MENEMSHA GROUP

Sales Pipeline Analysis
Diagnose, Coach, Monitor

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Overview

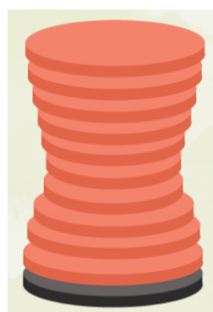
Historically, the IT staffing industry has used activity level as the primary (and in many instances the exclusive) barometer for sales performance. The problem with this philosophy is it forces sales professionals, recruiters and managers alike to focus exclusively on quantity. The notion goes, *"double your activity level and you will double your revenue attainment and income level."* This philosophy is flawed because it is neither scalable nor sustainable resulting in unquailed opportunities and a low sales closure rate. Instead, IT staffing firms should be focused on improving the execution of each step in the sales cycle and improving their overall sales effectiveness by closing a higher percentage of their existing deals.

Recently, sales automation technology, particularly CRM/ATS has become increasingly popular and a driving force behind sales and recruiting management within the IT staffing industry. This technology has enabled IT staffing firms, sales leaders and managers especially to analyze and *act* on insightful data. When leveraged properly, this data enables IT staffing firms to run their business more efficiently and attain higher profit margins. It optimizes decision making, shortens the sales cycle and improves employee retention. Sales managers however play a pivotal role in ensuring this shift-analyzing and taking action on the data- occurs within their organization.

Diagnosing the Health of Your Sales Pipeline

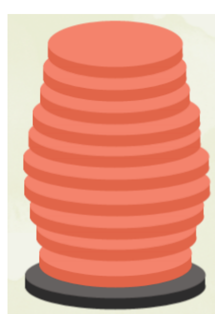
Opportunity or job order reports and pipeline analysis dashboards are tools of the trade for sales managers much like spread sheets, P&L statements and balance sheets are for accountants. Managers must be able to analyze the overall health and predictability of the individual and team pipeline to best understand their current state. In effect, sales managers must be like physicians where they can quickly and accurately diagnose conditions to provide a "clean bill of health" or develop the prognosis and provide the subsequent sales coaching where job orders/opportunities are stalling. When evaluating your sales pipeline you should be looking for bottlenecks. Let's take a look at some of the common characterizations of a sales pipeline that a sales manager may diagnose.

Top Heavy Pipeline



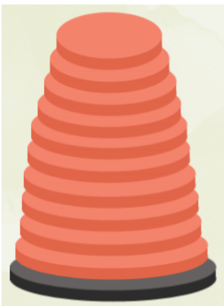
- Job orders, opportunities are coming in
- Many job orders are stalling or falling off likely to due to poor qualification
- A small percentage of deals are closing

Bloated Pipeline



- Job orders are coming in and getting to candidate submittal and even interview stage
- Many job orders are stalled after candidate submittal or interview, resulting in a bloated pipeline
- Few deals are closing

Bottom Heavy Pipeline



- Few/infrequent job orders coming in
- Little to no prospecting efforts taking place
- Closing deals
- Little/no future revenue forecasted

Healthy Pipeline

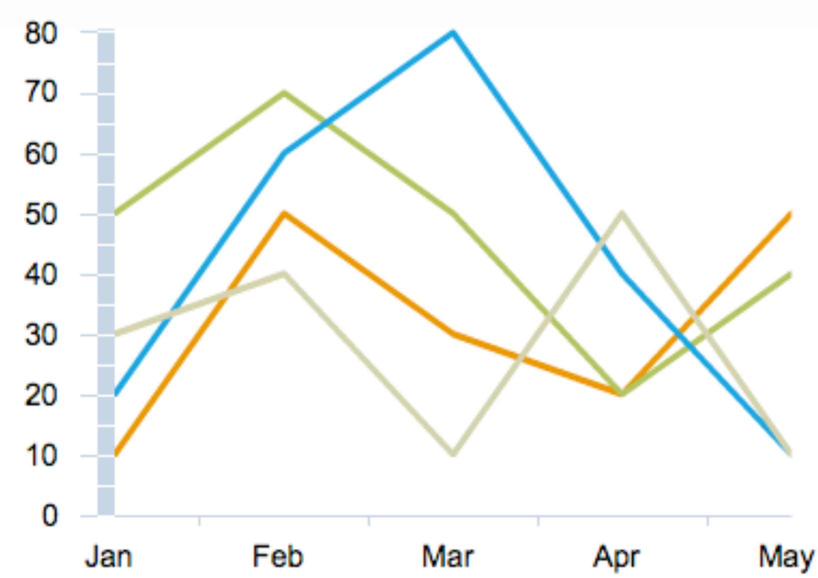
- Qualified job orders are coming in
- Each job order is consistently advancing to the next stage of the sales cycle
- Candidate offers are making their way into the customers purchasing process
- Job orders are closing

Pipeline Management Challenges

The most common challenge leaders of IT staffing firms face with pipeline analysis is the "blame game." Salespeople including sales managers will often point the finger at recruiting indicating that the real issue is candidate delivery. Recruiters and recruiting managers respond by saying the job orders are not qualified. Team members naturally look *outward* before they look *inward*. The root cause for this is often because they don't commit to a consistent sales process or methodology in which they use *consistent* and *objective* data to define when each stage of the sales cycle has been completed. Instead, most IT staffing firms deploy a sales pipeline management system that relies on *subjective* criteria to define each stage of their sales cycle. Using subjective data to define the stages of your sales cycle allows each job order to be treated as if it were "*unique"* and subsequently drives poor and inconsistent sales behavior. This in turn drives inconsistent sales coaching by sending mixed messages to team members. This is why many IT staffing firms tend to deliver inconsistent results and close a relatively low percentage of their job orders.

