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MANAGING YOUR SALES PIPELINE

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I recently came across this piece of advice - if you have five minutes to get out of a sticky situation, you should spend three minutes figuring out how to get out of it, and two minutes doing it. This suggestion illustrates the value of having a plan and executing it. Yes, over the years I have come to appreciate the importance of formulating a plan. Very few successful sales programs can be implemented with proficiency, and many will fail, without preparation.

In this article, I want to talk about sales pipeline management. I regularly hear discussions about completed sales with the expectation of immediate results. Looking for immediate results happens since everyone is justifiably concerned about reaching sales goals. Unfortunately, being anxious about sales deliveries today, this week, or even this month can be very stressful. So, what can be done to alleviate this pressure? The answer involves properly managing your sales pipeline and understanding your delivery cycle.

The key to managing a sales pipeline is looking to the future and not merely focusing on the present. There is an inherent connection between the sales pipeline and the sales delivery cycle - you cannot evaluate one without analyzing the other. Since many products or services may not be delivered when the order is taken, that means that there is a delay between when the order is received and when the customer takes final delivery. That's called the delivery cycle. It is essential to work within a time frame that is dictated by a defined delivery cycle.



Most importantly, you need to know how long your delivery cycle is and plan accordingly. For instance, if the delivery period is an average of sixty days, that means that when a sales order is obtained, the customer does not pay for the product or service until sixty days later. So, in a given week, or month, any delivered sales or paid sales would have been a transaction that was completed approximately sixty days beforehand. So instead of expecting immediate sales deliveries, the results will be for a future date, which in this case is sixty days after the order was placed.

The emphasis should always be on today's sales orders and not today's sales deliveries. You need to be in the sales order business. How many new sales orders can you get today, this week or this month? Logically, if you obtain sales orders today, you will always have deliveries sixty days later. Case in point, you begin selling for a new company with a sixty-day typical delivery cycle. In the first sixty days, how many deliveries will you have? Well,

you may not have any since the delivery period is sixty days. This phase can be referred to as the zero period since no deliveries would be anticipated, due to the actual delivery cycle. However, after this initial phase, if you continue to obtain new sales orders, you should never repeat the zero period or "dry" pipeline. Why? Because you are going to continually fill your pipeline with new sales orders which convert to deliveries every sixty days.

The attention on immediate deliveries is understandable from the standpoint of when revenue is generated everyone gets paid. However, you would probably agree that this is "putting the cart before the horse" - no sales orders equal no sales deliveries. It's that simple. The fact is that almost all products and services have some delivery cycle period. If you work in harmony with the natural delivery cycle and concentrate on obtaining new sales orders, your sales pipeline will always be filled.

This approach seems simple, but I know that many salespeople and managers struggle

with it since they are always under pressure for today's deliveries and not today's orders. However, emphasizing deliveries is entirely backward and indicates a lack of planning. If you reverse that approach and focus on today's sales orders, your stress level will decrease and, in many cases, disappear.

If you successfully manage your sales pipeline, you will also be able to put together realistic projections of future deliveries, and more importantly, results will naturally follow.