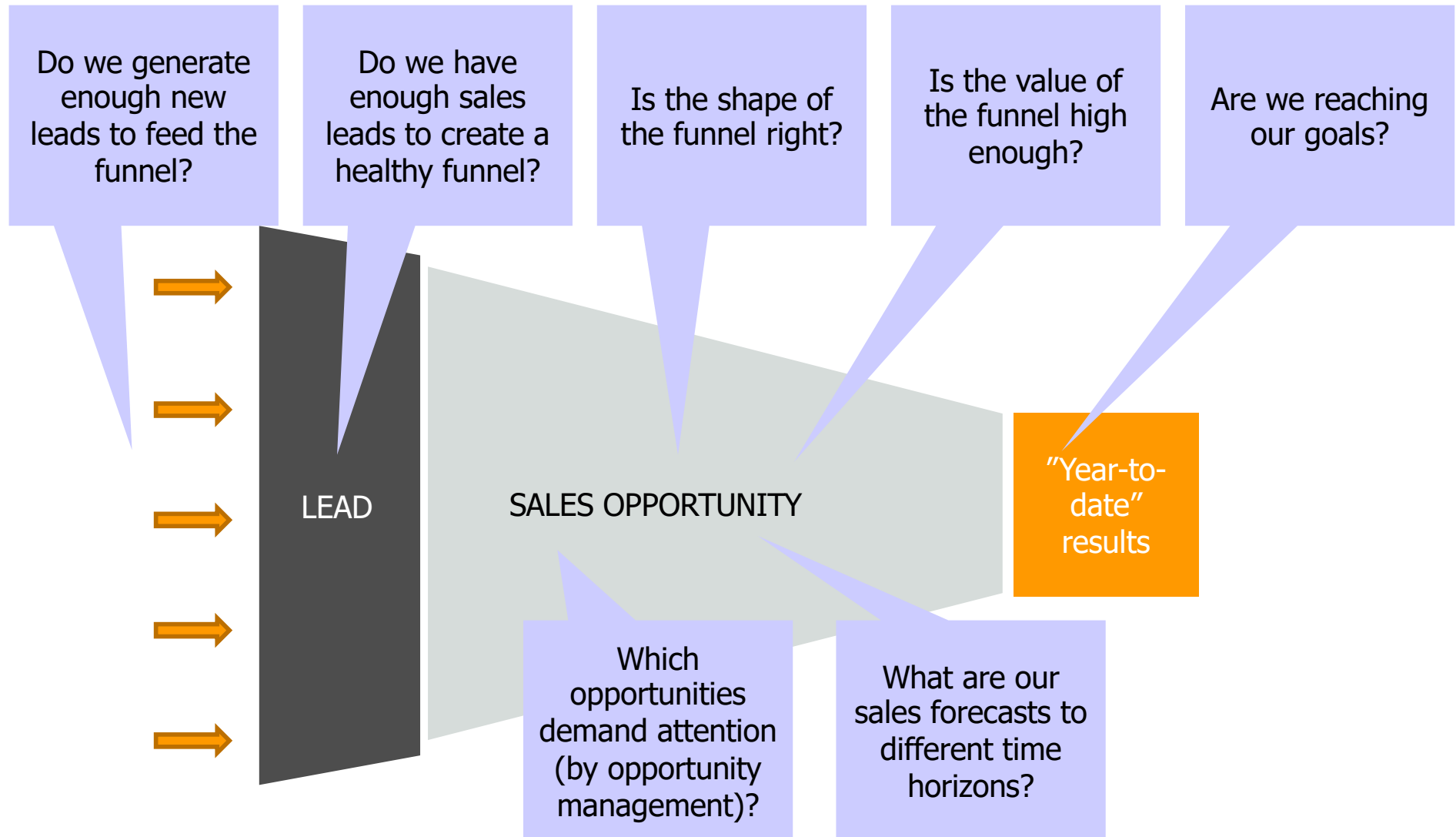
Let's discuss the following question for 5 mins:

