Pipeline Management and Buying-Focused Coaching

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Are you constantly frustrated with deals that seem to be moving through your pipeline but then fail to close? Does the reality of your forecasts too often fall short of the projections?

Welcome to the club! Problems with pipeline management and forecasting are some of the most common issues that sales managers face.

These problems have a common thread: *companies that are too focused on selling*. You read that right! Problems with pipeline management are almost always linked to a focus on selling.

By that I mean that managers focus too much of the energy on teaching their salespeople how to move through a *sales* process and not enough on teaching them how to keep prospects moving through a *buying* process.

Let me explain what I mean…

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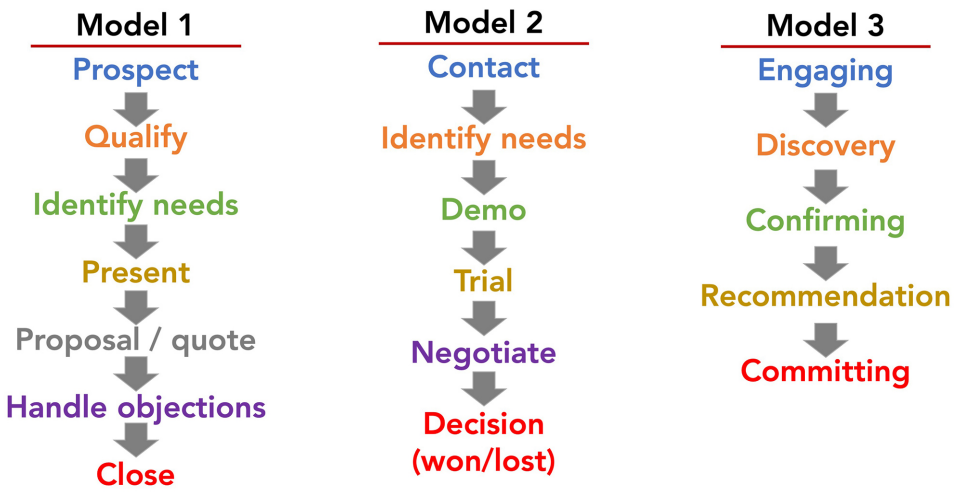
How a Sales Focus Can Lead You Astray

Almost every company has a sales model that describes the **steps a sales rep should take** in order to sell: qualifying leads, needs and solution identified, quotation provided, and so on. You know the drill. This is the standard way that most sales models are structured. Figure 1 shows three common sales models I've encountered.

Figure 1: Example Sales Models



I want you to think for a moment about the implications of the structure represented by these models. Almost always, an organization uses the labels for the steps of selling as the labels for their pipeline, funnel, CRM, or some combination of them.

That means when a salesperson in these organizations enters data into a CRM, the status they report—the data that sales forecasts are based on—reflects primarily **actions they have taken, not what the customer has done**. So the position that a customer occupies within the funnel or pipeline—"demo" vs. "trial," for instance—only indicates how far a salesperson has progressed in the steps of selling, not how far a customer has progressed in their decision making.

Tracking deals or creating forecasts based on a selling-focused model are actually projections based on sales rep intuition not evidence that a prospect is moving forward.

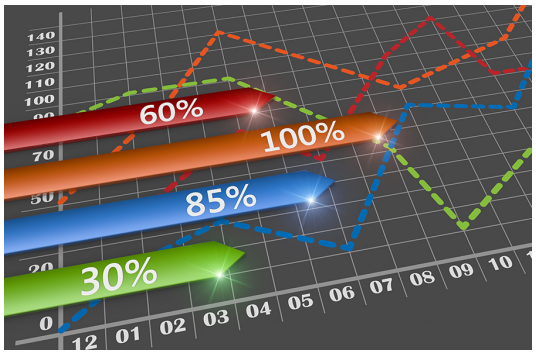
And it's this disconnect between "sales rep actions" and "customer actions" that contributes to lost sales and missed forecasts.

