

How to Tell if Your Sales Pipeline is Failing You!

A Guide for CEOs



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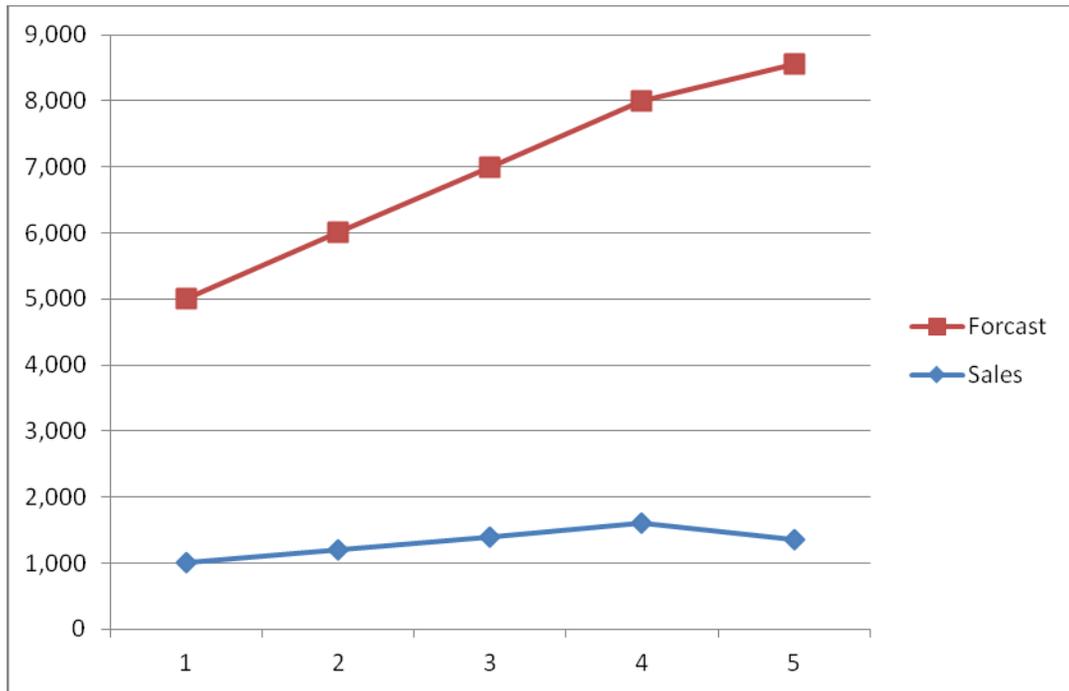
A sales manager shares the truth about pipeline mismanagement and what to do about it.

A sales pipeline is the tracking of sales opportunities from start to close in a method that matches the company's sales stages. It is a database maintained by emotional sales representatives who have a vested interest in how the pipeline is viewed as part of their job performance. The sales manager relies on it for job performance measurement, and on-time sales delivery for making forecast, and C-level managers depend on the forecasted sales for cash flow, manufacturing and inventory management. In short, the company looks to this pipeline as an indication of short- and long-term survival in a competitive world.

Let's look at what occurs over a four-month period when sales start to slow down and the human issues driving the pipeline show signs of strain. We will address the actual sales decline and the opportunity forecast from sales leads and prospects in a CRM system. We will not discuss the quota per sales representative, which is also tracked in the CRM as a separate number.

In the First Month of a Sales Slowdown

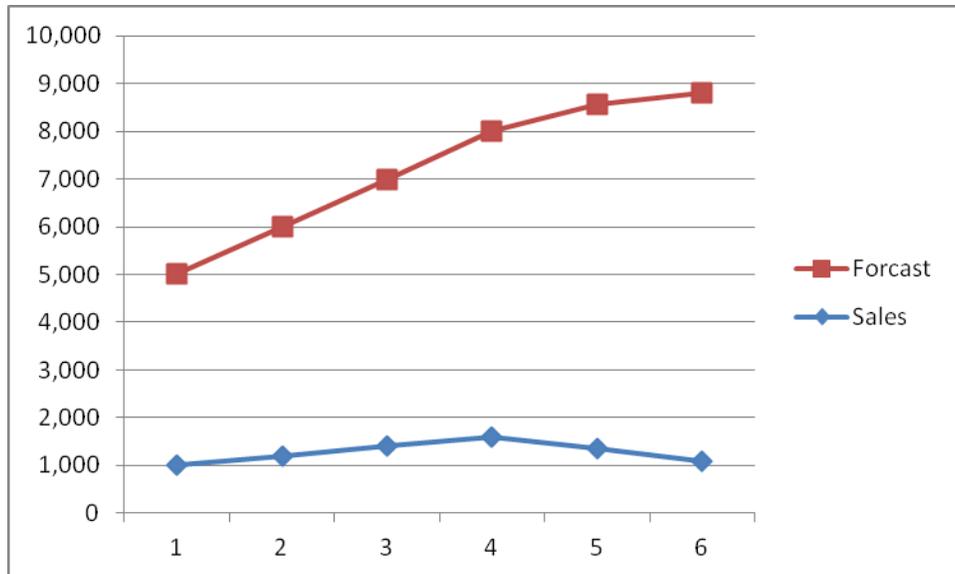
When a new month starts slowly, the salespeople and sales manager are the first to feel the changes; but at this point they are mum as it is "too early" to worry. By the end of the month, sales disturbingly are off, the forecast is soft, and C-level management turns to the pipeline reports to see what's going on (they often don't pay much attention to the document when sales are doing well). From reading the report, the only thing they can understand is that opportunities earmarked to close are being pushed into the next month. The pipeline is therefore growing; sales lost to competitors have slowed down or not yet been reported. What the heck, it's only a few weeks of slow sales, right?! Things will be better next month. Nothing to be alarmed about.



