

TIME TO WALK

KNOWING WHEN TO REDUCE THE EFFORT ON OPPORTUNITIES
THAT YOU MAY NEVER WIN



How much time and money are we spending on opportunities that never close ?

The Request

You've gotten a request to participate in an RFQ at one of the largest potential clients in the market. The RFQ represents a large opportunity - guaranteed to be a quota breaker, if you can close the deal. The product criteria are set, the decision is to be made quickly, you have the right product and all you need to do is complete the RFQ and submit it on time. What should you do ?

The Endless Sales Cycle

You have an account that you've been working on for 6-9 months. The agreed close date keeps getting pushed back, and every quarter you adjust your pipeline to extend the close date out another 6 months. Sound familiar ?

Long sales cycles are a given for high value technical products and services. Their length varies by the value and technical complexity of the product. For high value technical products/services the Sales Cycle can be 6-9 months or longer. Before a decision can be made clients will inform you that they need to gain consensus from every department that will be impacted. Budgets will need to be established, and executive management needs to prioritize the project and assign resources to evaluate and then implement the product once purchased. With all your best efforts the opportunity still appears to drag on forever. Sound familiar ?

"...But, it's the largest opportunity in my territory."

Every sales manager in history has heard this before. The eager salesperson looking for that "one big hit" that will blow out their quota for the year has a gorilla customer in their sales plan year, after year, after year. I worked with one company where several of the salespeople had the same customers (same product opportunities) in their sales plans for 5 years running. Why ? The Rep's response was that they were the largest po-

tential customers in their territory and “this was the year they were going to get the business”.

“ They told me that they really like my product and would love to buy it, but I just can’t seem to make any progress. Maybe I should give them some more samples or do another demo ?”

I happen to love Apple products. I have an iPod & iPhone and convinced my family members to buy MacBooks. For several years I have wanted to buy an iMac, and when the iPad came out I just had to have it. I went to the store, spent hours talking to the sales people, played with the demo equipment... I had the money to buy them, but never bought the products. How many of you have had customers act the same way ? All the time you are wondering “what should I do next to close the sale?” The customer is excited, they are ready, but nothing seems to get them moving forward. What should you do ?

Losing to “ No Decision”

There are a plethora of market research studies that have been done that conclude that “70 % of new business opportunities lose to no decision”. So not only did the customer not buy from you or your competitor, they decided not to buy anything at all. There are many reasons why this happens and some of the main reasons are that the customer really didn’t have a “need” or that priorities shifted - meaning the opportunity wasn’t directed at solving a business issue that was critical enough to be a priority. No matter what the reason these are still lost opportunities. And unfortunately because of the complexity of the situation these opportunities usually have a sales cycle that is VERY long. They just seem to drag on.

The Reasons Why ?

For the past 20 years we have been analyzing the sales process, and endeavored to develop solutions to the many issues faced by sales teams. However, in order to develop solutions we first needed to understand the problems. What we found is that in the majority of the cases that the reasons for the problems could be narrowed down to two ar-

eas: not having *effective sales processes* and not knowing *when to walk away*. The aspect of sales processes covers such a wide range of issues that we will address these in several subsequent white papers. For now we'll limit the scope here to reviewing the simple concept of "when is it time to walk?".

Time to Walk

Sales people hate to give up. Why? They are competitive, aggressive, confident personalities. That's what makes them so good at what they do. The problem is that in many instances they are so driven they don't know when to give up. It's like going to the craps table when the dice are ice cold and continuing to lose bet after bet. They are so confident that they will eventually win, that they keep going no matter what. The problem is the longer the losses continue to mount, the harder it gets to walk away.

Sales is not much different. Each investment in time and company resources is equivalent to a bet. The larger the potential sale, the larger the bet. It starts out with an ante of just the salesperson's time. However as time progresses, the ante increases. Within a short period of time there are so many company resources being committed to the sales process, that the "cost of sales" escalates. Just think of the man-hours involved with having multiple employees spend days / weeks of their time pursuing an opportunity. Not to mention the travel and entertainment expenses. The overall cost of the sale can skyrocket quickly.