Any company that uses this kind of selling-oriented model may think that sales opportunities are progressing quite nicely *as long as salespeople are doing the sales tasks the model describes.* But they never really know what is going on with the prospect's decision makers. Therefore, **selling activities are an inaccurate metric of progress.**

I want to elaborate on this concept because it's critical to understand why companies that track activity based on the steps of their sales process are almost constantly disappointed with inaccurate forecasts and poor sales results.

For example, while it might sound important to know that a rep has delivered a proposal, simply tracking "proposal delivery" doesn't tell you whether the customer has fully defined their needs or if they understand the economic impact if they do nothing. It doesn't tell you if the customer has compared your offering to those of your competitors, or if they have allocated money for some kind of buying decision. It also can't tell you which (if any) steps the customer has completed in their buying process.

In short, if you're using a selling-focused model, you're flying blind in terms of understanding what is happening with your customers. **You can't manage or coach something you cannot see, and you certainly can't make accurate forecasts!**



There is a second, equally important flaw with selling-focused models that I want to point out. The only data that CRMs associated with these kinds of sales models can capture—such as how many calls, appointments, or demos were made—are all *lagging indicators*, data that reflect the near or distant past and not what is currently happening. Such data…

- Provide no insights into the causes or solutions to problems for specific sales opportunities
- Don't help you understand what is going well inside the buying team

Is your only option to crack the whip?

In companies that track progress based on the steps of selling, sales managers lack insight into what's going on with both their reps and the prospects. So when deals fall through, or if they have an underperforming rep, they have few options other than to crack the whip and say, "Make more calls!" (Meanwhile, salespeople are thinking, "That's the same advice you gave me last month and it didn't help.")

Case Study on the Pitfalls of a Sales Process Focus

A sales VP who attended one of my workshops told me her main aha moment came when I challenged the audience to think about how they really know what the customer is doing at each step of the sales process since the customer's actions are a much better indicator of progress than a sales rep's actions.

As she thought about her own company's sales funnel, the sales VP realized that it didn't reflect customer actions at all. And the "won-lost" analysis her sales organization did occurred far too late in the sales cycle. That created a disconnect that made it hard to identify the mistakes that led to a loss—and obviously did no good in helping a sales rep repair the damage and salvage an endangered deal.

The sales VP told me, "Before now, if a salesperson told us that they'd nailed a presentation or had a sale that was a sure-thing, we'd believe them. But now I realize we have to get some validation based on what our customers are doing. That means we have to adopt a more investigative coaching style and get involved much earlier in the sales process."

How to do just that is the subject of the next sections of this paper.

Creating a Buying Focus

A few years ago, sales executives at a company I worked with became alarmed about poor user adoption of their CRM system. Salespeople were not entering information in a timely manner, so the accuracy of the information being recorded was questionable. Sales forecasts were off. Pipeline management was frustrating. Not good.

Why did many sales reps reject CRM? The top reasons included concerns about a perceived loss of confidentiality/control of data, the time required to input data, and managers using the CRM system as a policing tool. Seasoned salespeople also have the attitude that they "own" their contacts and they don't want to share what they see as a valuable resource that contributes to their success (and paycheck!).

Recognizing these realities, this company decided that simply providing more training on the CRM system wasn't the answer. Its sales force needed to be more motivated to use the system, which would happen only if they thought doing so would help them improve results.

What would help salespeople improve results? **A better understanding of customer buying and more insights into what might be going wrong inside a prospective opportunity.** To get that kind of knowledge, companies have to revamp their sales model into something that is much more rooted in customer buying behavior than the steps of selling.

To help the company understand this concept, I introduced them to the **buy-learning model** (Figure 2) that I've used since 1996.[1] The label indicates that customers are *learning* at each step along the way to making a purchase—so selling is really a task of providing customers with the right information at the right time so they can move from one step of buying to another.

Your company may have or want to develop its own model, but I'll use my sequence in the rest of this paper, so let me hit a few highlights.

