



Web Based CRM Tutorial

Part 2: Sales Opportunity Management

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Contents

INTRODUCTION	3
THE BASIC SALES PROCESSES	4
HOW DO YOU GET LEADS?	6
MANAGING LEADS	8
FINALLY	10
ABOUT IPORT4BUSINESS AND THE AUTHOR	11

Introduction

Many organisations have widely dispersed sales teams that are rarely in the office yet are expected to be kept informed of new developments and, similarly, must keep central management informed of sales leads and progress. Other organisations operate a variety of sales channels and have difficulty in keeping track of leads and opportunities. Every sales operation does basically the same things...but has slightly different sales opportunity management systems to reflect its specific needs and processes.

There are already a wide range of sales force automation tools on the market but these applications can be rigid to work with and expensive to deploy. In short, you have to adapt your process to suit them or they won't work for you.

With a true CRM application, you should be able to customise the software to suit your processes rather than the other way around. You should be able to set up procedures to manage all of your sales operations, whether it is in-house, telephone based, field sales based or any combination of these. And often without having to buy any additional business software or hardware i.e. by using a **web based CRM** solution.

Every independent study into the cost of sales operations has shown that the average cost to generate a sales lead is around £200. With that level of spending, isn't it critical to make sure you manage every single one of them and maximise every opportunity?

Many web based CRM software products come shipped with basic sales opportunity management applications loaded, but how you set it up and manage it is crucial to your success.

The Basic Sales Processes

Sales is a process driven discipline. It is not an ad hoc series of events that sometimes leads to a customer signing on the dotted line. If you have been involved in selling for some time you will already know also that truly high achieving sales people tend to be systematic in their approach to selling: they don't tend to be loose cannons with a gift of the gab.

If you accept that (and if you don't, there is a ton of evidence to suggest you should) then you have to also accept that **systems improve sales**. And there's nothing like IT to bring in systems!

However, there is not a sales person on the planet that *likes* to be systematic. They don't like filling out sales reports and following a regime – it runs counter to their “instincts” and “gut-feel”. Therefore its management's job to make sure that their sales application software is as easy as possible to use, is always available wherever the salesperson is (i.e. online) and, crucially, to persuade the sales person that there is something in the CRM process *for them*.

This concept underpins every recommendation we make about how to implement CRM software successfully: you must think of every user of the system as a *customer* of the application, and build the CRM solution accordingly.

Rule #1 when dealing with customers: if you want them to do something for you, you first need to do something for them. So it is with customers of the sales application software – in this case your internal sales team.

Therefore it is essential that the sales person gets something of value from the sales application, or it will just be seen as yet another managerial tool - something to be gotten around where possible or completed under duress. The fastest benefit to the sales person is usually gained by removing time consuming sales reports but that soon extends also into better and tighter marketing information that lets salespeople sell to like-minded customers to those they are already selling to. Every salesperson wants to be a high achiever – they just don't all want to do the work involved! Similarly, every manager knows that the high-achievers just go out there and achieve. In other words, you don't have to do much to motivate or manage them. It's the other 80% on the continuum that need the management effort in order to get the real improvement and, in some cases, to spot those who just can't make the grade.

A well designed sales CRM system should do all of this for you.



The first steps in setting up a successful Sales Opportunity Management application therefore starts by analysing and structuring what you do now - before you even start to think about improvements.

How do you get leads?

Every commercial business needs to generate sales opportunities - leads - in order to survive. There are, pretty much, two main profiles of a salesperson: Hunters and Farmers.

Hunters look for new business constantly. They need that constant challenge of a new deal to keep them fired up.

Farmers, on the other hand, are the relationship builders - the account managers - who get to know their customers over a long period of time.

Needless to say, one can rarely exist without the other. For example, an organisation that has only Farmers will eventually decline as new customers are not added to replace the natural attrition rate. An organisation that has only Hunters will not achieve its true potential as it costs 10 times as much to win a customer as it does to sell to an existing one. There are degrees of balance of course – a new company with a totally new product needs customers at all costs so they should only employ Hunters until they have a customer base to farm. Then they need to get rid of most of the Hunters and hire lots of Farmers. This is part of the reason that there is such a churn in sales teams.

It is a very rare individual indeed that exhibits both sets of characteristics in equal measure, although it is equally rare to find only one or the other being dominant. In most people, and most sales teams, a combination is present.

So, given that in most organisations we have two potentially conflicting sets of goals to achieve; that of gaining new business whilst looking after existing customers, we need to make sure that the sales processes cover these adequately for effective sales opportunity management. (You might also factor this into your selection process for a CRM product: what happens after the sale...can your CRM track all the other interactions with that client? After all, the sale *starts* for the customer once the order is signed...)

Hunters will get their leads from, typically, these kinds of sources:

- Themselves (cold calls, networking etc)
- Marketing initiatives
- Suppliers
- Friends and family
- Trade journals etc
- Advertising

Farmers will get their leads from, typically, these kinds of sources:

- Customers (cross and up selling)
- Customer referrals (to other businesses)
- Word of mouth
- Websites

The critical thing, therefore, is to collect information about the source of *every* sales opportunity that comes to your organisation. And we mean EVERY one. Then, and only then, will you be able to decide what is working and what is not and, in the case of the Hunters who tend to lean towards the maverick more often than not, *who* is working and who is not.

