How is Your Sales Pipeline Flowing?

Anyone engaged in the business of complex sales understands the need for effective sales pipeline management. Just like the dashboard on a car, or the instruments in the cockpit of a plane, the sales pipeline should give you the window into how the machinery is working. It is the sales pipeline, like the dashboard, that should inform the business about what is happening, what to expect, where to troubleshoot, and where to invest. On the coal face of sales, it should provide sales leaders with insight into what each member of the team is doing and what they need to do to achieve their plan. It should be at the heart of coaching and provide clear direction on what training and tools are required by the sales team. Overall, the sales pipeline should provide the window into the business that any leader, executive or investor should demand.

How Are We Doing?

I have used the word "should" six times in the last paragraph as, in too many situations, the sales pipeline is more a fanciful work of fiction than a robust business instrument. Our research highlights that all too often:

- Speculative or "early stage" opportunities are not identified in the pipeline

- Opportunities that are forecast to close fail to close as expected

- Too many later stage deals are lost to no decision, or simply disappear

- Opportunities seem to stick at various stages of the pipeline for inordinate periods of time, and then often fail to move forward to a successful conclusion

These observations point to a fundamentally flawed process. Sadly, many organizations invest significant time into pipeline and forecasting systems and reporting processes. At best these are often gamed and provide little true and meaningful insight into the business. They may be used for short-term forecasting, but as a business tool they generally fall far short of what they can and should be. As the reality of the inability to trust the sales pipeline as a business tool becomes ever more apparent and challenging, many organizations then accept it as given and turn to more subjective and individualistic approaches to manage their business. Going back to the analogy of flying a plane, they give up at looking at the instruments and, using a well-worn aviation phrase, *fly by the seat of their pants on a wing and a prayer*. In the good times this may be overlooked but when times are more challenging, or when gaining control of the business is a priority, it is far too high a risk to leave managing the business to gut feel and hope.

The Fundamental Error in Sales Pipeline Management

A sales pipeline is naturally divided into stages, or layers, of a sales funnel. What those stages represent is, in my opinion, at the heart of the problem. Traditionally, and for many organizations today, those stages represent the stages, or steps, of a sales process. They start with something like "Identification" and then often include such stages as "Qualification", "Assessment", "Proposal", and "Close". Worse still, at times, these stages are tied to incremental forecast probabilities. This is the fundamental error in sales pipeline management that leads to the compromised situations we found in our research.

The sales pipeline must track sales opportunities through their development across the customer's buying process. This flips the traditional approach on its head. The stages of the sales pipeline must represent the stages of the customer's buying journey. It was OK to use stages of a sales process years ago when customers had little option but to be "taken" through a seller's sales process but, unfortunately, that is not how today's buyers buy. They are often well through their buying journey by the time they contact a salesperson and there are many time-consuming activities they engage in during their buying process that are usually invisible to the salesperson. The buying and selling process are now fundamentally disconnected. It is critical to understand, however, that only one of these processes will end up with an acquisition, and that is the buying process. It is the buying process we must track and monitor in the sales pipeline.

Let's take a closer look at what is behind the observations I shared earlier about the lack of reliability of most sales pipelines. As an example, perhaps we have just engaged with a new prospect and we are investing in understanding their needs. Traditionally we would place them at stage one of the pipeline. But where are they in their buying journey? Are they at an early stage of analysis, or perhaps they have determined what they need to do, gained approval and financing, and are about to decide which supplier to go with? Two quite different situations that are likely to result in vastly different activity and timelines and, yet, traditionally both scenarios would be shown at stage 1.

Turning to another example, perhaps we have just presented a proposal to a prospect. Traditionally this would go into the pipeline at a later stage, perhaps even into the forecast. However, taking the "Outside-In" view, the customer could be at quite different stages of their buying journey. They may not even be in a buying journey; just educating themselves about possibilities. They could be in a buying journey but at an early stage, perhaps looking for budgetary estimates, or they may be at a much later stage and ready to buy. Again, the key information that provides the insight into the business is knowing where they are in their buying journey.

Effective Sales Pipeline Management in Today's World

There can be no substitute for a transparent and reliable sales pipeline, it truly is the window into the business and the instrument by which both tactical and strategic decisions should be

made. However, as I have argued, in most cases today the sales pipeline falls too short of the mark. Although, the method by which to bridge the gap between what is and what could be is straight forward.

