



Prospect Qualification: Increasing Sales Productivity

Learn how using the Qualified Prospect Formula® will enable you to look inside the minds of your buyers, to inspect the condition of your prospects, and to realistically assess the probability that they will become your customers.

COMMON

PROCESS + METHODOLOGY + VOCABULARY

The most important step toward improving prospect qualification skills is to learn a common process for qualifying prospects.

Without this process in place, managers and reps will rely on the personal variations of sales training and sales successes that they have accumulated through their individual experiences.

The differences in these individual training and sell-

ing experiences among reps and managers can be a cause for dysfunction in a sales organization.

Without this common base of experiences, it is difficult to discuss a prospect opportunity in an effective and efficient manner. A lot of time gets wasted in describing issues and activities from individual points of view. Reps and managers often talk past each other to the point of frustration because each sees things differently. These differences must be normalized if an improvement in prospect qualification skills and significant productivity gains are to be made.

The development of a common methodology and a standard vocabulary of prospect qualification criteria can enable managers and sales reps to quickly and easily assess and agree on the potential for a prospect to become a client.

Time and energy spent devising a sales strategy, or determining the right resources to use, is inappropriate and likely to be wasted if the representative and manager have different opinions on whether a prospect is qualified or not.

A simple but effective qualification process that works for both sides needs to be learned. For this process to be effective, it must work correctly in today's marketplace, and address today's customer requirements and not limited to the approach that worked in the manager or sales reps' last company.

The Prospect Qualification Process



Typically prospect qualification has focused on answering the question **can they buy?** This usually relates to identifying who has the power to make the buying decision and the authority to spend the budget dollars.

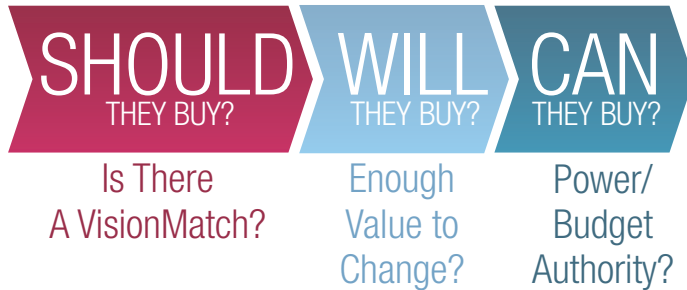
In today's business world—with the emphasis on building lasting customer relationships—it is important to help the prospect determine if they should buy. To do this, the salesperson needs to enable the prospect to visualize how their world would improve if they acquired your product or service capabilities. This development of a VisionMatch™ between the buyer and the seller is a necessary component in helping to determine **should they buy?**

The prospect qualification process is not complete if it does not also answer the question **will they buy?** This requires an assessment of the Value that the prospect places on having their VisionMatch become a reality. This value must be sufficient to motivate the prospect to change the way they do business and want to acquire your product or service. Most salespeople fail to adequately test to see if their prospect's motivation is sufficient to warrant investing their time and energy in completing a sales cycle.

In today's market, with the rapid changes in technology and shortened product life cycles, it is becoming more complex and difficult for prospects to make a fully informed buying decision.

Alvin Toffler, in his book *The Next Wave*, says custom solutions will be required, forcing the buyer to take responsibility for assessing the fit, execution and value of generic product capabilities. In fact, few buyers are qualified to take a generic product and integrate it with their business requirements and evaluate the impact it can have on their business. This requires the sales rep to play a more proactive role in enabling their buyers to understand the capabilities of their product or service and decide if they should buy.

The Prospect Qualification Formula®



Prospect qualification requires the sales rep to assess the potential for a prospect to buy on three different levels.



After the sales rep validates these assessments with their prospect, they need to develop a **mutual Plan** to demonstrate and convince their prospect that they are able to deliver these capabilities and satisfactorily address their prospect's business issues.

Too often, reps create a plan without involving the prospect and end up only convincing themselves. That's when they find out that the prospect had not yet decided to buy (not enough Value to change), or that they are not able to buy (because they lacked the Power or budget authority).

The true test of Prospect Qualification must include a test for the existence of the following elements of the sales transaction:



$VM_D \times \text{VALUE} \times \text{POWER} \times \text{PLAN}$

The short-hand abbreviation of this test is described by the Qualified Prospect Formula®

$QP = VM_D \times \text{VALUE} \times \text{POWER} \times \text{PLAN}^\circledR$

Sales Cycle Outcomes



The most expensive outcome of a sales cycle, and the one that wastes more sales and support resources than any other, is the one that ends in “no-decision.”