Coaching Job Orders and Opportunities

Most sales managers are striving to achieve three critical success factors; 1.) Hit their revenue and gross profit quota, 2.) Accurately forecast revenue and gross profit and 3.) Coach, mentor and develop their team



members to hit their quota. When seeking to accurately forecast revenue and gross profit, sales managers must be able to correctly diagnose the condition of the pipeline, identify the issues or bottlenecks and provide the corresponding coaching. As mentioned above, without a sales process that relies on objective data to define when each stage of the sales cycle has been completed, a manager cannot provide consistent or effective coaching.

Let's assume for a moment that the sales manager has just evaluated his/her team pipeline and identifies that the middle of the pipeline is bloated. More specifically, 75% of all candidates were getting interviews but only 25% were being placed. There could be multiple reasons for this, some of which may be:

- Poor candidate preparation (unprepared candidates on client interviews)
- Lack of closing skills/inability to uncover and/or overcome client objections
- Lack of understanding the client's budget approval and purchasing process
- Inability to access the ultimate decision maker

The sales manager can now lead a coaching session by treating the symptoms in a dialogue with his/her salesperson. This dialogue may reveal that the salesperson has this (or many) bloated job orders in their sales funnel because the salesperson made an assumption that the interview stage means he/she will close the deal in the coming days. However, in haste to forecast this revenue the sales manager may discover that the salesperson failed to ask many of the critical questions that uncover key information that is necessary to prevent delays in the sales process, improve forecasting accuracy and ultimately close deals.

Monitoring Your Progress

Effectively diagnosing and coaching to your sales pipeline are critical skills for any sales manager. But the sales pipeline management process can often be challenging and overwhelming. In order to set the sales team up for success the sales manager must first make a realistic assessment of the existing pipeline process. The sales manager should identify and define or redefine the process. For example, if the process is too "loose" (based on subjective data where each opportunity is treated as being "unique") or it is too rigid or complex (has too many steps).

You should also make sure that to some extent, your sales funnel is in alignment with your customer's purchasing process. When IT staffing firms focus exclusively on the tasks they must complete in the sales process they make assumptions about their customers purchasing process. Assumptions inevitably lead to delayed and eventually lost deals. The leading indicator of an effective and healthy

pipeline is that every stage should be driven and executed by a customer action item. In short, each stage should be measured by whether or not the customer completed a step and/or took an action to advance the opportunity. For example, did the customer commit to interview time slots when the salesperson took the original job order?

Once the sales manager has a solid understanding and definition of the sales pipeline stages they can establish the KPI's that measures the outcomes of each stage completed. This ensures sales managers predictability. Predictability implies the use of milestones for salespeople and sales managers alike so they know where they stand with their opportunities. Ideally, KPI's should include conversion ratios, value per stage, age of opportunities by stage, and number of opportunities by stage. To drive accountability and reinforce your desired sales behavior (as defined by the stages of your sales funnel), sales managers should host weekly pipeline and performance reviews and conduct sales training and role playing activities focused on executing each stage of your sales funnel. This consistency ensures that salespeople become comfortable with the sales pipeline management process and internalize sales best practices

Getting Started-Jump Start You Sales Pipeline Analysis and Coaching Process

To jump-start your sales pipeline analysis and coaching process, Menemsha Group offers training and consulting services to assist sales managers and sales professionals with their pipeline management function. For example, we can provide:

- Pipeline management consulting: Provide a thorough analysis of your organizations pipeline, create/edit your existing pipeline management system based on IT staffing best practices
- Creation of KPI's
- Training for sales managers: Coaching sales opportunities and job orders
- Training for salespeople: Pipeline management

About Menemsha Group

Launched in August 2008-in the midst of the financial crisis -Menemsha Group has quickly emerged as the premiere sales training and consulting organization for IT staffing and consulting firms. Based in Boston, MA Menemsha Group has served over 200 different IT staffing firms in the United States, Canada, India and United Kingdom.

Dan Fisher, Founder & Owner

Dan is a seventeen year sales veteran and thought leader of the IT staffing and consulting industry. Dan is the author of the only proprietary sales methodology designed exclusively for selling IT staffing services-IT Staffing Sales Playbook- and is a popular speaker at industry events TechServe Alliance and Staffing World as well as sales conferences and leadership retreats. Dan has worked with over 200 IT staffing and professional services firms and has coached thousands of sales professionals in the IT services industry. Dan's focus is on helping sales professionals move up the customer value chain through strategic sales strategies, accelerating the sales cycle and key account development.

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