Creating Pipeline Value

Most sales leaders are obsessed with the sales pipeline. Quite rightly, they review it weekly, push their sales teams to keep it fat, and trust they have enough to make their sales number. They also typically place on marketing the imperative of generating leads to fill the pipeline. We need 20 leads per month, you know the score.

We don't want leads in our pipeline

The reality is that many sales leaders do not use a consistent methodology to track, measure, and value their pipelines. Often the difference between a lead and a qualified opportunity becomes blurred and pipeline values routinely become overstated. By implementing some basic best practices you can establish pipeline standards that are understood by the entire organization and give you the greatest visibility of your real pipeline value. To start with, it is critical to know the difference between a lead and a qualified opportunity. This seems very basic but some companies don't differentiate between the two. At IRS, we believe that a *lead* is a company that is in your target market and fits your product/service profile. A *qualified opportunity* is a company that is actively looking to solve an issue, fits your product/service profile, will make a near-term buying decision and with whom you are engaged at a decision maker level, discussing your solution, pricing and timescales. Quite a lot more than just a lead, isn't it.

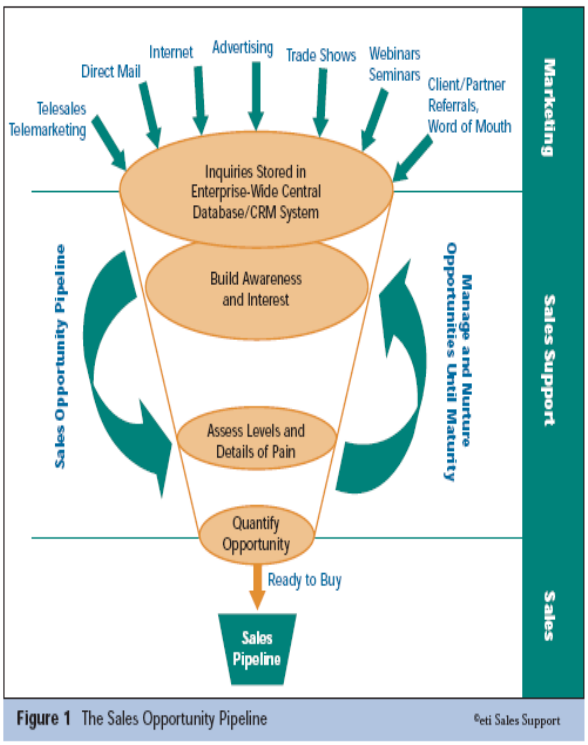


Figure 1 The Sales Opportunity Pipeline ©eti Sales Support

It's worth reviewing your sales pipeline regularly to test against these criteria. If we're strict about the criteria, we don't want leads in our pipeline.

The pipeline club

I like to think of the outputs of marketing's demand generation programmes as standing in a line-up waiting to be qualified and accepted into the "pipeline club". The criteria depend on your business priorities but will certainly consist at least of box-ticks against budget, authority, need and timescale. You may have further criteria, for example *size* or *number of users.* Whatever these criteria are, they need to represent solid and agreed constituent parts of a good sales opportunity. At IRS, we are well aware that each pipeline opportunity is an investment in time on behalf of a valuable sales executive, who will be quizzed on it by his sales leader and possibly *his* boss, so it had better be well-qualified.

Creating Pipeline Value

An IRS white paper

As a pipeline-filling (demand generation) organization, IRS understands and works closely with our client's sales team. Each team has a different dynamic, each individual is just that, individual. That makes it fun. Done well, everybody wins. Done badly, salespeople have the power to de-value a demand generation campaign by rejecting it outright. We've seen it work in spades, it's frightening.

So, marketing had better:

1. Know the sales plan and sales priorities
2. Understand the sales team's expectations
3. Visibly include their input in marketing plans
4. During campaigns, constantly review progress with sales

A method we use at IRS is a *Contract with Sales* which addresses each sales executive's needs, focuses on that person's accounts and sales priorities and writes down an agreed plan. This achieves *buy-in* as well as the right focus.

After that, it's only a matter of marketing and sales delivering against the plan!

Frequent review during the campaign is vital, to ensure a *visible* working-together towards the common goal. This collaboration involves a completely different mindset to, say, throwing leads over the wall without communication or explanation, hoping some will be caught by a passing salesperson.

Marketing must come up with its side of the bargain, specifically not to deliver poor quality. Better a lesser number of high quality opportunities than a mass of poor leads.

Evaluating what's in the pipeline

Once in the pipeline, the system of evaluating and reviewing what's there needs to be a method that fits your business, sales cycle, product/service value. Typical approaches do one or more of the following:

- Identify sales stages
- Apply % probabilities dependent on
    - Stage
    - Type of product
    - Time spent in the pipeline
- Apply an order value per pipeline entry
- Apply an average order value

Simply speaking, aggregating the order values in the pipeline will yield a total pipeline value. This is vital when assessing order coverage, likelihood of making targets, return on marketing investment (ROMI), as well as the bottom line of the company.

Even if the sales team shows no appetite for measuring the real value, it is a crucial measure for marketing. A poor ROMI can throw doubt on current and future marketing activity and spend. Positively, a strong ROMI will justify more future marketing spend. If a campaign generates a 10-15 times return on marketing investment, why wouldn't the company want to do more and more?

And, how many marketing activities are as measurable as pipeline-filling demand generation?

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Be wise, analyse

A feedback loop holds great value. By analyzing the pipeline over time and over different initiatives, the characteristics of success become apparent. The specifics of a solution, the responsiveness of a sector or the nuancing of a value proposition can change the game. Once understood, it is logical to roll out, do more of the same. In this respect, the partnerships between client and agency, between sales and marketing become important. Creating the feedback loop together underlines the partnership's success, and resulting business success.



Feedback can also be negative, and is useful to capture what isn't working and apply corrective action where possible. Arguably more important than positive feedback, it assists in keeping us on the straight and narrow.

As they say, knowledge is power. Right on, knowledge-driven demand generation is powerful stuff.

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