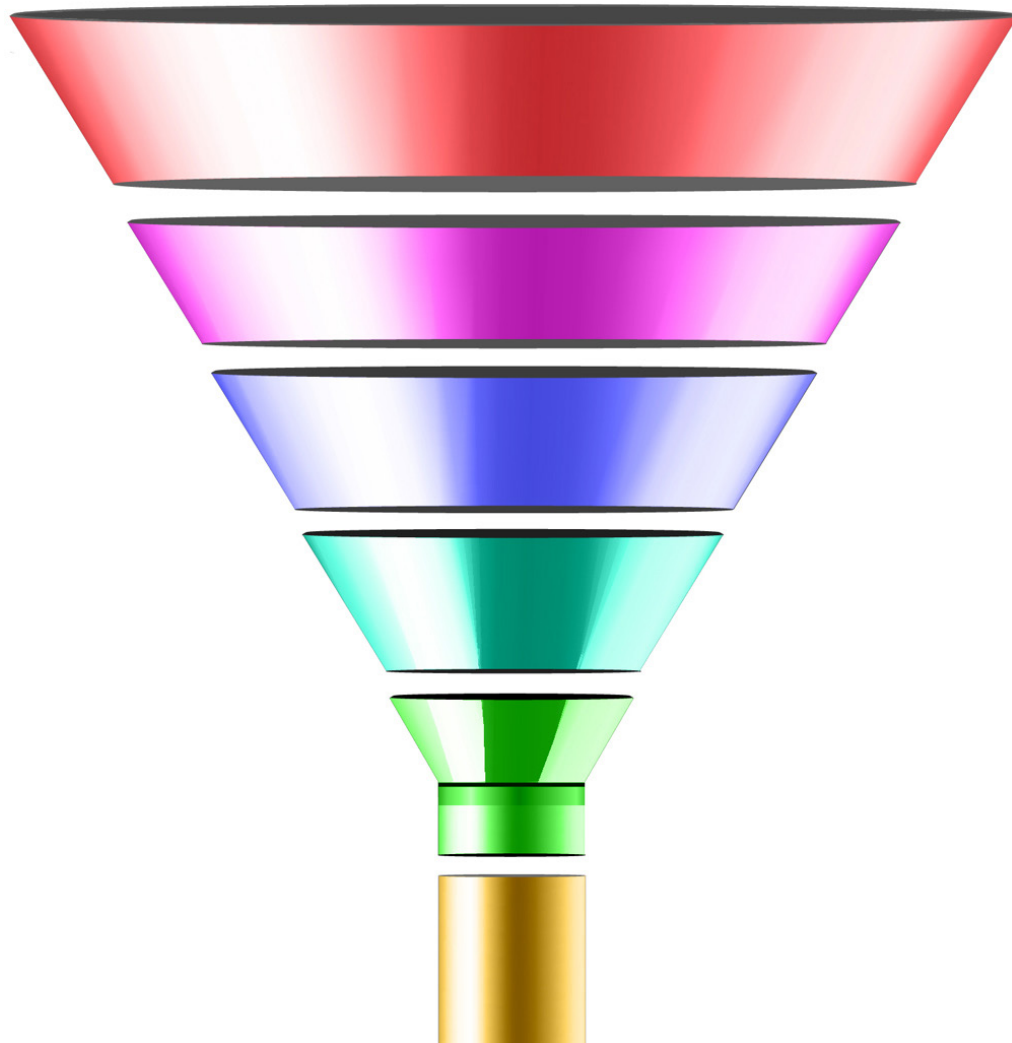Sales Leaders — What's Your

Funnel **IQ**™ ?

A White Paper by Mark Sellers
CEO and Founder, Breakthrough Sales Performance®
Partner, Advantage Performance Group

BREAKTHROUGH
SALES PERFORMANCE

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Introduction

If you are a VP of sales or manager of salespeople you likely have a gut feel about the value of the sales funnel. Your sales process might have defined funnel stages, a CRM system, and even forecasting calls each month.
While you have probably seen some benefit, does any of the following sound familiar?

- *"I think that 50% or more of our funnel is not real."*
- *"I can't hit a forecast to save my life!"*
- *"I see the same deals on funnels every time we have a review."*
- *"Our funnel seems big enough but we're always scrambling to hit the numbers every quarter."*
- *"I don't think our salespeople prospect enough."*
- *We rely too much on existing accounts for our sales."*

The hard truth is something's not working.

