

# How to Double or Triple Your Sales With a Sales Pipeline

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## Why Define a Sales Process?

Have you defined your sales process? What does it look like? Someone calls you up, you ask them a few questions, and then they decide to buy from you..... or not!

You might have specific questions you ask to establish their needs, but what do you do after that to get them across the line and deliver a sale? For many businesses these steps are poorly defined, and don't relate to each other as they are poorly thought through and not well integrated.

For example, there is a temptation to hang onto a lead and try to sell to them even if they will never buy from you, or are just not ready to buy. If you try to close the sale too soon, you are as likely to lose a prospect as you are trying to close with someone who is unqualified to buy from you.

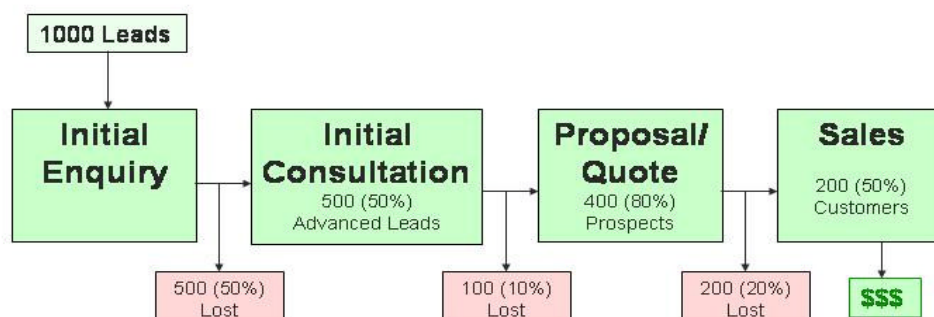
A great sales process takes a lead step-by-step along the pathway to a sale, with each step, increasing your knowledge of their needs and increasing their commitment to you, while at the same time weeding out those who will never make that final step to a sale as quickly as possible.

A good sales pipeline actually leaks — in the right places. After all, you don't want everyone to be a customer. When you have properly defined your pipeline, you can optimise each step to increase your sales.

## What does a Sales Pipeline Look Like?

Very simply, a Sales Pipeline starts with an initial enquiry and ends with a sale. While the Sales Pipeline looks different in each business, there are still some similarities between them.

In all businesses, there is a need to generate enquiries. This can be done through advertising, cold calling, public relations or word of mouth. The enquiry may be a phone call in response to an ad. Or, in retail, a customer may walk in your front door attracted by your shopfront marketing. This is the first step of the Sales Pipeline for any business. However, there are usually a number of steps from receiving an enquiry to generating a sale.



The next step might be getting an appointment with the prospect to establish their needs. In a retail situation, the sales staff will ask: "Can I help you?" Once need is established, a second appointment may be made to present a proposal, or a quote may be provided. The final step in this generic Sales Pipeline would be to close the sale.

It is essential that every business owner understands their Sales Pipeline and where it leaks. Using the generic pipeline above, what percentage of enquirers agrees to an initial appointment? How many of those agree to receive a formal proposal or ask for a quote? And finally, how many who receive a formal proposal or quote, are converted to sales? By understanding each step in your Sales Pipeline, you can measure the success in moving prospects along the pipeline, and spot where your sales process needs to be improved.

Let's see where our Sales Pipeline is leaking.

There were 1000 Initial Enquiries from 1000 Leads. Half of these were lost during the screening process in the initial contact. There were 500 appointments made. Of these, 400 were fully qualified as prospects (80%), and the sale was closed for 50% of the prospects.

Putting this another way, of 1000 leads, 50% were lost at the initial screen, another 10% were lost at the initial consultation, and a further 20% were lost during the sales meeting. So there is a close rate of 1 in 5 (20%).

What can we conclude from this example? What is working and what is not? Before I answer that, what should a good Sales Pipeline performance look like?

The general principle is that it is better to dump a prospect as early as possible in the pipeline rather than dragging them all the way through towards the end, only to lose them after spending all that time with them, only to realise, what you should have known as early as possible in the process, that they were never going to buy from you because they were not qualified.

**The further through the pipeline you take a prospect, the more resources you spend on them.**

So the first step in your sales process is to have a well defined, and aggressive qualification process. A good sales pipeline will have few losses, after the initial qualification process.