There are other little pieces of information that you may want to collect at this stage too:

- The area/territory the sales opportunity came from so you can watch for hot-spots.
- The general profile of the sales opportunity i.e. the closest fit to your product/service offerings.
- The budget/value profile of the opportunity
- The timescale
- The decision makers/influencers/users
- The competitors

There is also a wealth of information implicit in the sales opportunity transaction too based on the relationship and contact history you have had with that client in the past. Please read the first in this series on Contact Management to see what is important and why, but in the interests of completeness here, you should also have access to information such as:

- The size of the organisation
- The industry sector
- The decision makers and influencers
- The financial standing

Managing Leads

Ok - from the previous section we now have a **sales lead** and it has been recorded in the CRM system. We know the organisation to which it refers and we also know how we got the lead and what kind of opportunity it represents to us, as well as a whole load of other information that comes with it that we didn't have to do anything to get; the relationships within the CRM software took care of that.

What now?

Well, that depends on your organisation's needs and processes. Again, going back to the Hunter/Farmer scenario, you need to be sure that the sales opportunity management processes that you create from now on satisfy both.

Here is the kind of sales lead management scenario that our out-of-the-box web based CRM software is capable of managing.

First, the sales lead is normally assigned to a sales person to run with it. Hunters will usually have done this already - they guard their prey after all! But leads coming in through a Marketing Department would be allocated based on a set of criteria: perhaps geographically; sector specific; potential value; product type. This is the first Business Rule that we have to identify and deal with -- who gets what.

To assign the sales lead, you should simply be able to select the individual's name from a drop-down box on the transaction. Better still, if you can embed rules for set types of opportunities to be directed to specific people it removes one more manual process. If that lead can then be routed to that individual's Home page so that he/she will see it when they log on you will have a major benefit.

After assigning the sales lead, you will want to know where it is in the sales process. Every organisation has a sales process – some of them are very easily defined and some are a bit hazy. But there is always a series of steps/events which, if followed, result in an outcome. It's these steps/events that you need to sit down and identify for your organisation now.

The following are logical and fit in most circumstances so feel free to use these as a basis:

- 1-New Opportunity
- 2-In Progress
- 3-Won
- 4-Lost
- 5-Deferred

These are 5 very simple steps in a sales cycle and yet they fit a myriad of sales processes. They are normally followed more or less in sequence. When a new lead is generated, it is recorded as being at step 1. As the sales person takes it through the process he/she will change the step number through the web based CRM system online. It's simple. But it works!

It can be further refined by having activities within each of the Steps (or Status if you prefer). For example, within "In Progress" you may want to know if the client has had a presentation, has there been a quotation prepared, is a decision imminent, etc.

In this way, you will always know the current Step/Status of any sales lead within your organisation and the activity therein. You will also know the prospective value, the forecast close time, which sales person is handling which sales lead and, by definition, which sales person converts the most leads to sales. That's something worth knowing.

Every sales scenario is, of course, different. You should be able to easily customise the profile for a sales opportunity within the CRM software to reflect your sales processes. In high-value sales in particular, there can be very protracted processes with several meetings and presentations at various levels. You should be able to add new steps easily by creating additional fields and adding it to the profile. Sometimes deals can be stalled rather than won or lost and so you may want to track this. It is also possible for you to walk away from business you don't want - another possible step that can be recorded in a classification field.

The only limits to this type of sales lead management is your imagination – and the practicalities of managing the process.

Finally

When setting up your sales management system it is often tempting to mine the contact management database vertically and issue this to the sales team to chase. For example, let's say that your product or service is a good fit in the construction industry. In a simplistic world the contact database would be loaded up with all the known construction companies, mailshots would be produced and salespeople would be despatched to bring in the business.

But things have changed. Just because your product is good for construction companies doesn't mean every construction company is good for your business. Profiling sales leads in terms of the Most Valuable customers and The Most Growable customers is much more productive. For example, if you were to analyse your sales leads along two axis: Desirability to have them as a customer versus Likelihood of success, you often get surprising outcomes.

You may set criteria of Desirability such as:

- Budget – do they have regular budgets for your products?
- Mindset – do they see you as a partner or a supplier?
- Profits – are they profitable as a business and will they be profitable as a customer?
- Growth – are they growing and by implication will our business grow with them?
- Business drivers – is there any change forcing the sale?

Similarly with Likelihood factors:

- Relationship – how good is it and is it at the right level?
- Perceptions – how do they view you?
- Value add – can you **demonstrate** how you will add value?
- Competition – the number and quality.
- Uniqueness - what can you do that no-one else can do for them?

These outcomes can be weighted and a scoring system drawn up for each lead to ensure that sales people only target their most important commodity, their time, on the Most Valuable and the Most Growable leads.



About iport4business and the Author

The author of this series is Chic McSherry, CEO of iport4business. Chic started his first IT company 20 years ago – a reseller business most recently involved with Sage and Microsoft Dynamics - and he has been deploying CRM solutions since 1994. In 1999 he developed an Enterprise Information Portal with CRM at its heart. That software is called iportprofessional and has been sold successfully, winning several innovation awards, both here in the UK and in the USA. In 2004 he created a separate company to market the product called iport4business and established a US office in Houston, Texas. In 2005 he launched iportinstant – a web-based CRM product based on iportprofessional which has a growing user base due to its simplicity and low cost (\$10 per user per month). A fully functioning 14 day free trial CRM system is available from the iportinstant web site. In addition, he runs a Sales Training company called AchieveMore.

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