

Sales Cycle

Coaching Questions

“What is the duration of each stage?”

Topic Introduction

By reducing the length of each stage, the entire sales cycle can be dramatically reduced.

Discussion Questions

- Are the stages typically the same length?
- Are some longer than others?
- How much longer? Why?
- Are some stages shorter than others?
- How much shorter? Why?

Key Learning

Measure how long your sales cycle takes as a benchmark for improvement.

“For your longest stage, why is it taking a long time?”

Topic Introduction

The longer that a prospect is in your sales cycle, the lower probability of closing them. From this, we can infer that the longest stage stands the highest likelihood of losing a prospect. This is a place to focus your efforts.

Discussion Questions

- Is it delayed due to a common factor you’ve seen in multiple prospects?
- Is it delayed for the same objection as you’ve seen in multiple prospects?
- Is it delayed due a lack of follow up?

Key Learning

If someone is moving forward, there is always a reason. It isn’t always the reason they tell you.

“How could you speed up your other stages?”

Topic Introduction

There are some common factors that will help the entire sales cycle be completed faster.

Discussion Questions

- Think about a time it happened quickly. Why did the stage happen so quickly?
- Is there any of your customer that could offer insight or feedback on your sales funnel?
- Could you work with another sales person who is great at a stage you might be having trouble with?
- Could you consider team selling to get feedback from another sales associate?

Key Learning

Some factors that commonly reduce the length of the sales cycle are getting referrals or repeat business. Continue to seek other factors that might help you beyond these commonly known ones.

Examples

Real Life Example: What is the duration of each stage?

A packaging company was growing their business within the technology market.

Their sales cycle was extremely long with a new customer with the following stages:

1. Awareness (6 weeks): Packaging decision makers were often difficult to find within the global networks and the various job titles. Often the best way to contact someone was through a formal introduction through a mutual contact or through the associations and events.
2. Interest (4 months): Following up after the initial meet and greet could take months to create a formal presentation to the buying group, which often includes manufacturing, marketing, finance, R&D, and other functional areas.
3. Preferred Vendor Application (3 weeks): Filling out the custom vendor application could be time consuming, especially when it came to IT security questions which were top of time to IT companies.
4. Preferred Vendor Approval (6 weeks): A purchasing agent must review the documentation, ask questions, follow up on any references, and make a formal recommendation to a decision maker.
5. Packaging Specifications (6 weeks): Following up with specific purchasers to provide packaging specifications to quote on could vary based on the need to the purchasing department as well as the stage of a new product being developed.
6. Packaging RFQ (4 weeks): Typically a request-for-quote is sent out for a new product or an order. The type to submit a quote can be between 2 weeks and 5 weeks.
7. Purchase Order (1 week): Once all of the vendors submit their pricing, it could take another week for the organization to make a decision of who to award the business to or how to divide the volumes amount the vendors.

The total sales cycle for a packaging organization takes approximately 30 weeks.

Real Life Example: For your longest stage, why is it taking a long time?

The longest stage of a software developer's sales cycle was the close.

It was taking a long time as the sales people were describing the software and what it could do for the companies. Due to it being a highly visual sale, and only verbal communication was happening, it took a long time for companies to understand it.

By tweaking this part of the sales cycle and creating a testing environment for customers and creating tutorial videos to explain the software visually, the close stage's length was reduced.

Mini Case Study: How could you speed up your other stages?

Shermin owns a residential cleaning company. She sells her services to office buildings, conference centres, and retail stores.

SHERMIN: "From the time I meet a prospect to the time that I close them, it typically is 6 to 8 months. I used to think that it was the close that is slowing down my sales, but all of my stages take longer than I'd like them to."

COACH: "The entire process needs to work together and move forward. If there is one part that isn't well oiled, it is often multiple parts that will stop working. A good place to figure out what to do is to start from a positive example. What is the fastest that you have ever closed a customer?"

SHERMIN: "One mall's property manager referred me to their friend who was a property manager at another mall."

COACH: "Referrals and references are one of the best ways to reduce your sales cycle. How could you use this information to help you in the future?"

SHERMIN: "Try to encourage my existing customer base to refer me? Maybe I just need to get all of my prospects to speak with one of my existing clients or even get them to see the facility."

COACH: "I think those are both great ideas. It will reduce their risk by giving you credibility instantly."