You are right to be frustrated. Sitting in front of you is a tool with untapped potential. Studies repeatedly show that companies that master funnel management often have higher performing sales organizations, achieve their sales targets more often, and have a higher sales productivity.

There are several reasons why the funnel has gained so much attention the past few years:

- Sales leaders have recognized that the funnel is the one tool that runs through the entire organization that unites multiple functions around the common goal of generating new sales. These functions include lead generation, lead nurturing and scoring, lead management, CRM systems, forecasting, sales support , marketing participation in the sale, pricing and proposal writing, and call planning. They are all connected to the same
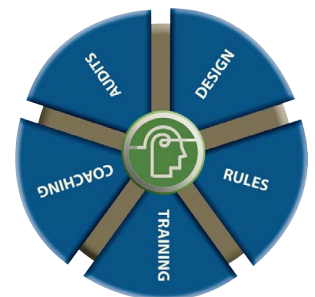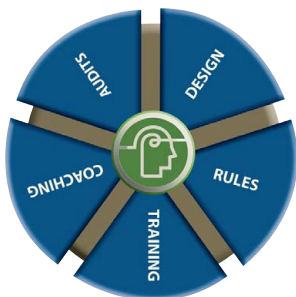
Why Isn't It Working?

As an international sales consultant the past 15 years, I've concluded there are two main reasons most funnels don't give sales executives what they need:

1. The funnel design is flawed. It's based on seller-centric activity, not the customer's buying process.

2. Many executives don't understand what a true funnel process is. Therefore, they either have a weak or broken process, or none at all.

FUNNEL **IQ**™

desired output – more sales. The more these functions operate in harmony the more productive each one will be.

- The funnel is 100% about net new sales. Net new sales is what is needed to reach new quotas and replace lost sales.

-

- Funnels give leading indicator information – the company's future revenue stream - this is critical for planning and forecasting and coaching.   Accurate forecasting is more likely if there is the right funnel process to ensure good data.

- The funnel plays a key role in aligning sales with marketing. This helps all stakeholders at the company know how to contribute to the overall sales cause.

- And finally, since CFO's, CEO's, and even boards are demanding to know the value (size) of the funnel they can have meaningful information if there is a funnel process in place.

What Can You Do? FUNNEL IQ™

The best place to start is by assessing the company's funnel process, identifying gaps, and benchmarking the organization against other companies. FUNNEL IQ™ does this, and answers three important questions:

1. *Are we getting the most out of our funnel as a **business process**?*
2. *Where can we **improve** it to get more out of it?*
3. *What can we expect to **gain** by having a more effective funnel process?*

A Measurable Payoff Solving Real Sales Problems

To be clear, maximizing the value of the funnel as a business
process is about solving revenue and sales productivity problems such as:

- Not achieving sales quotas
- Consistently missing the forecast
- Having too few salespeople achieve quota.
- Too much business coming from too few accounts
- Insufficient prospecting

Making matters worse, the funnel has been well-known for a long time, but many views of the funnel, though well-intentioned, are in fact myths. This wouldn't be a problem if these myths did no harm. Nothing could be further from the truth.

Simply, these two reasons are costing companies millions in lost revenue and lost productivity. To learn more about the common misperceptions of the funnel, visit Mark's webinar on Nine Myths of the Sales Funnel.

- Getting fewer leads
- Finding new opportunities later in the buying process
- Spending more time responding to RFPs
- Losing sales too slowly
- Scrambling to achieve quotas each month or quarter
- Sales cycles getting longer

The cost of even one of these problems can be dramatic. The cost of having several of these problems could be devastating.