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

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

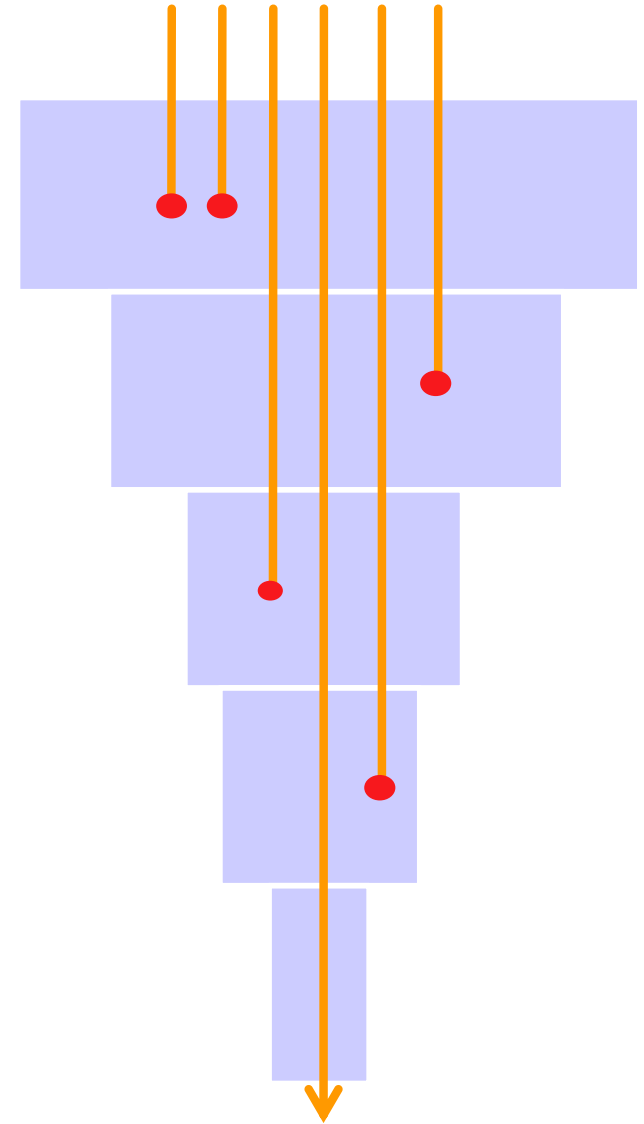
Prepare to share your findings with the rest of the group

