

Managing Sales Pipelines Effectively

The most successful sales professionals strategically manage their long-term sales cycle from start to finish. They resist the temptation to focus too much on one stage, such as closing sales. Instead they identify each stage of the process and allocate their time and resources so that they can reach their sales goals consistently.

Management of the long-term sales cycle is called "pipeline management" and involves identifying sales stages and what needs to be accomplished in each stage. Good pipeline management continually invests in activities that generate sales opportunities and follows each opportunity from the front end through completion and follow-up.

In a recent study of sales managers, only one-third reported that their sales teams made enough sales calls to effectively discover and develop sales opportunities (the front of the sales pipeline). The same study reported that about half of sales professionals struggled with managing their opportunities as they moved through the pipeline.

Benefits of good pipeline management

A mismanaged sales pipeline won't produce the results you want, whether you are a sales manager or an account executive. Good sales pipeline management, on the other hand, can give you the following benefits:

- **Long-term focus** In many sales organizations, the pressure to produce revenue now – today, this week, this quarter – is so strong that it puts too much pressure and attention on the back end of the pipeline: closing the sale. By using good pipeline management techniques, you don't lose focus on the front end: prospecting for and developing opportunities.
- **Elimination of peaks and valleys** A well-managed pipeline improves your sales forecasting and helps you reach sales goals more consistently.
- **Allocation of resources to strategic, profitable opportunities** Instead of taking the "shoot anything that moves" approach, sales professionals plan their approach to keep qualified opportunities moving along the sales pipeline.
- **Better follow-through on sales opportunities** Not following through in a timely manner is a pipeline leak – and a waste of precious resources. Managing the pipeline from start to finish seals those leaks.

The message is clear: You can't afford to neglect either end of the pipeline or to have leaks along the way.

Improving pipeline management

Good pipeline management conserves your selling resources and pays off in higher realized sales. Here are some ways you can improve pipeline management.

Balance your focus

Whether you are an account executive or a sales manager, you must balance your focus between long-term and short-term sales results. The pressure to make current daily, weekly, or monthly goals must not take undue attention away from seeking new opportunities and attending to every stage of the sales pipeline.

Apply discipline

Sales professionals and their managers must keep an eye on the sales pipeline by establishing review points – points at which they review activities, probabilities, desired outcomes, and forecasting guidelines. Managers must establish clear standards for reviewing and evaluating the sales pipeline, and create plans for follow-up meetings and reviews.

Clarify expectations

The "management" part of sales pipeline management requires accountability, activity, and measurement of results. Sales professionals and sales managers need to know what to expect from each other. They must agree on how often and how detailed pipeline reviews must be and on how important these reviews are to the organization.

The following table shows a generic summary of possible pipeline stages with probabilities and desired outcomes.

Sales stage	Possible activities	Closing probability	Goal	Proportion of Pipe
Creating interest	Customer research Customer qualification Prospecting calls Database development Message creation Sales call planning	0%	Customer agreeing to listen	20
Questioning	Exploring Defining buying process Listening	0%	Qualified opportunity "Is there a compelling reason to move ahead?"	20
Qualifying	Validating needs and issues Assessing competition Deciding bid/no-bid	25%	Verbally agreeing to discuss solution	10
Needs-based selling	Preparing a "mutual" value proposition Sales presentations Sales proposals Persuading	50%	Clear reason (value) to buy from me/us "If I ... will you?"	5
Closing	Answering/addressing objections Removing barriers Establishing statement of work	90%	Agreeing on solution Signed agreement/contract	3
Follow-up	Building on the relationship	100%	Contracted/scheduled delivery plan	1

Manage risk

Sales managers can create bid/no-bid guidelines to help their sales teams assess sales opportunities and minimize the risk of pursuing unprofitable opportunities.

Take advantage of technology

Sales professionals and sales managers can use technology to help achieve personal and organizational success. Helpful tools include customer relationship management (CRM) systems, pipeline management software, and contact management systems such as Siebel, Salesforce.com, Privia, and ACT. The time, energy, and commitment to learn how to use these tools is time well invested.

Good management leads to success

Applying sound sales pipeline management techniques improves the accuracy of your sales forecasts and revenue projections. A sales pipeline that is well managed from beginning to end is critical to the success of any organization.