5 Competencies and a Roadmap

The key to improving starts with five competencies. These competencies are proven to be critical to maximizing the value of the funnel process. The company's effectiveness is measured against a benchmark of world class funnel management and given a 'score' from yellow, the lowest, to purple, the highest.   Each level has a clear description of what it takes to be at that level. If the organization is currently operating at a level yellow on Design, FUNNEL IQ™ spells out what it takes to get to a level orange. If it is at a level green on Funnel Rules, it is clear as to what it takes to get to a level blue, and so on.
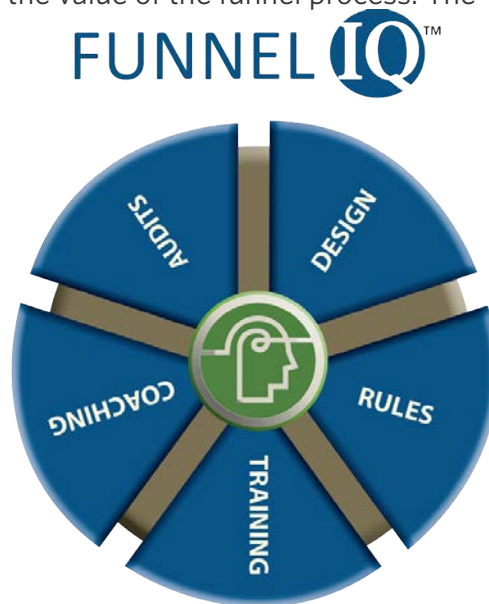
The FUNNEL IQ™ Roadmap is then generated, laying out the organization's priorities according to the current and ideal state of each competency. The company's progress is closely monitored so adjustments can be made if necessary.

FUNNEL IQ™ takes the mystery out of how to improve funnel effectiveness and describes exactly what's needed to improve.

"The old funnel is dead."

The new funnel is the BuyCycle Funnel™.

FUNNEL IQ™ Competency Number 1: Design

Everyone knows that a well-built house starts with a solid foundation. Funnel mastery needs a solid foundation too and that starts with the funnel design. "The old funnel is dead", claimed Gerhard Gschwandtner, Selling Power magazine publisher when he interviewed me in 2008. The new funnel is the BuyCycle Funnel™.

The old funnel he talks of is what I call the 'traditional funnel' in my book *The Funnel Principle*©. The traditional funnel is a funnel whose stages are defined by seller activity such as prospect, qualify, present, do the demo, do the assessment, give the sample, provide a proposal, or close. The traditional funnel is what all salespeople were exposed to, trained in and coached to since the funnel's inception. And today it is a dinosaur, as useful as an 8-track tape player.
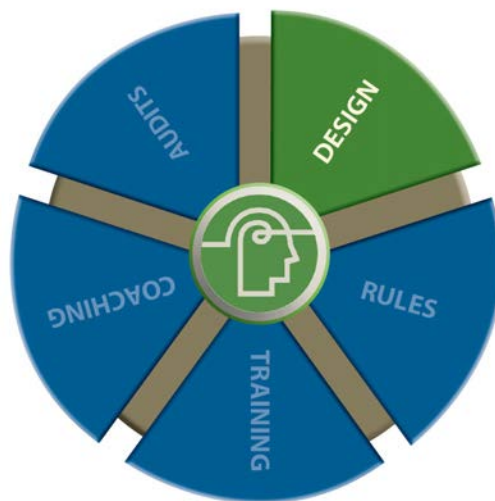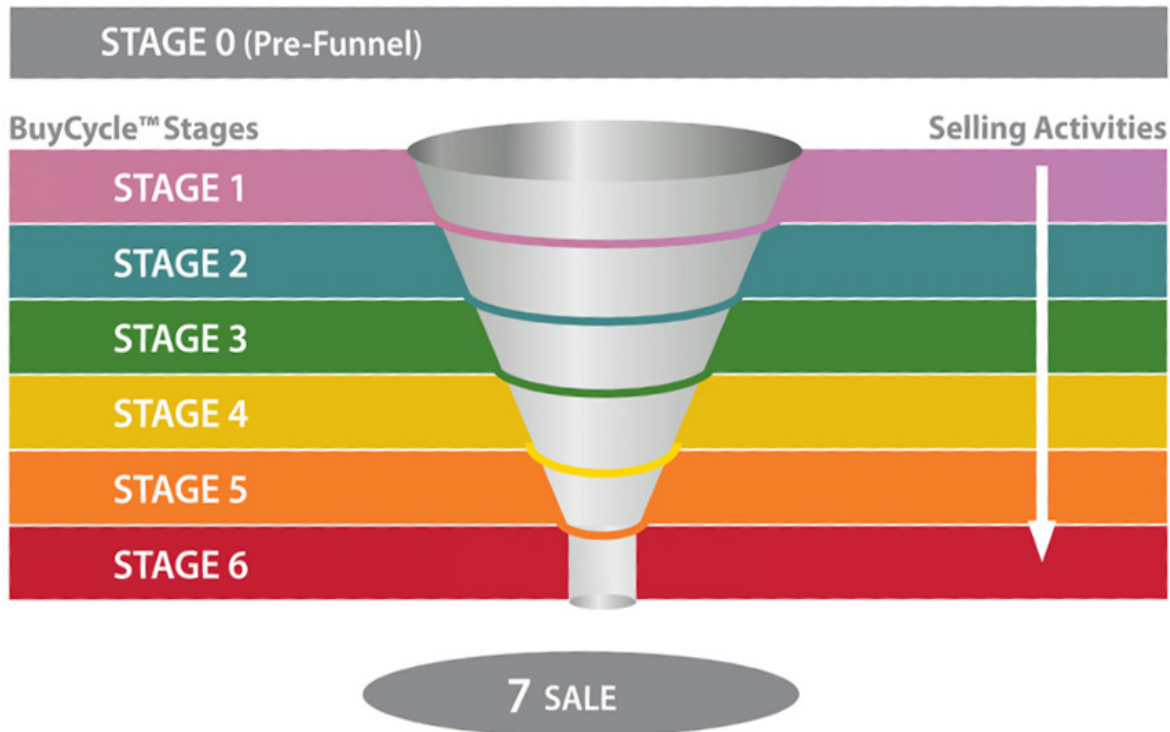
What is the consequence of having a traditional funnel? Think of funnel data as a cockpit dashboard in an airplane. What if the fuel gauges were not accurate? What if the altimeter was off by 30%? How in the world could anyone confidently fly the plane?