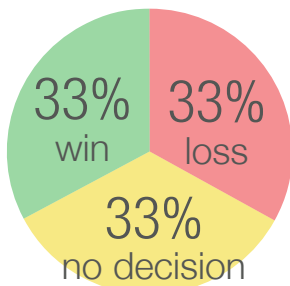
If you could eliminate your “no-decision” sales cycles, you could improve your sales productivity by as much as 50%.

With increased pressure to deliver higher levels of output with fewer direct selling resources, sales organizations are searching for new ideas on how to improve their sales performance. In their rush to implement new technology with state-of-the-art sales force automation systems, many organizations overlook the subject of prospect qualification and the dramatic impact that it can have on close rates.

A well-implemented traditional idea may be the best lever to pull to enable a sales organization to increase sales productivity.

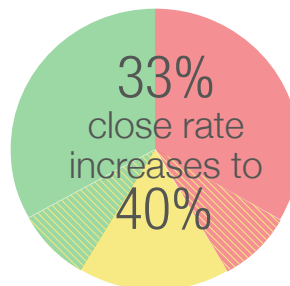
The Effect on the Close Rate

Our sales experts at ValueSelling have repeatedly witnessed the fact that approximately 1/3 of all sales cycles come to an end with no-decision having been made as shown in the graph below. The other outcomes are naturally split between those you win and those you lose.



Typical Sales Cycle
Results

Of the 2/3 of your sales cycles that come to a decision, if half of them (1/3) result in wins and the remaining 1/3 of the time you lose to competition, then you should be the leading vendor in your market.



Cutting No-Decision
Rate by 50%

In the 1/3 wins, 1/3 losses, and 1/3 “no-decision” scenario, just cutting your “no-decision” sales cycles in half will increase your close rate from 33.3% to 40%.



Converting 50%
No-Decisions to Wins

Alternately, by converting one-half of your “no- decisions” to wins you can increase your sales productivity by 50% (from 1/3 wins to 1/2 wins).

Accurately computing prospect close rates requires well-thought-out definitions and a simple set of rules to enforce their consistent application. It is easy to finesse computing prospect close rates by only including those prospects that have completed the selling cycle. If you fall into this trap and ignore those partially-completed sales cycles, you will badly overstate your real close rate.

Impact on the Sales Organizations

No single selling skill can have as much influence on increasing your close rate and improve the productivity of your selling resources as better prospect qualification.

Yet, despite the significant efforts companies are making to improve sales performance through the delivery of fielded sales force automation (SFA) systems, the biggest mistake both junior and senior sales people continue to make is in investing their time and company's resources in prospects that are never going to buy.

The irony of this all too familiar scenario is that it is almost always avoidable by a minimal investment in the development of better "qualification skills" at the sales representative level. The real lever, however, comes from having a sales management team that is trained and committed to disciplining their reps and themselves to consistently and continuously apply the same rules to every prospect situation throughout the sales cycle.

Consistent application of the Qualified Prospect Formula by sales reps and managers during pipeline reviews has proven to eliminate numerous "no- decision" sales cycles and dramatically reduce the length of the selling cycle.

Sales Productivity

Improvements like these are already accruing to sales organizations without investments in resources or technology. In fact, significant savings have resulted from the more efficient use of applications and technical support resources through the use of the Qualified Prospect Formula®.

About ValueSelling Associates

ValueSelling Associates, based in Rancho Santa Fe, CA, is the creator of the ValueSelling Framework®, the sales methodology preferred by sales executives around the globe. Since 1991, ValueSelling Associates has helped thousands of sales professionals increase their sales productivity, impacting both the bottom- and top-line results of their organizations. Offering customized training to FORTUNE 1000 companies, mid-sized businesses and early-stage start-ups, ValueSelling Associates' proprietary sales training tools and consulting services deliver measurable results. As competitive forces continue to crowd the marketplace, ValueSelling Associates remains an industry leader by expanding and evolving the ValueSelling portfolio of web-based training services, products and global capabilities. Clients turn to the experts at ValueSelling Associates for classroom and online training and consulting services that yield immediate impact, repeatable strategies, and sustainable results.



The proven formula
for accelerating sales results.

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