SALES FUNNEL MANAGEMENT



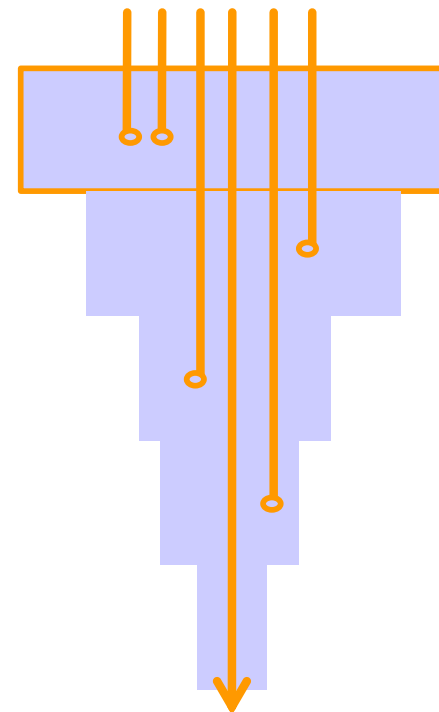
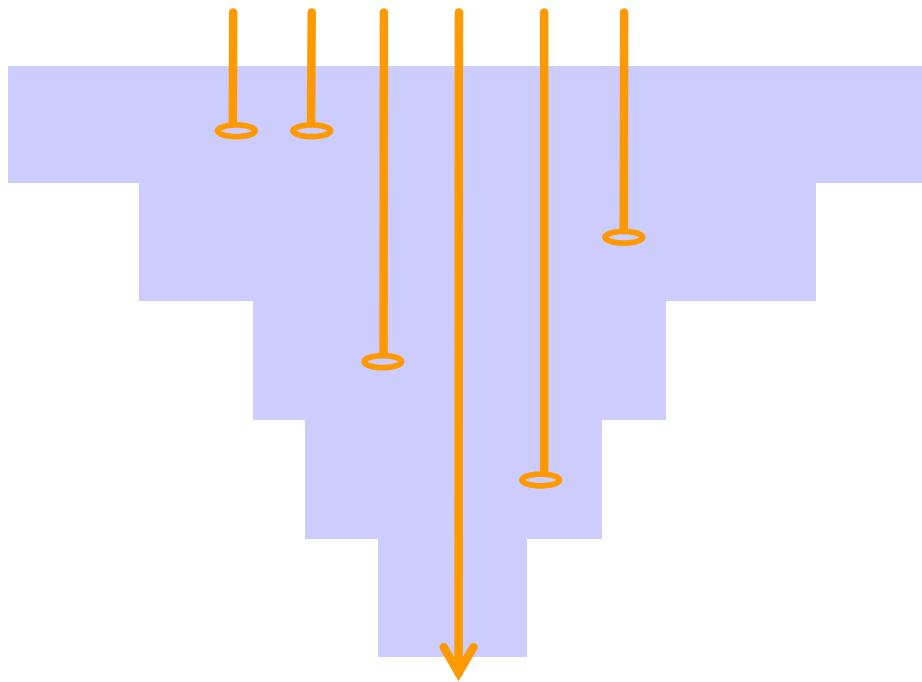
SALES FUNNEL KEY CONCEPTS

- 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



GROUP DISCUSSION

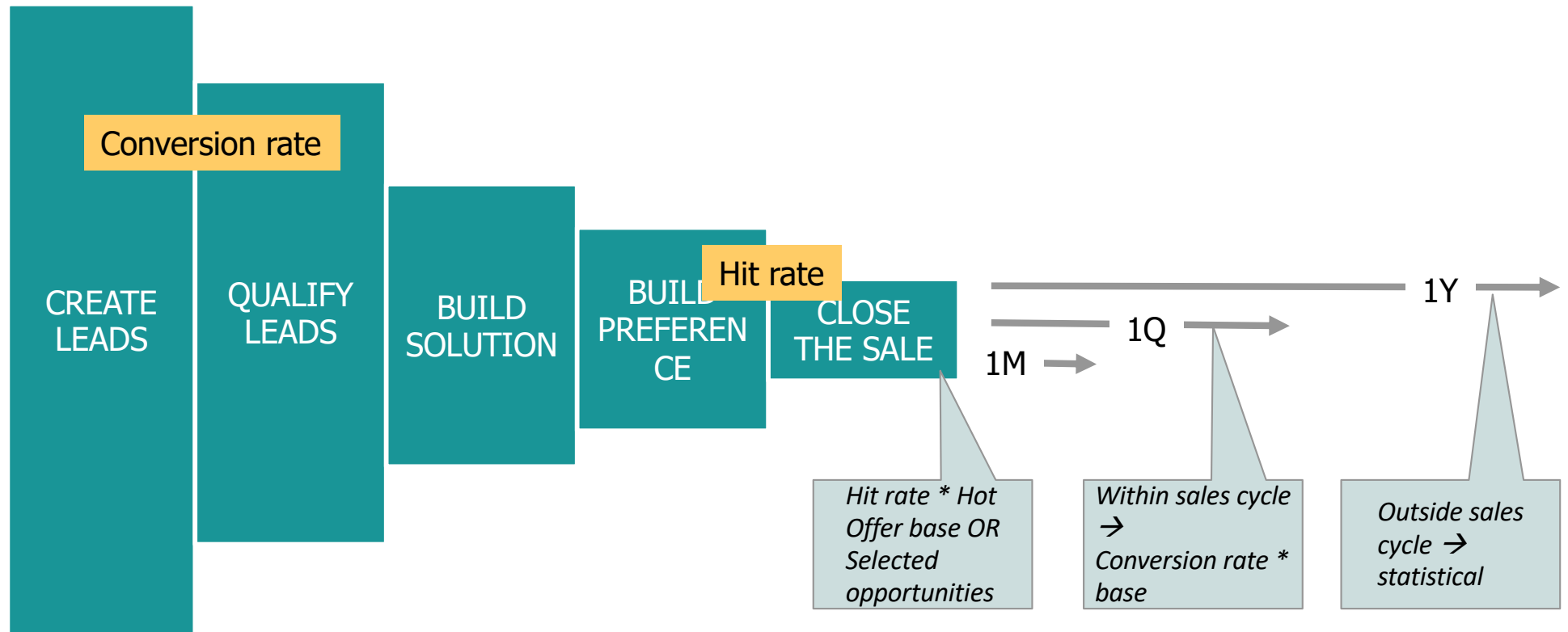
- Why is wide funnel good?
- Why is narrow funnel good?
- What is an ideal funnel shape?