A traditional funnel is infected with bad data. When it comes to valuing the funnel this creates a domino effect that causes a chain of problems: sales representatives don't know the true value of their funnels and therefore can't prioritize and plan effectively. Sales managers can't coach effectively because they're using bad data to coach to. Senior sales leaders cannot trust the data and therefore can't forecast accurately.   Many VPs of sales and their managers tell me that they spend countless hours simply trying to interpret what's on the funnel. This has to be seen for what it is — a costly drain on time and resources.

The new standard of sales funnel management™ is a design I created called the BuyCycle Funnel™. It is the first and only design entirely based on the customer's buying process, incorporating Stage Matched Selling Activities™. A BuyCycle

BuyCycle™ Funnel

STAGE 0 (Pre-Funnel)		
BuyCycle™ Stages		**Selling Activities**
STAGE 1		
STAGE 2		
STAGE 3		
STAGE 4		
STAGE 5		
STAGE 6		

7 SALE

Funnel™ ensures good data starting with the salesperson. This lets him prioritize and plan well. The sales manager's coaching is spot on, and the head of sales can forecast better because the data can be trusted. Everyone wins.

A BuyCycle Funnel™ also is key to moving opportunities through the process efficiently. This is critical to higher productivity. The biggest productivity killer for sellers is doing selling activities that are ill-timed and have little impact on advancing a sale. Making sales calls, doing demos, and preparing proposals and more is expensive. But sellers often do this to stay busy or to hope that something positive will come out of the activity. A traditional funnel encourages this inefficiency because it's seller-centric and activity-based.

For companies that have a funnel, FUNNEL IQ™ determines if the stages are designed from the customer's buying process, and if they are, it reveals how well they reflect that buying process. It will determine if the funnel has too many stages or too few. It shows how adding additional definition criteria could make

The BuyCycle Funnel™ is the new standard of sales funnel management, the first and only design entirely based on the customer's buying process.

The best way to gain the widest and deepest buy-in from users is to include them in creating Funnel Rules.

the funnel stages more meaningful and relevant to the users.

With the funnel design affecting all other aspects of the funnel, it's imperative that the design be unquestionably accurate and relevant to the company's selling environment. Therefore, it is important to avoid designing the funnel in a vacuum with little input from the field or from customers.

FUNNEL IQ™ Competency Number 2: Funnel Rules™

One of the mistakes executives make when they commit to a sales funnel initiative is not defining and communicating how the funnel will be used, including expectations of use of the system. This is a big mistake because these Funnel Rules are the things that actually get managed. They're also important at building buy-in from the management team. So leaving those out of the overall system omits a critical contributor to success.

Funnel Rules are guidelines such as how frequently territory funnels will be inspected, who participates in the inspection process, what standard funnel reports the organization will use, and what information will be included on those reports, what metrics will be used to track progress, and more.