That is why it is important to incorporate check points into your sales planning process, that allow you to make a go/no go decision on whether or not to proceed. If your plan is on track and your analysis tells you that it is still prudent to keep increasing your bets, then don't stop. However, if your analysis shows that your plan is not working and the sales process is out of control, then you need to ask one important question: Should I continue to bet on this opportunity closing or should I walk away from the table now and cut my losses while I can ?

How it Applies to Each Situation

Now let's apply this question to the scenarios above. Consider the case where you received a RFQ that came to you out of the blue - one where you did not participate in developing the decision criteria. There are strategies to change the rules of the game late in the sales cycle, but when you come in late the odds of winning can be slim. In most instances offering a polite "no thank you" is the right response. It saves your company time and money and allows you to focus limited resources on opportunities where you truly have the lead.

For example, I worked with one company who had a team of 6 people working full time preparing RFQs. The RFQs came in from their "Export" region which was all the areas not covered by direct sales people. In reviewing their business they told me that they received over 400 RFQs per year and they won less than 10 % of them. Which might have been OK if the sales volume was huge, but the business they won didn't even cover the cost of their RFQ team.

In actuality they knew that when they submitted these RFQs they had only a slim chance of winning, but they kept doing it anyway. When I asked them "why" they kept responding, I was very surprised when they told me "if we don't respond, we won't be asked to quote again next year !"

So they kept doing all that work and kept wasting time and money for the sole purpose of being able to do it again the following year.

One of my favorite concepts that is highlighted during our sales training programs is: "If you don't value your time, nobody else will". We have had numerous examples of situations where we walked from an opportunity only to find the customer begging us to come back to the table. Try it some time. Walk away from an RFQ that came in out of the blue. If the customer is really interested in your product they'll let you know very quickly. If not, you just walked away from an exercise in wasting time. To me, that's a win !

Now consider the scenario of “...but it’s the largest account in my territory”. If these potential customers do not have a current pain or business goal that you are involved with helping them resolve, then head for the door. To clarify, we are not suggesting walking away completely - although in some instances that is the right move. For most opportunities what *walking* means is reducing your effort to be consistent with the volume of business you are doing with the customer. Many sales reps sell a wide range of products and have a reason to keep calling on the account. They need to maintain this *presence* so that if a new pain / goal does arise they have the relationships in place to get in early on the new opportunity. What we suggest is to remove the customer from your opportunity pipeline and limit the resources to a level that is *sales volume proportional*.

For the case of the “ endless sales cycle” and “the customer who loves your product but won’t buy” the key issue is *patience*.

The endless sales cycle might be delayed due to factors that are not within your ability to influence - budgets, resources, mergers & acquisitions. The customer may still have full intent on buying, just that there are external forces causing a delay.

For the customer with the emotional want, there may be hidden issues that you are not aware of. In example of me at the Apple Store, as much as I wanted the iMac & iPod, I didn’t *need* them. However, once I left my company to start my consulting business, I gave back my company laptop and within a week I bought both products. My situation changed and therefore so did the need.

As we said above, walking doesn’t always mean giving up completely. In these scenarios, just reduce your bets, until the table warms up again. Be patient. Stop giving samples, doing demos... Be patient, wait until the time is right and then restart.

Summary

Selling is a complicated task and every customer and selling situation will be different. In addition, changes in corporate priorities and organizational structures can be influenced by the economy, mergers and acquisitions, and a wide range of external factors. Therefore, it is critical that you have a strong sales plan and that you routinely take the time to analyze your current situation to determine if you are on track, or if any of those external factors are affecting your customer's decision process. If so, then you need to revise your plan, but only after making a clear go/no go decision.

It's OK to walk away. This is not giving up, it's saving money. You may not need to walk away completely, you just may need to be patient, reduce the effort, and keep an eye out for your window in time to open back up. Use your time and resources for opportunities that warrant them today. Walk away or apply *sales volume proportional efforts* to your opportunities. This will allow you to concentrate your selling resources on closing realistic opportunities and will also gain you the respect of your internal resources who know that you won't ask for their help unless it is really needed.

There is only so much time in the day, so use it wisely and see how much more efficient and successful you can become.