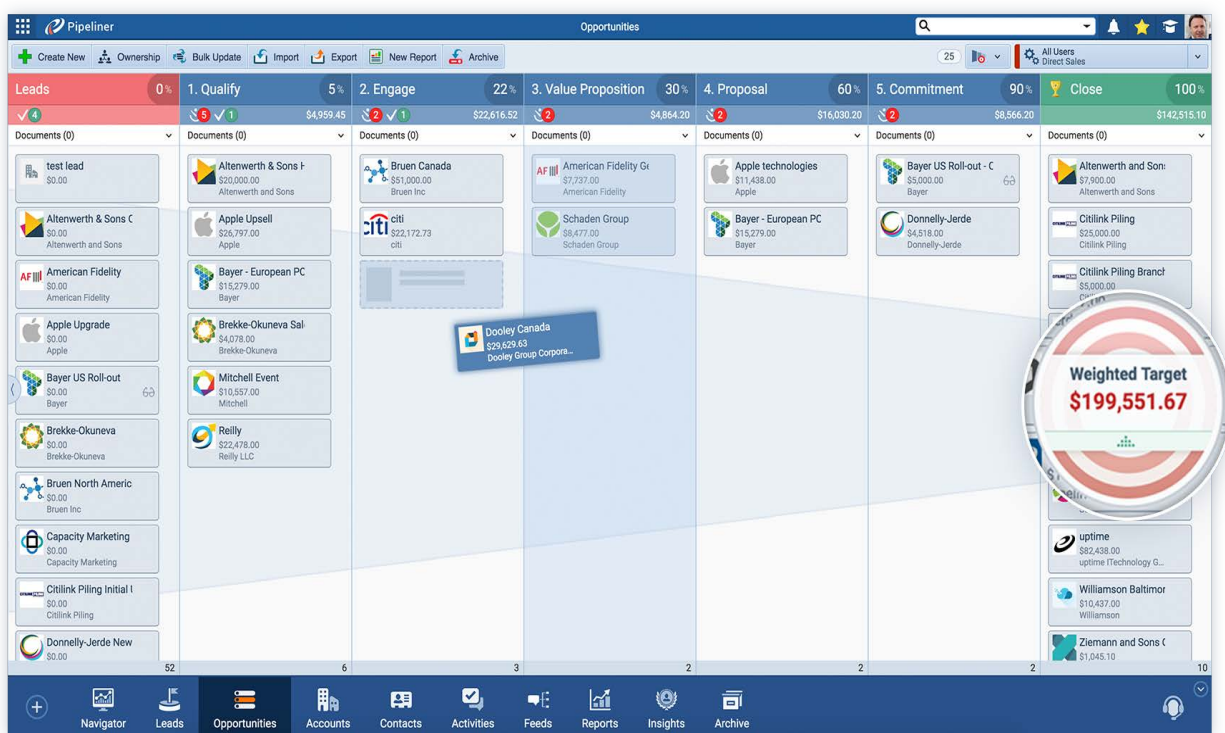


CREATING AN EFFECTIVE & PREDICTABLE SALES PIPELINE IN 12 STEPS



Creating an Effective & Predictable Pipeline in 12 Steps

Your sales pipeline, created with solid research and run with accountability, can increase your sales velocity several times over and improve sales productivity overall. It's not difficult to do, it just requires translating your organization's particular sales process into a measurable and predictable set of steps. With accurate data informing [your](#) pipeline, you can guarantee better productivity and results.



What Is a Sales Pipeline?

A [sales pipeline](#) is a systematic approach to understanding your current and future sales revenue flow. A well-managed pipeline “shows you the money” and gives you a way of assessing the current and future performance of the business from a revenue point of view.

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A sales pipeline is the exact series of steps sales reps follow from the whisper of a lead to the close of the deal. It uses metrics to rate sales for the likelihood of profitability and close. Rather than have sales reps all “doing their own thing,” it puts everyone on the same page and provides consistent forward motion and accountability for your sales force.



Who Uses the Sales Pipeline?

Sales reps [use the pipeline](#) to control and track their own (and team) sales, and to see if they have enough opportunities in the pipeline to make their quotas.