One of my clients is using our system to increase its win rate. They defined a baseline before we started and they carefully monitor the win rate from month to month. They review it quarterly and assess what they can do to increase their win rate if necessary.

Another client recently made changes to its Funnel Rules by changing how the salespeople use the CRM tool. They defined three metrics to be reviewed
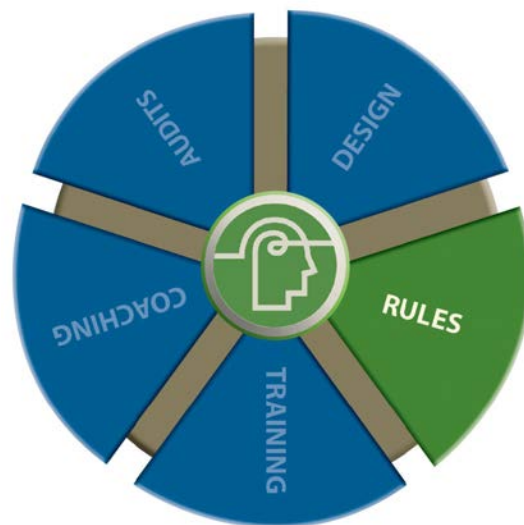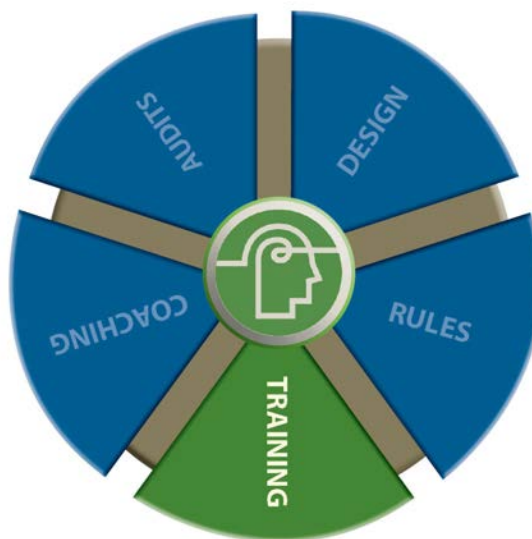
monthly by the sales manager and the salesperson. Finally, we replaced an Audit worksheet with a flow diagram I created that allows managers to do Audits right from the CRM dashboard. This saves a tremendous amount of time.

The best way to gain the widest and deepest buy-in from users is to include them in creating Funnel Rules. After all, the rules should primarily be ways for the users to be more effective with the funnel. One example of a Funnel Rule is defining how the CRM will be used to support the process. This includes putting the stages in the CRM and creating funnel reports. Funnel Rules can also include integrating a company's existing sales method for call planning and account management, and strategy documents. Funnel Rules include how forecasting will be done.

Most of our clients revisit their Funnel Rules a few times in the first year and then once annually. This is a great way to continually improve the effectiveness of the funnel.

Without Funnel Rules there will likely be a steady decline in compliance and effectiveness, a lower ROI on the investment, and a sponsoring executive who has lost credibility.

Tip: Sales funnel systems often fail because the organizations overlook the need to define the rules for how the system will be used.

FUNNEL IQ™ Competency Number 3: Funnel Training

It should come as no surprise that if you want to change the way your salespeople sell you've got to train them. Training helps them learn terms, concepts, and application.

Training lets them take the new concepts on a test spin and in a safe environment. Training in using the funnel is no different.

This competency is often overlooked or skipped.

I travel the world delivering funnel training in person to clients in China,

Singapore, Europe, Canada and North America. Our clients have learned that this training is critical even if it's not the central focus of the 5 Step Process. We also conduct training virtually with a live facilitator over the web.

Training in the funnel is likely even more critical to change than training in other sales disciplines because of the need to reverse the widespread misunderstandings and myths of the funnel. Training 'level sets' the process for everyone. When no training is provided companies will put the burden on the sales managers to orient or expose. This is a not advised since sales managers aren't usually trained as trainers. Plus, the inconsistency from this approach results in too much variation in understanding the concepts.

What do salespeople learn in Funnel training? They learn the two main functions of the funnel, how to use the company's custom designed BuyCycle Funnel™ to advance opportunities through the buying process, and how to do Funnel Audits. There's also a valuable final 'funnel value' exercise where they learn the true value of their funnels and write an action plan for the next 30-60 days.

