



There is no 'Deal Fairy'

Managing business development isn't magic ... but the payoff is!

By Tim Smith
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In the last edition of the Plaid Group newsletter, we discussed the importance of cultivating new customers or clients.

And I promised that in this issue, I would share some tools you can use to better manage your business development efforts to provide consistent, profitable growth.

The key word there is "manage."

Why? Because too many leaders simply roll with the flow when it comes to new business.

They'll take what comes in, of course, but they rarely use the same processes and metrics they use in operations, manufacturing or customer service to plan and monitor sales.

I recently ran across a blog entry that mentioned the CEO of an IT firm who relied on the "Deal Fairy" to generate leads. That says it all!

You can't create new business out of thin air. There is no "Deal Fairy." But never fear ...

I 'team up' to help your team

In recent weeks, I've had the good fortune of working with Misty Khan, president of Advena Artemis, a Houston-based sales consulting and software firm (you can learn more about Misty's company at www.advenaartemis.com).

When it comes to helping companies develop new business, Misty knows her stuff. So during one of our conversations, I mentioned this issue of the newsletter

and asked for her input.

Together, we decided that the primary components of effective sales management efforts fall into three categories:

- Planning
- Organizing
- Tracking

Each category has specific steps that any business manager can take to improve sales results.

Let's look at each category individually.

Planning – Who Should We Sell To?

In the last newsletter, we talked about defining "ideal customers," all the way down to identifying the characteristics that make them desirable.

The purpose is to help everyone in your organization recognize who they should be focusing their efforts on.

Business development success takes:

1. Planning
2. Organizing
3. Tracking



Given that each business is unique, there is no universal set of “ideal customer” characteristics. The important thing is to be objective, and if possible quantitative, when defining the characteristics of an ideal customer.



Develop A Customer/Prospect Scorecard

One way to do that is to develop a scorecard to rate customers or prospects, similar to the way that credit agencies rate prospective borrowers. This is a tool that Misty believes strongly in because it removes much of the subjectivity from the process.

After you've identified the characteristics of your ideal customer, prioritize the list and assign a weight factor to each characteristic.

Then, calculate a score for each of your customers, segment your customer list (perhaps by industry), and then calculate the average score for each market segment. The highest scoring market segments are where you want to focus your marketing and sales efforts.

You can also use the scorecard to rank prospects or leads.

Obviously, a prospect with a high score would get more effort than one with a lower score. Why spend your valuable time turning a less-than-ideal prospect into a less-than-ideal customer?



Align Your Incentives With Your Objectives

Another component of planning is to align your sales incentives with your business objectives.

For example, some professional service firms compensate staff employees for business they generate, but the compensation is limited only to the revenue booked during the first 12 months of the client relationship – providing a continuous incentive to find and cultivate new prospects.

Some front-line sales professionals work with graduated commission schedules that increase with the volume of business they generate. Some incentive plans also factor in actual collections (not sales) and timeliness of collections, profitability of the sales and the nature of the sale – for example, higher commissions for selling certain products and services.

Organize – What Steps Do We Use To Sell?

In some ways, the ol' “seat of our pants” way many companies sell is natural. Salespeople tend to be good at relationship building and communicating, not so good at formalized processes.

But that doesn't mean they can't learn.



Design Your Business Development Process

Having a defined business development process – your company's unique way of generating business – is critical.

What steps do you take when you get a lead, for example? Who is responsible for moving things forward? What timetable do they follow? What other resources do they call upon?

Define those steps in detail. Then make sure every person on the sales team understands not only the steps, but also the rationale behind them.

Your salespeople must see how the sales process will help them be more effective – and earn more money – or they'll label the whole thing a waste of time.



Educate Your Sales Team

You'd think this is an obvious one, but many companies don't do it. They hire folks and say, “Okay, go sell!”

This leads to high turnover and low performance ... and lots of frustration.

Your business development team is the face of your company, so they need to know where your business is heading. Be sure that they understand:

- Company objectives and related goals – short-, medium-, and long-term goals
- Target market and why that market is attractive
- The characteristics of an ideal prospect and the reasons for those characteristics
- The company's products and services and the real value those products and services provide to customers
- Steps of the sales process, including customer qualification/scoring

Tracking – How Do We Know If We’re Succeeding?

If you know the ideal customers you want to attract and your business development team is actively working to attract those ideal customers, what can you do to help increase the probability of success?

Your team members may be working hard, but are they following the sales process and targeting the most promising prospects? How can you be sure?



Monitor Sales Force Performance With These Reports

Misty believes strongly in tracking the performance of sales professionals.

You may be tempted to judge a sales person’s performance based primarily on “dollars sold.” It’s certainly one useful measure, but it’s far from adequate.

It ignores profitability, customer quality, support of new products/services and more.

Below are three key reports that Misty recommends to her clients. These are not only effective for monitoring performance – they also help to communicate and reinforce the metrics the company believes are important.

- **Sales Cycle Report:** Offers a snapshot of a sales person’s sales pipeline to help explain how well a given prospect is progressing in the sales cycle. This information will help identify bottlenecks in the sales process. Key information in this report could include:
 - Company
 - Market segment
 - Contact and title
 - Current sales process stage
 - Next step and its due date
- **Weekly Activity Report:** Provides a combined view of the activities a sales person has completed for all prospects for the week. Combined with the Sales Cycle Report, the Weekly Activity Report identifies the activities that are most productive and efficient for moving or completing the sale. Key information in this report could include:
 - Activity description
 - Company
 - Market segment
 - Contact and Title
 - Duration of activity
 - Result

- **Pipeline Report:** Lets you know each person’s progress toward his or her quotas. This report will help you more realistically project revenues, especially after you’ve had a chance to evaluate the accuracy of your sales cycle percentages.
 - Company
 - Market segment
 - Contact and Title
 - Opportunity description
 - Current sales process stage
 - Expected revenue
 - Current pipeline value (percentage of process completed * expected revenue)

As with any report, the usefulness of the report depends on the quality and completeness of the information it presents.

Misty says it’s important that the data you’re asking for is helpful to both you **and** your sales team. If it helps them, then they are more likely to do what is necessary to provide you with good information.

It also helps if the reports and underlying data collection can be automated. A sales process management tool can eliminate a lot of the time and frustration involved in gathering data for reports by capturing information “on the fly” and producing reports automatically.

Don’t Wait For The ‘Deal Fairy’

You don’t need pixie dust or magic to improve your business development function. It just takes planning, organizing and tracking to ensure that your sales team’s efforts are focused properly.

With the right tools in place, your team will prospect better, close better and bring in a better quality of customer.

More Information? If you’d like to learn more about how to better manage your business development efforts, please send an E-mail to tim@plaidgroup.com, visit our web site at www.plaidgroup.com, or call us at 713-627-3569. The Plaid Group publishes a free bimonthly e-mail newsletter filled with insights and ideas you can use to enhance your company’s operational performance, spur growth and increase bottom-line profits. To subscribe, change your e-mail address or unsubscribe, please visit The Plaid Group web site at www.plaidgroup.com/newsletters_subscribe.asp.

Author’s Note: **Tim Smith** is a Principal with The Plaid Group. The Plaid Group helps companies simplify and stabilize their business operations to improve financial performance and gain a competitive edge.