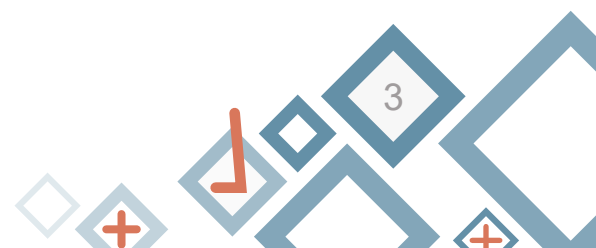
Sales managers [use the pipeline](#) to monitor sales, facilitate mentoring and coaching, identify strengths and challenges of individual reps, and streamline the sales process to make it more efficient. They also use the pipeline to analyze sales, create forecasts, and assess risk.

Company executives count on the pipeline to monitor sales activities, predict future revenue, adjust expenditures, allocate resources, estimate margins and future profitability, and report to board members and other stakeholders.

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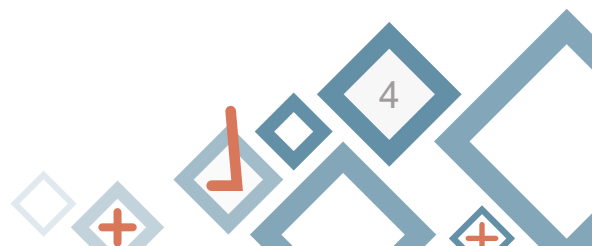
Creating an Effective & Predictable Pipeline in 12 Steps

If you've never constructed a sales pipeline, this checklist will help you. If you have already done so, this checklist will help you validate or improve it. «

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PART 1

INITIAL RESEARCH

The image displays a CRM interface and a contact network diagram. The CRM interface, titled "Bayer - European POC - upgrade", shows a sales pipeline with stages: Leads (0%), 1. Quality (2 documents), and 2. Engage (3 documents). Key contacts include Werner Baumann (Decision Maker, Bayer CEO), Mei Wan (Influencer, Bayer VP of Marketing), John Goodard (Budget Holder, Bayer CFO), and Yvonne Davis (Active Adviser/Partner, Bayer VP of Sales). The diagram also shows organizational units: Dooley EMEA, Dooley USA, Dooley Canada, and Dooley Group Corporate (Headquarters).

CRM Pipeline:

- Leads (0%):** Dooley USA (\$2.00, 50%), Jerde Office (\$0.00, 50%).
- 1. Quality (2 Documents):** Apple Upsell (\$28,797.00, 20%), Reilly (\$22,478.00, 30%).
- 2. Engage (3 Documents):** Bruen Canada (\$51,000.00, 30%), Dooley Canada (\$29,629.63, 30%), AFM (\$75,000.00, 30%).

Contact Network:

- Werner Baumann** (Decision Maker, Bayer CEO) is connected to **John Goodard** (Budget Holder, Bayer CFO) and **Mei Wan** (Influencer, Bayer VP of Marketing).
- John Goodard** is connected to **Yvonne Davis** (Active Adviser/Partner, Bayer VP of Sales).
- Mei Wan** is connected to **Yvonne Davis**.

Organizational Structure:

- Dooley EMEA** (Headquarter - Subsidiary)
- Dooley USA** (Headquarter - Subsidiary)
- Dooley Canada** (Headquarter - Subsidiary)
- Dooley Group Corporate** (Headquarter - Subsidiary)

1. Define your target buyer profile.



Why? Because your sales process must mirror the buying process of your target customer as closely as possible—and also reflect their pain points. Pain points are the factors that are causing them to look for a solution such as yours in the first place. It is this profile that should inform your sale activities through the stages from lead to close.

Those pain points lead to needs, which should be clearly illuminated and illustrated with your assistance. In this way the prospect ultimately concludes that they have a need for your product or service.

If you don't have a buyer profile—sometimes called a buyer persona—it is likely that your sales process runs at cross purposes to the needs of your buyers. You create this buyer profile by studying your current customers. Then gather information from every quarter—from your seasoned reps, from social media, from articles—wherever you find intelligence about your buyers.