Figure 2: Typical Buying Process

For a sales team, most often the focus is on Steps 1 to 6, which cover everything from the customer's first inkling that change might be necessary to a commitment to make a purchase. Here is a quick overview of what is happening inside a customer at each of these steps:

1. **Change**: Becomes aware of a potential issue and receptive to alternatives and remedies
2. **Discontent**: Conducts problem analysis and economic analysis; develops "solution vision"
3. **Research**: Learns from suppliers how vision could be implemented; defines formal and informal decision criteria; prepares a formal or informal RFP
4. **Comparison**: Establishes short list; analyzes proposals; attends demos
5. **Fears**: Tests proof of concept; checks references
6. **Commitment**: Negotiates terms and conditions

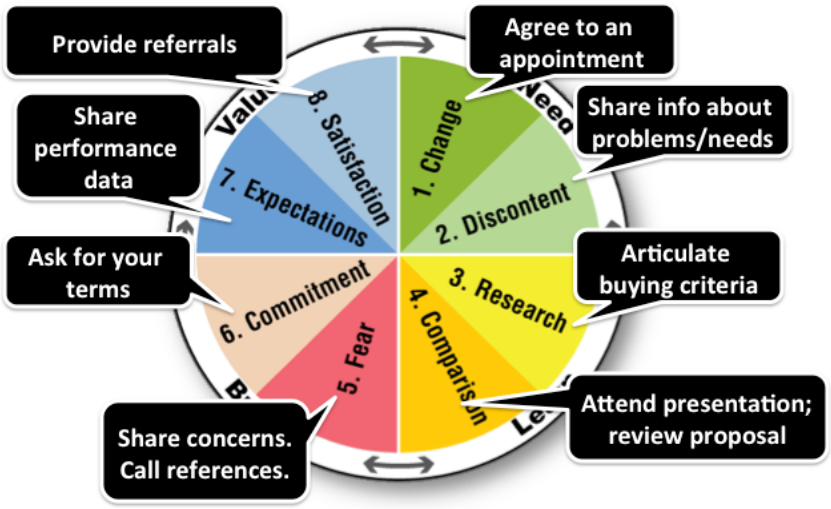
[1] The key message of my first book, *Getting Into Your Customer's Head* (Times Business Books, 1996), was that understanding the buying process is where effective selling should start.

Having a buying model is essential, but not enough. The real value comes in what you should do next to make it actionable. That work involves defining what **actions** you would see a typical customer take as they move through each of the buying steps. Here are some customer buying actions that my client's sales reps observed (listed in no particular order):

- Agree to an appointment.
- Enable access to other decision makers.
- Articulate buying criteria.
- Share inside information about problems and needs.
- Ask for terms.
- Share performance data (the results they've seen).
- Share their concerns with us.
- Call your references.
- Attend a presentation and review our proposal.
- Visit one of our branch offices or a customer site.
- Provide referrals.

The match between the buying steps and these customer actions is shown in Figure 3.

Figure 3: Customer Actions



The **customer** actions included in the graphic become the starting point for identifying **exit criteria** for each step—the specific actions that customers take that indicate they are moving from one step of buying to the next. Achieving the exit criteria becomes the most reliable indicator of a prospect's progress through the buying cycle—and therefore the best basis for forecasts and pipeline management.

When a company adopts a buying-process focus, part of a sales manager's responsibility becomes reinforcing that perspective in their dealings with sales reps. They must make sure that reps do the following:

- **See the process through the customer's eyes.** Rather than focusing on the steps of the sales process, which is usually all they've been taught up to now, sales reps must learn to appreciate the steps a customer goes through when making a buying decision.
- **Focus on questions that get at the customer's go-forward actions (exit criteria).** Sales managers can demonstrate how to plan a sales call simply by asking reps the questions those reps should be asking themselves, such as "Where is this prospect at in their decision-making process?" and "What does this customer need to learn in order to take their next buying step?" and "What action do I want the customer to take after this call (or meeting)?"

