

RESEARCH REPORT: SALES CYCLE ANALYSIS

NOTE: This report is based on our most recent analysis of 6,229 sales cycles.

- 6,229 sales cycles analyzed (3,532 lost; 2,697 won)
- 1,822 sales reps interviewed
- 377 sales managers interviewed
- 673 prospect decision makers/stakeholders interviewed
- 11 different industries, including industrial water treatment, oil field services, construction and agricultural equipment, office equipment, telecommunication services, medical equipment, heavy trucks, freight and logistics, pharmaceuticals, financial services, and commercial food ingredients
- 77% US markets; 11% Canadian markets; 10% Pacific Rim markets; 2% European markets

Since 1985, we've been evaluating sales teams and analyzing completed sales cycles as part of the customization process we use to design sales and sales management training programs for new clients. This process involves, among other things, conducting interviews with sales reps and their managers, compiling and analyzing questionnaire responses, working in the field with the sales teams, and conducting post mortems with former prospects. What we found, and what our most recent analysis of over 6,000 sales cycles reconfirms, is that the top sales performers (highest average close ratios, revenue increases and margins, and shortest average sales cycles) are consistently better at managing the three most important drivers of sales momentum.

As a result of these findings, we began to dissect and quantify the techniques top performers use to manage these key drivers for the purpose of translating this information into skillsets that could be incorporated into our sales and sales management training programs. The success of this approach has been well documented. (See *Case Studies* and *Success Stories* on our website at www.zoomselling.com.)

THE THREE KEY OUTCOME DRIVERS

Since these three key sales momentum drivers directly influence sales cycle outcomes, we refer to them collectively as *outcome drivers (ODs)*. These key *ODs* - **message**, **people**, and **frequency**, are generally recognized as the basic building blocks of sales momentum. The perception of many sales teams is that they have these bases adequately covered. Yet, our lost sales analysis reveals that, in spite of sophisticated CRMs and traditional sales training, the major cause of lost sales continues to be the sales rep's failure to effectively manage one or more of the key *ODs* during the sales cycle. This underscores the need for more effective training in this area.

THE DISCONNECTS

Learning where, when, why, and how the train began to run off the tracks and eventually wreck (lost sales cycles), combined with analyzing successful sales cycles, leads to a more precise understanding of *OD* management. While it's common practice for managers and their reps to analyze both failed and successful sales cycles for clues that will help them achieve greater future success, arriving at the right conclusions can sometimes be illusive, not to mention the challenge of designing and implementing systemic changes/enhancements to a selling process based on the analysis.

During our customization process, we've found "disconnects" between what managers and reps have concluded, particularly in their analysis of lost sales, and what their former prospects tell us. The main reasons for this can be attributed to the fact that:

- few managers consistently conduct post mortems directly with former prospects, relying mainly on their reps' input and conclusions
- when reps and/or managers do conduct post mortems with prospects, they often don't ask the type of questions that will elicit a much broader perspective from the prospect
- many former prospects tend to be more open and frank with a third party
- there is no process in place to *accurately* assess the progress of a sales campaign at various intervals in the sales cycle, or if there is, key metrics are missing
- reps and managers are unfamiliar with how and why the *ODs* impact sales momentum dynamics

One example of a disconnect that we consistently find is related to *price*. One of the most common reasons given for a lost sale, price is an easy out for the decision maker and equally easy for reps and managers to accept as the reason for losing the sale. During our interviews with former prospects where "price" was given as the reason for losing the sale, 38% admitted that price wasn't their primary reason. It turns out that the "real" reasons given ranged from vendor and brand preference, to a lack of buy-in from other stakeholders, and being more comfortable with the competitive reps' value propositions (credibility issues). The bottom line was that our clients' reps got outsold because they failed to effectively manage one or more of the three key *ODs* at various points during the sales cycle.

