Transcript – GET to YES Podcast

E21: B2B Prospecting – Consultative Selling Stage 1

Hi, Neil Osborne from The Sales Catalyst here. In this episode we're covering the first critical step in the Consultative Selling process – Prospecting. Yes, it's the can't be missed all-important starting point whenever you're trying to build a constant flow of new business.

I must admit in the current business environment, this is the area I get asked about most often, with questions like "How do we increase the volumes of our quarterly new business volumes?" That's what we're focusing on in this episode.

So, whether you're selling to Beauty Salons, Skin Clinics or owners of Hairdressing Salons, you first need to acknowledge that to attract a constant flow of new business, it must start with a plan. And to do that, you need to get a good aerial view of the task at hand.

New business primarily comes to you, through two channels.

The first channel is called in-bound – because the client come to you, in response to some type of activity. Generally, these are the inquires generated by the Marketing Department. They may come to you from trade shows, advertising, publicity or social media activities, Google searches, people visiting your website or from numerous other activities initiated by marketing.

Generally, those types of inquiries are warm to hot and most salespeople have a relatively high success rate with these ones. However, it's rare to be able to secure enough new business to survive, through just in-bound leads. When I was running sales territories, I decided that if and when in-bound leads came, they'd be the cream on the cake.

So, you must develop another way. Today it's called out-bound – where you go out and find the client and get them to respond to your conversation. Sales professionals who are skilled at out-bound generally go on to enjoy solid and predictable success.

The first stage of developing a strategic out-bound plan, is what's called prospecting.

Wikipedia describes prospecting as the first stage of the geological analysis of the territory. It's the physical search for the minerals – or in our case, the physical search for the gold – or as we call them, the ideal new client.

If you're going to build a strategic prospecting plan, where should you start? Again, you need to step back and look at the bigger view and those who already know how to manage sales territory, know there's generally only two ways to gain growth. It's either:

1. Geographically, or
2. Pursue your 'Avatar'

Let's work on the strategic geographical plan first. Here, your starting point is designing a plan that ensures you're able to physically reach and cover all the major geographical areas of your allocated territory.

Once you've created a draft planner, the next phase has three simple steps:

1. The first things that go into your planner are the ROCKS.

These are the larger and important commercial activities. Generally, these are the Head Office or brand building activities. They may be the sales conference, trade shows, exhibitions or major training events, international guest artists or shows. They're our ROCKS because they're major and important tasks and you need to make sure you're available to attend and participate in those activities.

2. The second layer is what's called the PEBBLES.

The PEBBLES fit in around the rocks. They're all your local, state-based, client-based and sales focused activities. These may include local events, local training and education events, monthly sales meetings, the important regular meetings with your existing stockists or clients.

Then comes the new business opportunities. These activities are critical blocks of time that you must allocate within your territory planner – to prospect, research and more importantly contact or visit new business opportunities on a regular and ongoing basis. This singular activity is a vital part of your role.

3. Finally, the third part of your planning metaphor is seen as SAND.

SAND fits in between all the larger rocks as well as the pebbles and you identify the sand as being administrative tasks. These tasks can be knocked over in small chunks of time. They may be returning phone calls, responding to emails, completing reports updating your CRM, updating forward travel planners and various other planning activities. These things are critical for you to remain organised, so that you can focus on securing new business.

Now you've completed the planning process, you should clearly see the areas or geographical clusters of your existing clients and in turn, also be able to identify the gaps – the geographical areas where you don't have the required number of stockists or clients when compared to the volume of opportunities in those areas.

As you start to build your plan, also be mindful that a lot of things have changed in the way clients buy and how they react to the cold call approach. Most market segments are highly competitive, so you can no longer just park the car and visit every opportunity, in any given suburb or town. To attract a higher quality client, you need to shift your behaviours and our expectations.

Firstly, you need to stop expecting instant results from prospecting.