Lessons from the Buying Wheel

One of the most important takeaways from the buying wheel is that salespeople often pitch too soon. Talking about features and benefits of a solution (steps 3 and 4 of the model) does no good if the customer has not even decided to buy yet (they are still in Steps 1 or 2). Too many reps are simply out of sync with customer buying. Sales managers must encourage reps to make sure that a customer is prepared to appreciate the solution's benefits before the rep talks about them.

Changing Your Coaching Conversations

Developing and reinforcing a customer-buying focus changes the nature of coaching conversations dramatically. You must get your reps to think more about buying from the customer's perspective. To do that, make sure that any conversations about specific deals are focused on the exit criteria that relate to the step of buying the prospect is in.

A sales VP at a buying-focused company recently described it this way: "I wanted to have these customer milestones spelled out so my sales managers could be more effective in working with their reps. Now, they can sit down with a rep and discuss what steps each prospect has and hasn't taken. Then they can talk with the salesperson very specifically about what they need to do to prepare themselves to get that client through the next milestone."

In Figure 4, for example, you'll see some examples of what I mean based on my buying model. You can see the name of each buying step, some of the exit criteria for that step, and, most importantly for sales managers, questions to ask of a rep to see if that rep is prepared to deal with a customer in that stage of buying.

Figure 4: Buying-Focused Coaching

Buying Step	Exit Criteria	Coaching Questions
Change	Interest confirmed by one influential key stakeholder; agreement to first meeting	• With whom will you have the first meeting? • What problem is this person interested in solving?
Discontent (Acknowledge something needs to change)	Problems and causes of problems understood; economic implications & costs defined; "solution vision stated"; access to funds assured; stakeholders aligned	• What are this prospect's problems and what are the causes (in the customer's voice)? • What are the consequences of this problem(s) and their costs? • What is the impact if customer decides to delay? • Who will make the funds available?
Research (Buying criteria defined)	Intangible criteria defined in tangible terms; proposals requested	• Have you identified at least 7 buying criteria for each decision-maker? • Which of these criteria represent a threat to us? How will you handle that? • Which criteria can you connect to our Company strengths? How will you do this?

You as a manager can use these coaching questions with a rep either before a conversation with a prospect or customer (pre-call planning) or afterward as a way to detect and diagnose any potential problems (post-call debrief). Either way, these coaching questions get the rep to think more deeply about a customer's buying process and what they can do to have the best shot at moving the opportunity down the funnel. Let's look at a few examples.

1. Pre-Call Planning

Here are three standard customer- and buying-focused questions I tell sales managers to ask of salespeople who are about to have an important meeting with a prospect.

1) **Where is the customer in their buying process?** This question gets the rep to talk about the kinds of questions the customer is asking, which will vary depending on their step of buying. The customer could be wondering whether their need is big enough to invest in a change, concerned about compelling events that are affecting their time. Or they may be far enough along to be thinking about specific capabilities they want to see, or they may be interested in knowing how your solution compares to your number one competitor's. And not to sound too cynical, but don't take the rep's word for it when they give you an answer! Ask them *how* they know what step of buying the customer is in. Probe into those exit criteria!

2) **What problem is the customer trying to solve?** Another trap that reps fall into is spending so much time discussing the features and benefits of your product or service that they forget to think about what your product/service is a solution to! That is, what is the problem that the customer is trying to solve? Keeping reps focused on customer problems is critical for value-based selling.

3) **Which decision makers will be on the call, and where are they in the buying process?** Here's another challenge with focus that sales reps often have. They have probably talked primarily with one person in the client or prospect company—but maybe there will be others on the call. A rep needs to anticipate who will be on the call (or at the meeting) and what those decision makers' needs and priorities are.

Of course, you want to end every conversation by asking what specific steps the rep wants the customer to take after the call or meeting. That is, what go-forward action (exit criteria) commitment should your salesperson be looking for?

2. "What's happening with . . . ?"

Probably one of the most common conversations a manager has with a rep starts with "what's happening with . . . ?" or perhaps "what are you going to sell?" The real aim of this conversation is to talk about what needs to happen, or what steps the rep has to take to move the deal toward closing. How this kind of conversation goes is very different depending on whether you have a typical sales process vs. a buying-focused process.