One area that shouldn't be forgotten is training of newly hired salespeople and managers. With turnover of sales personnel so common, it's only a matter of time before this need occurs. If training of new hires is neglected or done ad hoc by the manager the process is shortcut at the expense of the new hires and ultimately the organization.

*CRM training shows how reports are generated, what reports are required and how often, and how to enter new opportunities and move them from stage to stage. All of this is important, but **it's not funnel training**.*

Some executives believe they're providing funnel training when they're really providing CRM training. CRM training shows how reports are generated, what reports are required and how often, and how to enter new opportunities and move them from stage to stage. All of this is important, but it's not funnel training.

If the company doesn't provide any funnel training, FUNNEL IQ™ does more than state what's obvious. It gives a roadmap of how to provide funnel training for all constituents – the salespeople, managers, marketing, sales support functions, and how to train newly hired sellers.

FUNNEL IQ™ Competency Number 4: Funnel Coaching

Competency Number 4 is funnel coaching. It should come as no surprise that if you want to change the way your salespeople sell you've got to train them. It should also come as no surprise that training isn't enough.

In fact, if there's one competency that stands out it's Funnel Coaching. I won't say it's the most important competency but it is the most pivotal. That's because sales managers play a huge role in making the system stick. Even though the team has a BuyCycle Funnel™ design, Funnel Rules, and Funnel Training, some salespeople will still go back to old habits. The one thing that keeps that from happening is having sales managers who are trained and committed to Funnel Coaching.

A common mistake that some executive sponsors make is assuming that their sales managers already get this funnel stuff and therefore don't need coaching.

A common mistake that some executive sponsors make is assuming that their sales managers already 'get' this funnel stuff and therefore don't need coaching development. They rationalize by thinking these managers were the best salespeople and they were successful sellers because they did this funnel stuff. Right?

Wrong!

First, countless studies refute that the best salespeople make the best sales managers. Therefore, they've got to learn how to be a good sales manager. They need attention, training, and coaching.

Second, it assumes that good managers somehow are blessed with a coaching
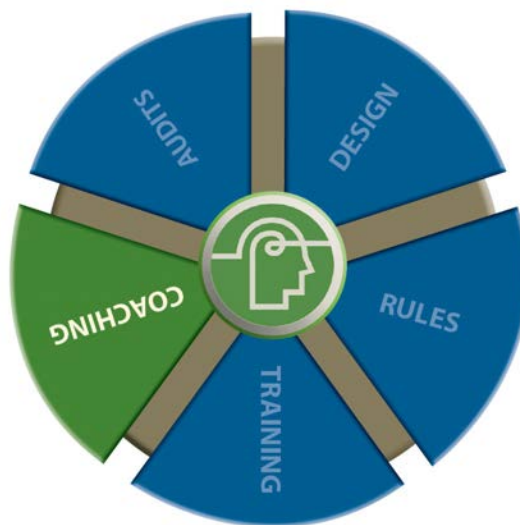
Funnel Audits are the key to making the whole process work.

gene that guarantees they are coaching and developing their people every day. In many organizations this isn't true.   It's not because managers are lazy or incompetent. They're busy. They're multitasking. They're wearing many different hats. They don't always commit proper time to coaching.

Third, it assumes that managers don't want coaching. This isn't true. If they're ambitious and humble they're looking for ways to get better. They're looking for help.

Funnel coaching is the most pivotal step in the process.

FUNNEL IQ™ Competency Number 5: Funnel Audits™

Funnel Audits are the key to making the whole process work.

A Funnel Audit is an inspection of the funnel. It accomplishes two critical things, diagnosis and action plan.