1. Flip the stages of the sales pipeline to represent the stages of the buying process not the sales process.

   Accept that it is no longer steps of the internal sales process that the sales pipeline should track but rather the steps of the buying process.

2. Map out the steps of the target market's end-to-end buying journey.

   Map out the steps that buyers in your target market go through from the start to the end of their buying journey. Unless you have an unusually intimate knowledge of the market, this should involve in-depth research, including talking to many of your buyers.

   I must note that you need to know the true stages that they go through. I have seen far too many organizations simply take their sales process and map out what they imagine or think their buyer should be doing as they take them through their sales process. Sorry to break this to you but buyers don't work that way. They move down their own path, in their own time, and dedicate significant time to activities that are often trivialized or unknown to the selling organization.

   Most importantly, our research has proven that, within a particular market, buyers buy a specific offering, in a remarkably similar way. Thus, it is viable, and indeed critical, to map and decode the buying journey, including all those activities that don't correspond so neatly to the steps of the sales process but are where sales opportunities often go to die.

3. Determine the "exit criteria" for each stage of the buying journey.

   For each stage of the target market's buying journey there should be observable and objective criteria that can be used to pinpoint where a prospective customer is in that journey. These are the milestones that are used to place each sales opportunity at the appropriate stage in the "Outside-In" sales pipeline.

4. Update technology and tools to the "Outside-In" Sales Pipeline.

   Everywhere you may have the stages of the sales pipeline defined, make sure they are flipped to align to the stages of the market's buying journey. This is counter-intuitive in some ways and you may even find against the tide of CRM providers and even sales training companies. But just remember, the process you want to track is the customer going through their buying journey. If you still have trouble believing this, I strongly urge you to go talk to your customers. I can bet that they did not simply go through the stages of your sales process when acquiring your offering.

5. Embrace new practices for managing the "Outside-In" Sales Pipeline.

   Change business reviews and conversations about the sales pipeline from focusing on the internal sales process to the stages of the market's buying journey.

The Payoff

The payoff from flipping the focus of the sales pipeline from the stages of an internally focused sales process to the stages of your market's buying journey is considerable. This starts with finally having an accurate reading on the business, what is happening, and what needs to happen. Among the benefits you will find:

- Massively increased forecast accuracy

- Ability to objectively measure what happens across the sales pipeline, including where deals get stuck and where they fall off

- Knowledge of where each sales opportunity truly is in the development cycle and what needs to be done to move it positively forward

- Insight into where sales team members are, and should be, investing their time

- Early detection of market trends

- Ability to pinpoint, and scale, emerging best practices

Summary

The Sales Pipeline should be the window into the business where anyone can quickly gain the knowledge of what is happening and what needs to be done. However, it is outdated thinking for the stages of the sales pipeline to represent anything but the stages of target market's buying process. Not what may be imagined or hoped for; but truly what buyers do across their end-to-end buying journey. The sales pipeline should then be flipped to focus on these stages of the buying journey. This "Outside-In" approach to building a sales pipeline is the only way, in today's world, to effectively manage the business.

How We Can Help

People

- Enabling effective sales engagement across the end-to-end Buying Journey
- Gaining successful adoption of Outside-In sales approaches including pipeline management and forecasting
- Skills development and coaching
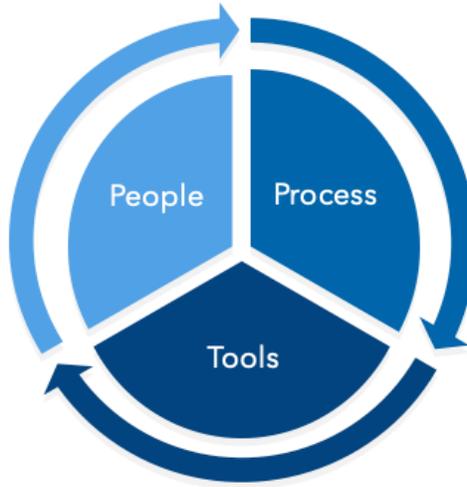
Process

- Decoding the market's Buying Journey
- Developing Outside-In sales processes
- Developing pipeline management and forecasting processes

Tools

- Designing or optimizing effective business management tools to support pipeline management and forecasting
- Aligning CRM tools to the Outside-In sales pipeline