



Taming The Sales Roller Coaster Beast

The Sales Funnel: Senior Leadership’s Silver Bullet? Business owners live and die by the accuracy of their funnel. Of all the data analysis features available to leadership—top customer billings, product reporting, lead conversion rates, YTD performance to plan—the most useful dashboards for senior leaders are those that bring clarity and visibility to the sales funnel, making the sales funnel the most important reporting tool:

Anatomy Of a Sales Funnel - The typical B2B sales process looks like a funnel. At the bottom are those deals nearest to being closed. In the middle are other prospects in the works, and above the funnel are the numerous promising leads that warrant further investigation. Each of these three areas requires different activities:

Above the Funnel - This is the area where leads need to be screened to identify which should be pursued—i.e., determining if there’s a good fit between the customer’s needs and your organization’s services or products—and also where prospecting needs to continue in order to ensure a healthy supply of new leads.

Middle of the Funnel - The middle is where the important background work needs to be done. I refer to this as covering the bases — i.e., identifying the people at the prospective customer’s company who could possibly torpedo the deal.

Bottom of the Funnel - This is where organizations need to remove all remaining obstacles in order to close those deals—i.e., meeting with the final decision maker to iron out the specific financial terms of the contract.

Bottoms Up? How To Work Your Funnel - You may understand how the sales funnel is organized, but do you know which way you should be working your funnel to yield the most fruitful results? You might think that the funnel should be worked from the bottom up. Why not concentrate on the sure-fire opportunities first and leave the less certain stuff for last? But doing so is the fundamental cause of the sales roller coaster.

The following is what typically results from a bottom-up strategy: The sales organization closes important deals at the bottom and is busy moving prospective business from the middle to the bottom of the funnel. This is hard work and, pressed for time, salespeople don’t get around to generating any new leads.

At some point, everyone begins to realize they’re in trouble because the funnel is drying up, resulting in panic and a flurry of activity. Unfortunately, companies can’t instantaneously move a prospect from the top to the bottom of the funnel—this process could take months, if not years.



The company experiences a huge plunge in sales until it is finally able to move the crop of new leads down the funnel, eventually resulting in a sales uptick. But as salespeople focus on the bottom and the middle of the funnel, they again neglect to prospect and qualify new leads. This is why many organizations experience the wild ups and downs of the sales roller coaster.

Forecast Accuracy Begins with Opportunity Qualification - This is the first and most important step for trustworthy funnels and accurate forecasts. The responsibility for defining acceptable prospects for the company’s product or service rests squarely on sales management. Smart organizations utilize a clear qualifying process at every stage of contact to ensure that salespeople know the questions to ask prospects and the criteria to move them into—then through—the funnel. This may include the following steps:

1. Evaluate who currently buys from you using an “ideal customer profile.” Clearer intelligence in the qualifying process reduces the number of mismatches.
2. Establish metrics in your CRM system to measure and track opportunities to identify the volume, velocity, and outcome of opportunities. Unqualified opportunities
 - a. Artificially inflate funnel revenue values.
 - b. Compromise funnel integrity; and
 - c. Drag down forecasts
3. Metrics can be used to isolate the quantity of the qualification process. To improve accuracy, measure
 - a. Number of active, qualified opportunities in the funnel: Less can be more if all opportunities are truly qualified
 - b. Number of new qualified opportunities added by week/month: This demonstrates the quantity of new opportunities.
 - c. Number of opportunities that fell out of the funnel because of no decision: this demonstrated the quality of new business opportunities.

Simply providing routine inspections of the numbers reported up the chain of command and making adjustments based on a “gut feeling” is not enough. In order to produce a good forecast, sales managers should pay attention to the following principles:

1. Good forecasting requires a good sales strategy.
2. Good forecasting means understanding your buyer’s behaviors.
3. Good forecasting requires a milestone-driven funnel process.
4. Good forecasting requires continual improvement.