Let's look at an example: The scenario is that a sales rep is selling software that provides enterprise users the ability to share files, while maintaining security, from any device including smartphones. The rep's prospect is a large law firm with whom several initial conversations have already taken place. The manager wants a status report.

In a company with a traditional sales process:

Manager: Where are we at with the Sunsational Law Firm deal?

Rep: It's looking pretty good. I've got a good rapport with the key decision maker, and I hope to schedule a demo for next week. It should close by the end of next month.

Manager: Any potential landmines you know of?

Rep: Nope. My contact has responded quickly to all my requests, so I think we're in good shape.

Manager: OK, great. Keep me posted.

In a company with a buying-focused funnel:

Manager: Our funnel shows that Sunsational Law Firm is beginning to grapple with the discontent they have with their current software. Are they still at that stage of buying? And what makes you think they are or aren't moving forward?

Rep: They're moving into their Research phase. I met last week with their administrator and she discussed her concerns about unsecure file sharing. In the past, the firm has relied on a manual process of saving confidential files to a flash drive and shipping overnight via courier service. But recently she's become aware that some partners have been sharing files via unsecure consumer platforms.

Manager: Did your prospect talk about the economic implications and costs of their problems?

Rep: Yes. She says the firm is spending upwards of $500 per day on courier services. And she's concerned about the potential liability of the unsecure file transfers.

Manager: What could happen now that might send this deal sideways?

Rep: Well, she hasn't really involved other decision makers yet, which I know will be critical in making the final decision.

Manager: I think you could try asking her questions that she doesn't know the answer to—questions that only other decision makers can answer. That should get her to involve other decision makers. When is your next meeting scheduled and what customer action objective have you set for that meeting?

Rep: My plan in the next meeting is to identify her buying criteria and suggest a few additional issues that she should be thinking about that link to our competitive strengths. Your suggestion about the questions is great. I think I could draft up some more questions that either their tech guy or lead partner would need to answer. Then I can aim at getting her to agree to schedule a technical deep-dive with her and the project team next week.

Early-Pipeline Sales Coaching

The more you blend a buying focus into your pipeline and deal tracking systems, the more you recognize the need for sales managers to get involved *early* in the cycle.

This lesson really struck home for a company I worked with a few years ago. The VP of Sales told me that his company sells a high-tech product whose benefits aren't easy to explain. "We've already sold to all the companies that are early adopters, the ones who already knew they needed a product like ours. Now we're having a much harder time closing deals. Our old approach to selling just isn't working any more. What can I do to help improve our closing ratio?"

I asked what he had done so far, and he talked about holding more pre-close meetings with sales reps to review all of the steps and make sure the rep had done everything required up to that point. But it hadn't done any good.

I told this director that his approach was typical but had a fatal flaw. "You can't improve closing ratios by going in at the *end* of the sales process," I said. "You have to fix what your salespeople are doing at the very *beginning*—what they are doing to understand the customer's buying process. Those first few meetings are when a customer decides whether they have a problem that you can fix and whether it's worth their time to fix it. It's also where, from the customer's perspective, the size of the sale is determined. If you don't get your salespeople to probe those issues, no amount of finesse at the end stages is going to secure a deal for you."

It took about six months of work to re-focus the sales process and salespeople on customer buying, but the payoff was worth it. The VP later told me, "Our closing ratio has gone up across all our offices. Every office has taken a leap in their ability to close sales faster."

I asked him what had made the difference.

He told me the focus on getting reps to better understand the customer very early on was the biggest factor. "We have found that having reps slow down to take more time in the first discussions with prospects has improved our ability to close more deals quicker," he said.