Instead, you need to understand that building trusting and respectful relationships takes a slightly longer-term effort and process. Today, it can take anywhere from 30, 60, 90 to 120 days of coordinated effort, to secure a new client – depending on the type of client your targeting, your product or service, it's price and market sector.

You need to be mindful that the prospecting process is a journey, not a race.

I was first taught that at this stage of the sales funnel, my task was to do lots and lots of calls reaching out to as many people as possible. Put simply, the instruction to follow was… put as many suspects as possible into the funnel.

The flaw in that approach is that a lot of those prospects weren't qualified, therefore while you may have had large numbers in your funnel, a lot were dropping off along the way. That approach is truly what you'd call a numbers game – or as someone called it, "spraying and praying". Unfortunately, it didn't always produce the best result.

However, things then started to shift and instead you measured how many you needed to reach out to, to achieve your final new business numbers. (Afterall if you can't measure it you can't manage it.)

What are your numbers?

How many suspects do you need to put in the top of your funnel, to get the right number coming out the bottom as secure new accounts, on a monthly or a quarterly basis? For most people, when they work it out, the numbers are a big surprise.

> The general numbers, for Hair & Beauty salons in Australia and New Zealand *
> Cold calling by the phone alone, will yield a low result of between 2–3%
> Cold calling on mass in a suburb or region, or without focus can yield 5–7%
> Cold calling on pre-selected 'Avatar' accounts can yield a more productive conversion of 10–20% or more
> A client referral comes in best, at around 50% plus

* Please note for medical and other specific clinic-based market channels these numbers will be different, as some of those clients require phone contact prior to any further progress.

So, what do your numbers look like? Let's run through a fictitious example:

- I've assumed your company is young and is enjoying a growth cycle.
- Therefore, your KPI is 9 new accounts per quarter.
- You're currently using an 'Avatar' based model and you're working with the 10–20% success band.
- In turn, that means you'd need to have between 45–90 new account 'opportunities' circulating in your funnel, per quarter
- Working on the mean (average) as being 67 'opportunities,' that means per month you'll need to be identifying and in contact with at least 22 opportunities per calendar month, to ensure you achieve your new business goal.

Generally, when I get called in to help with increasing new business, the first thing I notice is that there's not enough out-bound activity in place. Therefore, before I can increase their output or results, we need to address the volume in the funnel.

This is the key to long term, consistent success.

How are you tracking? If you were tasked with a KPI of 9 new business openings per quarter, what would be your KPA's?

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Let's clarify what I mean by that. By definition, a KPI is a Key Performance Indicator, and it mostly refers to a numeric value reflecting the key (or optimum) performance. It's achieved, once you reach that volume or number.

However, KPI's don't explain or communicate what your KPA's are – KPA's are Key Performance Activities.

That means, what activities do you need to ensure you're doing on a regular or pre-planned basis so that you have the right volume in the funnel, and this prospecting stage is productive?

Based on what we've discussed in this episode, your KPA's would be:

1. Agreed that in-bound leads are the cream and out-bound driven activities is where the gold is
2. Create or revise your territory planner
3. Ensure you have all the ROCKS in place
4. Be clear about the PEBBLES required and that they are allowed for in your planner (BTW the critical step there is to ensure you avoid cancelling or changing your cold calling or prospecting time allocation.)
5. Plan out the SAND and don't let it obstruct the other more important sales generating activities
6. By completing the plan, you identify your geographical gaps
7. Work-out your numbers: how many do you need in your funnel to achieve the require KPI?
8. Acknowledge that you need to focus on the KPA's to achieve the required result
9. Also acknowledge that the beginning of the Consultative Sales process starts with prospecting, which requires thought and a solid plan
10. Finally (and for some the most important), you need to have the professional discipline to do what's required, by when it's required.

Oh… and BTW, don't give up your prospecting time to make room for other tasks, because it produces the gold.

Until next time, enjoy your day.