2. Isolate the pipeline stages that are working well for you now.

Take a look at some of your most successful closed deals--don't speculate or include third-hand information. With this data:

1. Analyze the actions that led to a successful close.
2. Group these actions together to identify the stages of a sale in your organization: What actions helped



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qualify the opportunity and move it into the first stage? What set of actions led to establishing direct engagement with the buyer and advanced the sale to the next stage?

3. Continue this analysis until you have somewhere between 4 and 8 stages in your process, depending on the complexity of what you sell. (6 steps is ideal).
4. Validate and refine this process with your top performing sales reps until you have a solid set of steps.

3. Write up a first pass of your sales stages.

Using your research up to this point, you can work out the stages of a sales pipeline -- one that your entire sales force can follow. The number of stages is of course contingent on the complexity of your product or service, but the goal is to keep the process as simple as possible.



Each stage of the pipeline should be defined by a significant advance in the deal that is supported by buyer-validated actions. The operative word here is significant - if you create a stage for every single action in a sales cycle you will end up with an unwieldy amount of stages which will not be efficient and easy enough for people to follow. Each step should be a milestone in the sales process -- a dividing line where you can clearly see that the sale is progressing and has moved from one phase to another.

For example, you may have a stage called “Establish Value.” In order to complete the Establish Value stage and move to a Proposal Stage, the salesperson has to complete and validate a set of specific actions.

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Establishing Value stage and moving to a Proposal Stage

1. Prospect has clearly stated that product has demonstrated how it meets the needs/requirements they expressed at the start of the sales process.
2. Prospect has clearly stated that they are willing to accept and discuss a proposal.
3. Prospect has confirmed that budget is available for this initiative.
4. Prospect has confirmed that they have either the authority to sign-off on the proposal or access/influence with the person who does.
5. Prospect has clearly outlined a workable process and timeline for getting the proposal signed.

As you can see from this example, there are a number of associated actions that need to take place and **it is the *cumulative impact of completing all these actions that denotes “significant” progress in the deal.*** In addition, the act of putting a proposal in front of a prospect can legitimately be defined as a new stage because it moves the deal into a new phase where terms and conditions and negotiation come into play.

4. Work out specific action items that must occur for a sale to make it from one stage to the next.



As discussed above, a sales pipeline should add significant value at every step. That's what makes a sales pipeline a more surefire proposition. For example, if

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your business sells software and your first step of the pipeline is “qualification,” a prospect might only proceed to the next pipeline stage if:

- They have articulated their pain points and goals.
- They have agreed to a demonstration, with date/time set.
- They have agreed to invite other key influencers to participate in the demo, and have confirmed their attendance with you.

These are actions that your team and management agree demonstrate their ability to move to the next stage. If the prospect cannot meet these requirements, the deal is not advancing.

5. Find a way to measure the value of each sub-task in any stage.

To calculate the viability of advancing a deal to the next stage, you must find a way to quantify the value of each sub-task in any stage. In our example you might assign a points system to various steps:



- Speak personally to prospect: 2 points
- Learn about prospect’s goals and pain points: 2 points
- Confirm initial interest in your software: 2 points
- Confirm demo: 2 points

Earn 6 points out of the 8 in the list, and the sale can advance to the next stage.

It is also a very good idea to measure a reasonable length of time each pipeline stage should take. With that information, you can figure out the optimum

