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Do you need more business? Part 5 of 5 - Creating, Identifying and successfully Pursuing Opportunities

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This is the last in this series of five articles and is of course the most important topic because this is the stage where you get to make sales, take orders and earn money for your business. I hope that by now you will see the point of the other stages as they all contribute to creating a solid foundation for this final stage. Without that solid foundation you cannot build a reliable or predictable sales pipeline.

So how much more business might you get if you use the process outlined in previous articles before starting the Opportunity Pursuit Process? Knowing that ACE members come from a very wide range of business types and sizes, it is a little difficult to provide an answer that will be meaningful to all readers. However, what you can expect is some or all of the following:

- You will identify more quickly opportunities that you cannot win so you can stop wasting your efforts sooner.
- You will find that calculating probabilities for each opportunity will be more accurate, which in turn will provide better forecasting both in terms of the potential revenue value, and also when the order will be taken.
- You will increase your conversion and success rate at all stages of developing the opportunity into an order.
- It will almost certainly increase the profitability of the business you win.

Last week we introduced the topic of organisation buying behaviour (OBB) and the five main stages of this process; stimulus, specify the desired solution, search for and select a supplier, substantiate the selection, and finally, sign-off and sanction the decision. We will now develop the topic of opportunity pursuit around these five stages.

Why creating and identifying

Identifying involves finding out what requirements the prospect has defined or specified, and then reacting to those requirements with a proposed solution. A common example is when companies use formal bidding processes and they issue various documents such as an Invitation to Tender (ITT), Request for Information (RFI) or Request for Proposal (RFP). The document will be accompanied by a clinical process and timetable that must be followed rigidly if you want your bid to be considered. The problem with this is that you have no scope to "sell" to the prospect and you will probably find yourself working through the procurement department who are motivated mainly by price not value.

Even if there is no procurement involvement, you are at a considerable disadvantage if the prospect drives the process by stating what they want and asking you to react to that request. They have already gone through the stimulus and specify solution stages of OBB, which leaves you only with the opportunity to react. In effect, you have no real control over the outcome.

By acting only on what the prospect has already identified and defined you are closer to an order taker than a sales person. The real issue with this is that you have very little control and it is difficult to produce meaningful forecasts of future work when the customer, and your competitors, are driving the bidding process.

Creating is an entirely different matter as it involves the supplier in working with the prospect to define the problem and specify the desired or required solution. It is often the case that a trusted supplier may be used in this consulting role and that the output will be an ITT, RFI or RFP which is sent to other bidders. However, if you are the trusted supplier who helped to shape the requirement and the bidding document then you are on the inside track to win the work.

We talked last week about creating customers before pursuing opportunities. A real customer is an organization who sees you and your company as an essential part of their business. A real customer will often contact preferred suppliers, before formal tendering starts, to warn them there is an opportunity on the way. They will allow you freedom of access, which will give you the opportunity to understand their issues and problems. By applying your relevant business or technical knowledge to create a solution for them, you are helping yourself into first position in the race, and you are helping them by giving them access to your expertise during their planning stage.

By working with the prospect to develop an understanding of the problem, you will influence the definition of the solution, and you will strengthen the bond between the prospect and yourself. That bond leads to increased trust, which in turn makes the outcome more predictable and increases your chance of coming out as the winner.

The Process.

Quantification.

Quantification shares one characteristic with qualification in that they both involve asking planned questions in a controlled manner. The key difference is that quantification is about hard facts such as decision and delivery dates, the decision process, amounts of money such as the budget and contractual matters, whereas qualification is more about building the relationship between supplier and customer.

The questioning technique used is known as “extended structured questioning” which involves a series of short sharp linked questions that lead to a specific point that you want to know. This is rather like chess where each move has a small purpose in itself but when linked to other planned moves, and the anticipation of the other side’s moves, creates a linked strategy. Good questioning technique is the ultimate communication tool for shaping and steering the progress of a sales negotiation.

Short sharp questions are better than long convoluted questions, as they are easier for the prospect to answer accurately, and they are less likely to create an unwillingness to answer at all. Some issues provide classic situations where the prospect refuses to answer, the most common being the names of your competitors, the budget for the work and where you are ranked against competition. The use of extended structured questions will help you to discover those things that are traditionally hard to unearth. However, the earlier customer creation stage would have been the ideal time to gather this more sensitive information as the prospect feels under less pressure away from the bidding process.

