

How Leaky is Your Sales Pipeline?

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Does your Sales Pipeline leak? If you answered no, you don't even understand the question. Every business' Sales Pipeline leaks to some extent. The question is: Have you done everything you can to ensure that it does not leak excessively? Do you even know what your Sales Pipeline looks like?

Very simply, a Sales Pipeline starts with an initial enquiry and ends with a sale. While the Sales Pipeline looks different in each business, there are still some similarities between them. In all businesses, there is a need to generate enquiries. This can be done through advertising, cold calling, public relations or word of mouth. This enquiry may be a phone call in response to an ad. Or, in retail, a customer may walk in your front door attracted by your shopfront marketing. This is the first step of the Sales Pipeline for any business. However, there are usually a number of steps from receiving an enquiry to generating a sale.

The next step might be getting an appointment with the prospect to establish their needs. In a retail situation, the sales staff will ask: Can I help you? Once need is established, a second appointment may be made to present a proposal, or a quote may be provided. The final step in this generic Sales Pipeline would be to close the sale.

It is essential that every business owner understands their Sales Pipeline and where it leaks. Using the generic pipeline above, what percentage of enquirers agrees to an initial appointment? How many of those agree to receive a formal proposal or ask for a quote? And finally, how many who receive a formal proposal or quote, are converted to sales? By understanding each step in your Sales Pipeline, you can measure the success in moving prospects along the pipeline, and spot where your sales process needs to be improved.

No Sales Pipeline is leak proof. In fact, there are some people who you don't wish to become your customers. They may be the bargain hunters, the time wasters or people who are poor credit risks. So there should be a screening process to remove people who are not qualified to become your customers. To be effective, this screening process should remove unqualified prospects early in the pipeline, before you have invested too much time with them. But if you are turning away a high number of unqualified prospects, you should be looking at your enquiry generation strategy. If you sell luxury cruises, advertising in a tabloid newspaper will probably produce mostly unqualified enquiries.

All other prospects, however, are by definition, qualified. And their loss is one that you wish to minimise. If there is a large loss in getting that initial appointment, perhaps a script needs to be developed for staff to turn that initial enquiry into an appointment. If the losses are large in getting a request for a proposal or quotation, sales training on establishing rapport and need, creating desire and building value should be considered. If proposals (or quotations) have a low rate of acceptance, there could be a problem with the offer, or the way the sales person tried to close.

Put in place monitoring systems to measure the movements of prospects through your Sales Pipeline. Analyse the losses at each stage. By understanding your Sales Pipeline, you will understand what you are doing well, and where your pipeline leaks. Only then can you start plugging those leaks!

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