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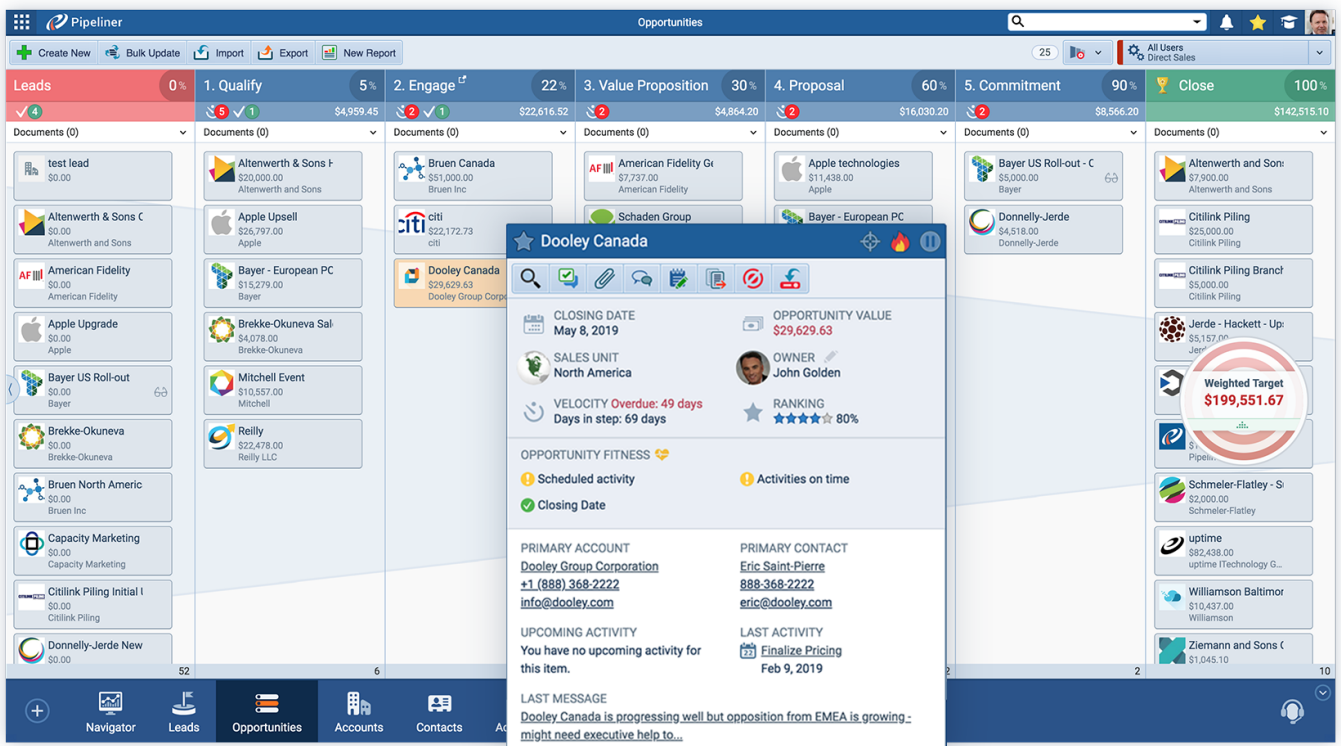


Creating an Effective & Predictable Pipeline in 12 Steps

length of time it should take for a sale to make it through each stage. This way you will be aware that an opportunity has remained too long in any stage.

Over time, paying careful attention to the average time that your opportunities remain in each stage of the pipeline will help you tweak and optimize the pipeline stage timeframes to keep **velocity** (the time it takes for a new lead to become a closed deal) consistent.

A standardized sales pipeline:



- Allows reps to know exactly where each sale stands.
- Shows Sales Managers where each sale stands so they won't have to constantly chase down this data with sales reps.
- Prevents salespeople from unilaterally deciding to move an opportunity forward based on intuition, optimism, or subjective reasoning.

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- Makes it easier for Sales Managers to spot coaching opportunities for individual reps at any stage. «

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PART 2

LEADS-TO-REVENUE BY THE NUMBERS



Now that you've got your sales pipeline set up, you'll be able to use it to determine if you have sufficient leads for predictable revenue.

As explained in our article [The Sales Pipeline Revealed](#), you need to make assessments and calculations to support this goal. Note that the steps below may not reflect your company's operations—but you can use them as a guideline.

A simple sales process might consist of:

1. QUALIFIED LEAD
2. CONTACT
3. APPOINTMENT
4. DEMONSTRATION
5. PROPOSAL (commitment to buy but not yet signed)
6. CLOSE

6. Establish the number of leads reps need in order to accomplish one actual contact.



If a rep normally makes 3 calls or emails to leads to make 1 contact, your response rate is 33%. You now know that you need 3 leads for every 1 actual contact.

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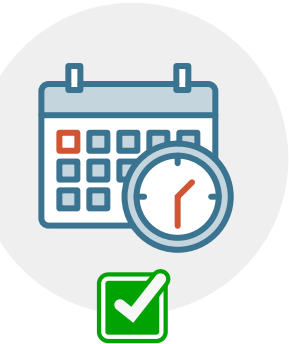


7. Establish the number of contacts that normally occur before scheduling a sales appointment.



A rep may have to contact 4 prospects before they come away with 1 appointment. You then know you have an appointment response rate of 25%, which gives you the amount of effort required on the reps' part to obtain enough appointments to remain viable.

