



## **Garbage In, Garbage .. Well, You Know**

***You can't close sales if you don't qualify leads***

*by*

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**T**he Sales Force Automation (SFA) industry has morphed into the Customer Relationship Management (CRM) movement. More and more, analysts and consultants are focusing on the concept of process and the critical difference between sales rep *efficiency* and sales rep *effectiveness*. The need to tie the front office to the back office and all the potential whiz/bang associated with the Web are also providing ongoing grist for discussions, seminars and presentations.

Overlooked in all this excitement is one very simple way to get an immediate and high payoff, one effort that requires no automation, although technology can help over time. What is it? Qualifying your prospects.

Over the years, I've offered the following wager to hundreds of sales and senior executives: "I'll bet my house, right now, that you have people out working hard to get business you don't want." Well, the execs all nod their heads – and I still have my house.

Why would that be? A surprising number of companies do not define what makes a quality prospect, and virtually none of them regularly evaluate new prospects against such criteria. If your immediate reaction is to say, "That's not true. All of our people know what they're supposed to be going after," then my question is, why do reps chase bad business?

Companies normally define prospects by their demographics (such as size, industry, etc). This is helpful in initially targeting new markets and prospects. Even within target markets, however, there will exist prospects that don't fit well into your business mix. They may be difficult to deal with, they may grind you on price, they may not pay their bills or may waste your resources, whatever. But still your sales reps pursue them with intensity.



## Setting Parameters

There are lots of reasons sales reps may continue to pursue bad business. First among all of these is that most companies have not done a good job of defining what makes a quality lead and then rigorously, regularly evaluating all opportunities in the pipeline against this standard.

Many executives scoff at the notion that their people do not recognize good business. I repeat, I still have my house. What reps do not have enough of is good leads, so they chase anything that moves in an effort to meet or exceed their quotas. Your job is not to dampen this enthusiasm and energy, but to channel it to more productive ends.

Let's begin by looking at the pipeline model, which can be used as a metaphor for the sales process itself and as a "container" of sales opportunities. If you do nothing to refine the execution of the process or increase the number of opportunities but only improve the quality of the input, the level *and* quality of your output will increase.

This isn't news. Your salespeople are probably always asking for more "better" leads because they translate into more sales. But what makes a lead better? To answer that question for your company, you need to *clearly* define some criteria.

For example, prospects who have money and a sense of urgency are better than those that don't. Duh. But how do you define urgency? On a scale of 1 to 10, what makes one customer more urgent than another? Or do you rate projects as one gentleman I worked with did: "HOT!" "HOT! HOT!" and "**HOT!**" I never knew what the difference was, and to him, it didn't matter – everything was urgent, period.

But because your salespeople can't do everything or chase every customer at the same time, following this approach will not give you a solid or consistent basis upon which to segment and set priorities for leads. Your reps will wind up spending time on urgent rather than truly important matters. They will chase any and all business.

I had a client that defined urgency as one of its five Quality Prospect Criteria (QPC). The company started with 10 QPC but quickly reduced the list to five. In fact, three to five criteria is the most manageable size.

The company's next task was to define each criterion more specifically. Looking at various levels of urgency, for example, management defined "1" (lowest) as: "No budget and the Decision Maker sees no strategic value in this initiative." A rating of "10" (highest) was "You are mandated to improve this area within 30 days or be shut down." Note: This was not wishful thinking. Some of the company's prospects were, in fact, legally required to take some action.

This example raises an important point: The criteria must be defined by and relevant to your sales team. Applying generic scales to QPC is no more helpful than employing



generic strategies or tactics. You must have your sales managers and reps define what makes a prospect a 3,4 or 5. Consider the entire list of definitions in the following table.

### Quality Prospect Criteria = Urgency

QPC Rating	Definition
+10	Legislation mandates this, or be shut down in 30 days
+9	Current equipment and/or budget approval expires w/in 90 days
+8	Viewed by all as strategic; project approved
+7	Current equipment down at least once a month
+6	Budget approved and available
+5	Selection criteria specified
+4	Current equipment down at least once a quarter
+3	Department putting in capital request
+2	Functional specs defined, vendor list assembled
+1	No budget, Decision Maker sees no strategic value

### Information at Work

Once your definitions are complete, there are several things you can do to incorporate them into day-to-day selling – or automate the process of qualifying prospects.

First your reps should rate every opportunity; if they're tracking hundreds of deals, they should rate every opportunity above a set threshold (say, all deals worth more than \$50,000). Next, your sales managers must routinely review – down to each criterion – how the ratings are being applied so that they can build consistency in the program.

Second, track the criteria that are related to opportunities that close – or fall out – so you can improve sales effectiveness. For example, if 80 percent of deals that close have an urgency rating of +6 or above, you can direct your sales team to look into creating more urgency in their approach.

Armed with specific knowledge about which prospects closed and which didn't, one client of mine uncovered specific tactics that seemed to uncover urgency with buyers. By focusing on the urgency criteria, the sales team was also able to send letters and other marketing materials to raise prospects' ratings. (Note: A prospect's ratings can change and should be reevaluated periodically during the course of a sale.)



You can also use QPC as a new tool in whatever sales methods your reps are trained to follow. In the *SPIN Selling* technique, for example, sales reps are supposed to ask “implication” questions to discover business concerns and pains. But unless thoughtfully prepared in advance, most reps ask a lot of “situation” questions – and may never have asked one well-phrased implication question. Using QPC, you can identify and address such performance issues.

If, in using QPC, you discover that 80 percent of the deals that fall out of the pipeline never hit a certain score, you may want to mandate that all prospects below this level should only be telemarketed or should be put on a “drip irrigation” program until their situation and related ratings improve.

Evaluating which lead sources provide you the highest quality prospects is another natural extension of the QPC concept. And as you begin to combine several of these actions, SFA can make an important contribution – keeping track of it all.

Because lead generation and demand creating is increasingly seen as a corporate responsibility, people outside of the sales department may very well be doing the initial qualifying. Whether your company’s leads are the result of a telemarketing campaign, trade show or Web site, the prospects’ qualifying information need only be entered into your database once.

With the right SFA, it can be sliced and diced in myriad ways to mine information and better leverage your time and money. Product managers can look for product information and trends in deals that closed versus those that didn’t. Marketing can assess which projects are returning the highest quality leads for dollars/resources expended. Sales can refine and share tactics based on successes and disappointments.

## Start Now

**Y**ou needn’t wait to automate to get started. In fact, you *shouldn’t* wait. Your salespeople are neither efficient nor effective when they’re pursuing bad business.

You can summarize all necessary criteria and rating scales on a single page. You can then download a template into your sales reps’ Palm Pilots or even just put a laminated page in the paper-based (Sacre Bleu!) Day-Timers. When you do automate, just make certain your SFA applications can accommodate QPC.

It doesn’t get much more basic than this. The clients I’ve worked with have *repeatedly* confirmed the value of qualifying prospects in this way. So don’t wait! You’ll find immediate value – I’d bet my house on it!



Barry Trailer has consulted with companies with complex B2B sales for the past twenty years. At FrontRange Solutions (formerly GoldMine Software Corporation) he served as VP of North American Sales, VP of Corporate Initiatives, and finally, acting as President of the GoldMine Division. In 2002 Barry interviewed hundreds of executives for the just released ***'Sales & Marketing Excellence Challenge: Changing How the Game Is Played,'*** available at [www.csinsights.com](http://www.csinsights.com)