The sorts of questions you ask in quantification depend entirely on your company, your proposition and your target market. In effect, you are taking the criteria from the Market Focus stage, where you defined your proposition and profiled who might buy it - the “ideal” prospect, and those characteristics that define “ideal” create the quantification questions.

Even if the prospect is already at the specify stage when you meet them, you can use good questioning techniques to both fully understand the specification and also to dig behind, to find our what issues stimulated the desire to seek a solution. The more you know the more control you have.

Account planning and Account networking

We discussed this last time, and in particular talked about the different roles within the account, the key ones being; gate keeper, influencer, information provider, coach, buyer, decision maker, user, and budget holder. During the customer creation process you will have identified and got to know these people and they will have helped you to understand how their organisation functions. Now, these people will be very useful to you, and the relationships built up over time will prove invaluable. For example, anyone wearing the hats of influencer, information provider and particularly coach will clearly be of great value to you. However, if you do not know who these people are, it is too late once you have an opportunity to work, on perhaps with only 10 – 14 days to respond.

The account plan will provide a repository and a format for collecting and collating all the information you will need when bidding for an opportunity.

A valuable selling process is to anticipate and pre-empt objections. By providing your proposed solution in a form that includes answers to questions and objections you expect the prospect to want to raise, you are controlling the high ground when it comes to the negotiation stage. You can only achieve this if you have good information and you can only gain good information through careful research cross-correlated with your inside contacts. Again, this is about carefully planned and executed questioning.

Bid/deal plan

Once you reach the stage of actually planning a bidding campaign, you are past the stimulation and specification stages of OBB.

The prospect is now moving into the three final stages of their buying process; search for and select a supplier, substantiate the selection, and sign-off and sanction the decision. Your bid plan must include everything that you need to do to meet the customer's timetable for the buying cycle and it must also ensure that you have the right resources available at the right time to work on your bid. You need to agree with the prospect exactly what form your proposal will take.

I cannot over emphasise the importance of good quality information to underpin your bid plan and proposal. The result of incomplete information is inaccurate opinion that will lead to poor judgement in how to mount your bid.

Value Propositions and ROI

During the process of creating a customer, you can help them to understand, in general terms, the value of your proposition and the value of their relationship with your company.

During the process of quantification around a specific opportunity you need to establish specifically what really matters to them and why. What is it that they will be prepared to pay extra for? It could be about a guarantee of on time delivery, it could be about the quality of your creative work, or it could be about risk mitigation. You have to establish all of their buying and selection criteria so that you can present your solution in the most favourable light when measured against their buying criteria.

If you are not perceived in terms of value then you will be perceived as a commodity and the decision may well be made on price alone.

Win/Loss Review

Whether you win or lose, find out why. Understanding fully why you win, as well as why you lose, is vital for future planning for other work both with the individual customer and with other prospects as well. The output from the win/loss process should be fed back into the qualification and quantification process for the individual customer, and also for other suspects and prospects in similar market sectors and segments as there may be common lessons to be learnt.

The win/loss review process should not be undertaken by the sales person who was involved in the bid as they are too personally involved for the customer to be completely honest and objective. For important customers, it is very impressive if the CEO of the supplier takes the time to undertake the review. It can also be done by an external company or someone other than the sales person from the supplier; perhaps the quality manager, technical or financial director. You should create a simple check list to ensure you ask all the questions you want answered.

Management and KPIs;

Once you have a dependable pipeline you can start to do some detailed planning and forecasting. At least some of the KPIs used in the business should be around the sales pipeline. One that I always find useful is "book to bill" ratio. This simply takes the value of orders taken in the month and divides it by the revenue billed or recognised in the month. A number greater than 1 is good and less is bad as you will be burning up order book faster than you are replacing it. In addition to doing this monthly, it is also good to do it quarterly or perhaps on a rolling quarter basis.

Another measure that you might like to try involves looking at the value of the weighted sales pipeline and keeping a running total month on month. The weighting is arrived at by multiplying the potential order value by the probability. As with "book to bill", measuring the weighted value of the pipeline gives an early warning sign if things are turning down.

Summary

The five articles in this series, will give you the makings of a complete go-to-market model for any business. Clearly, you will need to make adjustments to suit your individual business but the general principles will apply to any business. If your business is not working as well as you might like, there is probably a gap or a weakness in your go-to-market model. The whole process must be contiguous, creating a continuous flow of new customers and potential orders at one end of the pipeline and a supply of new orders at the other. This is in effect a value chain running through the heart of your business.

The system will give you sufficient information to spot problems and predict downturns in revenue giving you time to act to resolve the problems or to reduce costs.