He then mentioned two specific things his sales force was doing now because of the different way their managers were coaching them:

1. In either the initial contact or the very first meeting, they spend a lot more time asking questions that get the customer to think about the problems they have. “Instead of us talking about benefits, the customer is recognizing for themselves that they have a need that we can fix,” he said.
2. His salespeople all know how to “get the numbers,” as he put it: helping the customer think through issues like what the problem is costing them, the percentage of their business affected by the problems, and the number of jobs lost to inefficiency or the number that could be added if the customer’s company could improve in this key area.

With this information, the director said, his salespeople are much better at “bringing the customer to the concept” much faster than ever before. “It’s the prospect who sees the need for a product like ours,” he explained. “They also have a better appreciation of all the costs they can incur if they do nothing. Once the benefits of action and consequences of inaction are clearer, they’re much more motivated to buy.”

His final comment to me was, “I’ve seen some of the best salespeople in our company fail because they were just trying to be salespeople. They were only thinking about their sales steps. They didn’t understand the process from the buyer’s seat—why that particular prospect may be looking to buy. Now that my sales force has that new perspective—and my sales managers are continually reinforcing that focus—my reps are much more effective.”

Better Customer Understanding = Better Pipeline Management

When you reinforce a buying focus with your reps by asking them customer-focused questions, you get them to look at a purchase from the customer's buying perspective. They, in turn, will start to ask more targeted questions of your customers. What they learn by asking those questions will help them become sensitive to the twists and turns that send deals off track. They will gain a greater understanding of customer's problems and needs—better than that of your competitors' reps—which will allow them to improve their selling process. Their insights will better prepare them to resolve the challenges that both you and the customer face at each step along the way. That's how you can help your customers move more quickly through their buying process. And that's why if your salespeople slow down, they will sell faster!

Here are four ways in which companies benefit from making a switch in their sales funnel from selling to buying, and using customer actions as exit criteria that defined the transitions from one stage of the funnel to the next:

- **The sales reps (and the company as a whole) become more customer-focused.** Having a buying-focused sales funnel helps salespeople break out of the habit of pitching to soon. They are able to do a better job of matching their sales steps to customer buying (that is, getting in sync with customers).
- **Sales reps have more confidence in their process**. Before any meeting or call, sales reps know to ask themselves, "What specific action do I want my prospect to take afterward?" That way, every conversation with a customer is focused on a specific go-forward customer action linked to the exit criteria. The better a sales rep becomes at having customers complete the exit criteria, the smoother and more predictable the buying funnel (and sales process) becomes.
- **You can learn WHY prospects drop out.** While it's possible for many salespeople to do a decent job of selling by following the steps in their company's model, the inability to dive into the reasons a sale did or did not go through makes their job tougher. Without knowing the *why*, it's difficult to replicate the success in one deal to the *next*, or to say that because one deal fell through another like it will too. That means deals are more unpredictable. Predictability is in many ways as important as driving sales growth. Companies and investors stake your company's valuation on predictability; comp plans and quotas are built on

predictability. And ultimately, sales reps and managers will be judged on both sales growth and predictability (sales forecast accuracy). If there is sales growth that was not predicted, the reps are often suspected of "sandbagging"—not booking sales one month to help them qualify for the next month's incentive or exceed the next month's quota. The bosses see a big leap in sales and then raise quotas accordingly.

- **Sales forecasts are more accurate.** When salespeople and sales managers have more knowledge about what a customer or prospect is doing (or not doing), and what things the rep has or has not completed, this helps them be more realistic when gauging the likelihood of success. So having a buying-focused sales model increases predictability and hence funnel accuracy.

Put all these factors together, and it's clear that having a buying-focused pipeline makes **sales managers more effective.** By getting your team focused on customer buying behaviors, both your time and your reps' time can be used to much greater effect.

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About the Author

Kevin F. Davis is the author of *The Sales Manager's Guide to Greatness: 10 Essential Strategies for Leading Your Team to the Top,* which describes methods for everything from leading, coaching, and managing priorities, to hiring, forecasting, and driving rep accountability. He has just released a new online program based on those concepts, called *the Sales Manager's Guide to Greatness.* For more information on TopLine's sales management training program visit TopLine Leadership, Inc.