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
TARGET MARKET	<input type="checkbox"/> Any customer that meets our customer selection criteria	0%			
LEAD 0-5	<input type="checkbox"/> We have decided to contact the customer OR <input type="checkbox"/> Customer has shown interest <input type="checkbox"/> We have a contact person	0 – 5%	<input type="checkbox"/> Inquiry		
QUALIFIED LEAD 5 – 25%	<input type="checkbox"/> We have collected enough information (usually by meeting) to be convinced that the customer is likely to buy <input type="checkbox"/> We believe we have a solution <input type="checkbox"/> We have submitted a budgetary offer	5 – 25%	<input type="checkbox"/> Sales call with customer to understand the needs <input type="checkbox"/> Budgetary offer <input type="checkbox"/> Next steps agreed	<input type="checkbox"/> Customer has a compelling need	
OFFER 25 – 50%	<input type="checkbox"/> We have contact to customer to refine the offer <input type="checkbox"/> We have contact to customer's decision makers <input type="checkbox"/> Our solution meets customer's criteria <input type="checkbox"/> We understand customers needs and solution criteria to say the project % > 50%	25 – 50%	<input type="checkbox"/> Offer submitted <input type="checkbox"/> Offer evaluation with customer <input type="checkbox"/> Next steps agreed	<input type="checkbox"/> The solution value is high	<input type="checkbox"/> WE has unique solution value, the overall solution is better than competition (in customer's opinion!)
HOT OFFER 50 – 75%	<input type="checkbox"/> We understand customers needs and solution criteria to say the project % = 100% <input type="checkbox"/> OUR solution has unique value to customer AND <input type="checkbox"/> OUR relationship to decision makers is strong enough to convince us that OUR% > 60%	50 – 75%	<input type="checkbox"/> Offer refining with customer <input type="checkbox"/> Negotiation	<input type="checkbox"/> The decision maker's are personally motivated to buy	<input type="checkbox"/> OUR relationship is stronger than competitions <input type="checkbox"/> Buyinghistory
ORDER 90 – 100%		90 – 100%	<input type="checkbox"/> Negotiation		

SALES FORECASTING



SALES FORECASTING CHECKLIST

Should the opportunity be included the forecast?	Y/N
<input type="checkbox"/> Is the win probability high enough?	
<input type="checkbox"/> Is the forecasted close date safely within the forecasting horizon?	
<input type="checkbox"/> Does the opportunity meet the funnel criteria?	
Challenge the Close Date	
<input type="checkbox"/> How strong incentive the customer has to decide within the expected close date?	
<input type="checkbox"/> 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?	
<input type="checkbox"/> How “hot” is the opportunity? How recently have we met the customer’s decision maker? How is the sentiment?	
Challenge the likelihood of winning	
<input type="checkbox"/> How well does the win probability comply with the Opportunity Coaching?	
<input type="checkbox"/> What are our solution differentiators?	
<input type="checkbox"/> How strong is our relationship?	