Diagnosis is about funnel health. Specifically, is the funnel healthy enough to achieve the quota or budget? The answer to that question lets the salesperson know what part of the funnel to focus on. Since the funnel is changing all the time, new deals are being discovered, other deals are progressing, some deals are falling out, and some deals are being won, salespeople don't always know what part of the funnel they should focus on. With a Funnel Audit, they know all the time.
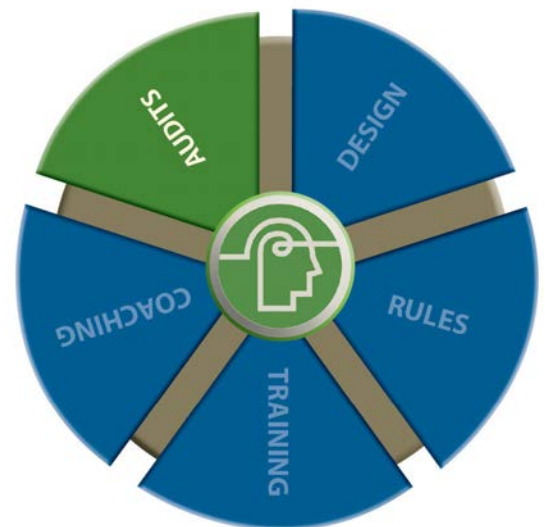
At the end of each Audit the salesperson writes a short term action plan, usually 30-60 days. This plan makes the salesperson accountable and lets the sales manager know exactly how to coach and lead.

Let me summarize what's happening here:

Funnel Audits are structured conversations between a sales manager and salesperson...

- *That take place on a regular schedule, say monthly...*
- *That diagnose the health of the funnel...*
- *Which leads to setting a short term action plan...*
- *That defines priorities and time management.*

Mastering the funnel as a business process is not about doing some things well some of the time — it's about doing all things consistently well.

Some executives will say "we already do stuff like that" and they are correct. However, mastering the funnel as a business process is not about doing some things well some of the time – it's about doing all things consistently well. The difference in outcome is significant.

There is a lot of misunderstanding about funnels and inspections of funnels (Funnel Audits). For one, a Funnel Audit is not a forecast call. Forecasting calls focus on one part of the funnel - the bottom. A Funnel Audit focuses on the entire funnel. Second, a Funnel Audit is not a deal strategy review. The Audit assesses all of the deals on the funnel. Finally, a Funnel Audit is not a report that the manager has the salesperson send in.

The Audit is a conversation, it's dialogue. It's a coaching session. It's where the managers can truly add value. It's where learning takes place. It's the conversation that keeps salespeople on track and productive or gets them back on track.

I have clients that are still doing Funnel Audits eight years after we rolled out their funnel systems. How's that for commitment to reinforcement?

Funnel initiatives fail when management fails to stick with the program. Conducting Funnel Audits sustains the process and ensures a steady, impressive return over time.

About Mark Sellers

Mark Sellers, an Advantage Performance Group partner, is an international sales consultant, CEO and founder of the sales consulting firm Breakthrough Sales Performance®. In 2008, he published *The Funnel Principle*© book and introduced a game-changing standard in the sales funnel called The BuyCycle Funnel™. Since then, sales leaders around the world have hired Mark and his firm to implement the 5 Step Funnel Principle Process, an enterprisewide business process for funnel management.

Breakthrough clients have documented benefits such as achieving record sales, sales growth, and sales productivity.

The sponsoring executives of these clients engage with Breakthrough because they believe that their problems, needs and opportunities could be addressed with an enterprise- wide commitment to maximizing the value of the sales funnel. They've proven themselves right. FUNNEL IQ™ is a luxury they didn't have when they first engaged with Breakthrough.
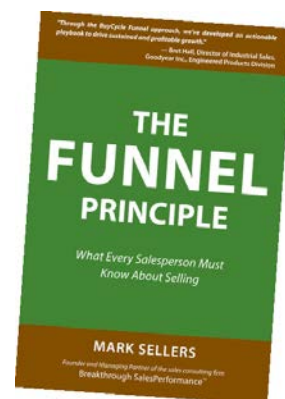
Breakthrough clients have included Microchip Technology, Tektronix division of Danaher, West Pharmaceutical Services, DSI, Sartomer, Goodyear (Veyance), Honeywell, Cardinal Health, Cray Valley, Smith & Nephew, Radisys, Sarcom, Medex Medical, Battelle, Cott Systems, Parker Hannifin, OCLC, NetSmart, KCI, GA Braun, Indium Corporation, Whirlpool, O'Brien & Gere, Ingenuity IEQ, Phoenix Controls, Fine Host, Ferro Corp., Metatec, MEDRAD, Mass Mutual and Swagelok.

About Advantage Performance Group

Advantage Performance Group is a professional services firm providing creative learning and consulting solutions that equip individuals, teams and organizations to be the best at what they do. We help leaders lead, sellers sell and businesses flourish. Have you called Advantage yet?

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