The ideal qualification process will weed out everyone who will not buy from you at the front end of your sales pipeline. And everyone who passes through that filter is, by definition, your ideal buyer- someone who really needs and wants what it is you are selling, so your conversion rate post qualification is very high. How many people walk out of McDonalds without buying something?

Back to our example. Lets start at the end. There is a conversion rate at the Sales Meeting of 50%. There is obviously a large opportunity to improve this. A 100% conversion rate is not an achievable long term statistic. But an 80% conversion rate should be well within the reach of this business. (You could set a higher target, but I would suggest that should be a second phase target, requiring a significantly higher level of skill.)

How would you achieve this increase? Our first step is to analyse the people dropping out at the sales meeting stage. Answer the following questions:

- Why didn't they buy?
- Were they qualified buyers?
- Did they have the money?
- Were they the decision maker?
- Were they ready to buy now?
- Were they from your niche?

This analysis might reveal that we had a lot of unqualified prospects in the sales meeting. If these were properly qualified, at either the first meeting, or ideally at the enquiry stage, this business would not have wasted their time doing a sales presentation to them.

Say, for example, if half the people who dropped out at the sales meeting were not qualified. By putting in place a good qualification process earlier in the sales process, this business would have done only 300 sales presentations for the same amount of sales, and lifted their conversion rate to 2 out of 3 without changing anything else. Of course, this will not have lifted sales, but the sales efficiency would certainly be improved, and they would have reduced their cost per sale very significantly. They could use this saving on more targeting marketing to get more of the right kind of enquiries.

The analysis of the lost sales between Steps 3&4 might also have revealed that all the prospects had been well qualified and the conclusion might be that there was a problem somewhere in steps 2 and 3.

This requires deeper analysis of the sales process, and why the customers did not buy. As I stated in *How to Use Guarantees to Increase Your Sales*, the primary reason people don't buy, is because they don't have the confidence that your product or service will meet their needs—not price. It is seldom price that is the sales obstacle with a properly qualified buyer, who understands the value of what you provide. So the problem could reside in the sales technique.

At the initial consultation stage (2), there is a 10% loss. Here it is important to look ahead at what happened at the sales meeting, and their losses. If the losses at the sales meeting stage are due to poorly qualified people being given sales presentations, a larger loss at the initial consultation stage would be better. Another interpretation of this data might be that the losses at the sales meeting stage are due to a poor initial consultation where the prospect was insufficiently prepared.

Now lets look at the front end of this sales pipeline. Fifty percent of the leads are lost on initial enquiry. This can be looked at in four ways.

1. If these 500 leads were truly unqualified, it is better that they were leaked at this stage rather than carried through to the later, more resource intensive stages of the pipeline.
2. A 50% loss of leads on initial enquiry might also mean that their marketing is poorly focussed, and generating too many low quality leads. Analysis should be undertaken by Lead Source to determine whether some sources are generating better quality leads than others. This is an opportunity to better target your marketing and reduce your costs or to spend more on targeting qualified leads.

3. If the leads were of good quality, their enquiry handling process may be the source of their problems. If 200 of the leads that were lost were of good quality, and nothing else in the sales pipeline was changed, they would increase their sales by 80 or 40% just by handling their enquiries properly.

4. Looking at the 50% loss at the sales meeting stage, could this have been improved by better screening at the enquiry stage?

Often large increases in success can be achieved by adding extra steps to help ready the prospect for the buying decision. For example, after the initial call, but before the first appointment, you might send out some literature which prepares them for the meeting. You could get them to fill out a questionnaire that helps them understand more the true cost of the pain they have when they don't use your solution, or help them to visualise the benefit of your product or service.

At the start of each stage, you can explain what is involved in that stage and requalify them, and at the end preview the next steps and affirm what it will take to complete the sale.

You can see how an integrated pipeline prepares the prospect, and leading them step-by-step to the sale. A pipeline like this can easily double or triple your sales. What does your Sales Pipeline look like and how can you improve it?

#### **About the Author:**

Dr Greg Chapman is a leading advisor of emerging businesses and the author of the top selling, internationally recognised book "The Five Pillars of Guaranteed Business Success" and of "Price: How You Can Charge More Without Losing Sales". Contact him at or just download a Free copy of his **Mission Statements Made Easy Tool** from [www.FivePillarsBusinessSuccess.com](http://www.FivePillarsBusinessSuccess.com)