8. Establish the number of appointments reps normally make to achieve one demonstration.



A rep may do 5 appointments before they are able to schedule a demonstration, which gives you a demonstration response rate of 20% -- 5 appointments to 1 demonstration.

9. Establish the relationship between demonstrations and proposals. How many demonstrations normally occur to attain 1 proposal?



If it takes 5 demonstrations to achieve one proposal, the proposal percentage is 20%.

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10. Now the million-dollar question: How many proposals usually have to occur for 1 closed sale to happen?

Let's say a rep will normally do 5 proposals and close 1 sale out of those 5. That gives you a 20% closing rate. Based on the above percentages, this is how your sales pipeline would be likely to look in order to make 1 close:



LEADS: 1,500

CONTACTS: 500 (33% of leads)

APPOINTMENTS: 125 (25% of contacts)

DEMONSTRATIONS: 25 (20% of appointments)

PROPOSAL: 5 (20% of demonstrations)

CLOSE: 1 (20% of bookings)

Of course, these are averages. But nonetheless it shows that you probably require 1,500 leads for every 1 close.

11. Calculate your average closing probability for each sale.



As each lead enters the pipeline, you now know the percentage possibility for making it to the next stage of the pipeline. That lets you know the minimum number of opportunities required in the pipeline to make your sales quota.

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A strict system of maintaining quality at each of these steps makes it less likely that your pipeline includes unworthy opportunities -- sometimes called “pipeline stuffing.”

THE DYNAMIC PIPELINE



Your sales pipeline, even after it has been firmly established, should remain dynamic. Over time markets change, the economy changes, your products and services improve, and your sales reps develop more efficient ways to advance and close sales. Your pipeline must be agile enough to quickly reflect these changes in real time to work at top efficiency.

12. Roll up your sleeves and create your own sales pipeline!

If you have any questions, please do not hesitate to contact us. We're here to help. «













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Creating an Effective Sales Pipeline

-  1. Define your target buyer profile.
-  2. Isolate the pipeline stages that are working well for you now.
-  3. Write up a first pass of your sales stages.
-  4. Work out specific action items that must occur for a sale to make it from one stage to the next.
-  5. Find a way to measure the value of each sub-task in any stage.
-  6. Establish the number of leads reps need in order to accomplish one actual contact.
-  7. Establish the number of contacts that normally occur before scheduling a sales appointment.
-  8. Establish the number of appointments reps normally make to achieve one demonstration.
-  9. Establish the relationship between demonstrations and proposals. How many demonstrations normally occur to attain 1 proposal?
-  10. Now for the million-dollar question: How many proposals usually have to occur for 1 closed sale to happen?
-  11. Calculate your average closing probability for each sale.
-  12. Roll up your sleeves and create your own sales pipeline!

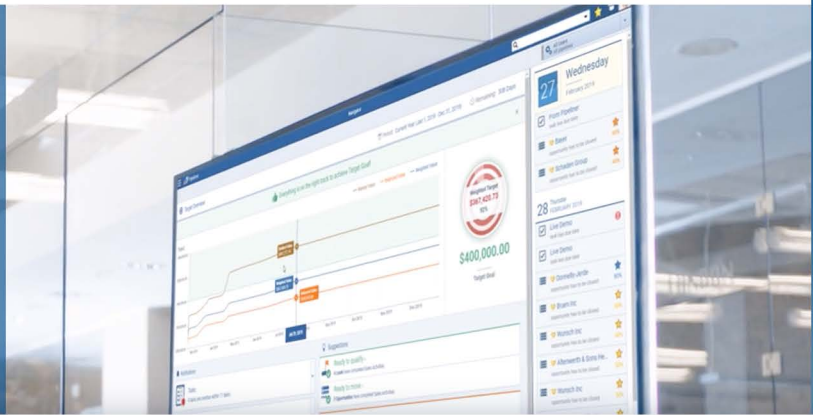


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