Another disconnect we often see is when the manager and rep have concluded that the sale was looking favorable right up to the close, and then lost at the close for various reasons, including poor closing techniques, the absence of important stakeholders or influencers at the closing presentation, and/or some unseen hand turning the tide against them during the closing process. Of the former prospects we interviewed in these instances, 62% told us that they had already eliminated our client as a contender earlier in the sales cycle, but allowed the rep to make a closing presentation as a "professional courtesy." Again, the majority of reasons they gave for making their decisions were directly related to a failure by our clients' reps to effectively manage one or more of the three key *ODs*.

ANALYSIS and DISCUSSION

As stated at the outset, top performing sales people are more successful at creating, building, measuring, and maintaining sales momentum because they are better at managing the three key outcome drivers - *message, people, and frequency*. This is a result of a combination of training, experience, intuitiveness, and having managers who are more familiar with the intricacies of *OD* management. Following are some of the major differences in their sales approach as it relates to managing the three key *ODs*. On average, top performers...

- included 1.8 more stakeholders/influencers in their sales efforts at each target account (*OD* - people)
- made 3.6 more selling contacts per month at their target accounts (*OD* - frequency)
- provided prospects with more than twice the documentation to support their value proposition (*OD* - message and frequency)

ANALYSIS *and* DISCUSSION (continued)

- were four times more likely to know and include the prospect's corporate initiatives and priorities in their sales strategy - along with departmental and personal priorities (OD - message)
- were three times more likely to make "competitive comparisons" a central part of their sales strategy (OD - message)

Slightly less than a third (31%) of lost sales analyzed were due to factors that couldn't be wholly attributed to ineffective OD management. Following is the breakdown of the cause(s) of lost sales that were directly attributable to the failure to effectively manage one or more of the three key ODs:

48% - failure to develop a compelling value proposition [sales message] (OD - message)

41% - failure to include all key stakeholders/influencers (early) in the sale cycle (OD - people)

57% - failure to maintain an optimal contact/message frequency (OD - frequency)

message

Prospects were typically comparing the value propositions from more than one potential vendor. The ones they found most compelling addressed more levels of priorities within the organization (the bigger picture), were innovative and technically correct, established a favorable price/value model that was supported with credible documentation, and adequately countered the competitive value propositions. Value propositions that were succinct and made memorable by using a customized marketing phrase that highlighted a key element of the value proposition added more appeal and were made more memorable.

people

Some reps are uncomfortable calling at higher levels in a prospect's organization. Even when they know that's where the final decision will be made, they will resist calling on those individuals. Other reps do the opposite and focus on the higher level buying influences at the expense of developing support at the end-user level. Often, reps only call at the level to which they are directed by the prospect's receptionist and fail to include other important stakeholders. In the majority of cases, reps call at the level(s) where they feel most comfortable and considered to be standard operating procedure within their company and industry.

frequency

A rep can construct a compelling value proposition, put it in a high-impact format, and even get it to all the right people, but if the value proposition isn't communicated at a frequency designed to institutionalize the rep, the product/service, and the company, and minimize the impact of any competitive value propositions, the probability of successfully closing the business is significantly reduced.

The advertising industry has established that even the most compelling message must be heard at a minimum frequently to have the desired effect. "Reach and frequency" is the basis of all effective advertising and are critical components of effective sales and marketing. A hit and miss approach doesn't create the required momentum and often creates a negative impression. There are many markets and industries where the difference between competitors is very fine, thus increasing the importance of the *frequency OD*.

CONCLUSION

While there are other important and interesting results from our research, we have limited the scope of this report to the three key outcome drivers, and how they must be managed to create, build, measure, and maintain sales momentum to consistently achieve successful outcomes. The sales manager *must* play the leading role in making certain that reps are effectively managing the three key *ODs* throughout the sales cycle. CRMs are helpful tools, but cannot provide the level of direction and coaching required to move average sales performers to a whole new level.

For information on ZoomSelling™ training for sales and sales management, please call 703.232.1644, or email us at info@zoomselling.com.