Caption: Notice sales are fine until the fourth month, when they begin to decline. The pipeline, however, continues to grow as forecasted opportunities are pushed off into the future. What we are looking for is a growing spread between the forecast and actual sales.

In the Second Month of a Slowdown.

The next month comes and sales are still not coming in as forecasted earlier in the month. By mid-month, salespeople report that the 90% opportunities are delayed and very little is falling into the lost sales category, yet. The pipeline for the 30-, 60- and 90- day categories are building as deals are pushed off. During sales meetings, salespeople are starting to talk longer about each deal that was expected to close. They describe the reasons in detail. Sales meetings are going longer as each sales rep speaks up and the excuses start piling up. The sales reps with the least sales performance are talking longer; the reps who are still making quota talk less. The reps are occasionally starting to whine and complain about things out of their control. By month-end, lost sales are starting to show up.



Caption: As sales decline in the 5th month (2nd month of the decline), the pipeline forecast continues to grow as ‘pushed’ sales are not dropped and some new prospects with distant future closes are added to the forecast. The spread between forecast and actual sales is increasing.

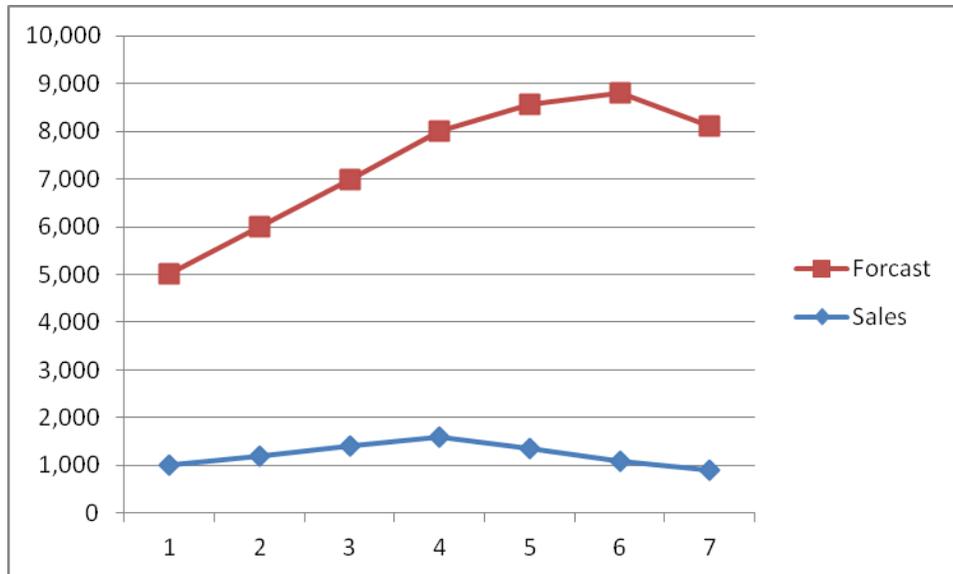
As sales management presses salespeople in the meetings, excuses become more vocal:

- 🗨️ Our prices are too high.
- 🗨️ Answers to prospect questions about technical issues are taking too long from corporate.
- 🗨️ Proposals that require management approval are slow in coming, and prospects are unhappy and demanding.
- 🗨️ Management is unresponsive on pricing or terms, and we are losing to faster competitors.
- 🗨️ I am getting very few leads in my territory.
- 🗨️ We aren’t getting enough qualified leads.
- 🗨️ Webinars are fine, but these people don’t buy.
- 🗨️ Whitepaper leads aren’t leads.
- 🗨️ I can’t seem to reach people about proposals; they aren’t picking up the phone.

In the Third Month of a Slowdown



The sales manager is starting to sound like the reps! Salespeople and sales management seem to be in sync as everyone looks for an excuse as much as a solution. Lost sales are now starting to build in the pipeline report. New prospects may be added, but the time frame is far, far into the future. The dollars look big but the timeframe and percentage of confidence is low. The short term is bleak. No one is panicking yet, but no one has answers.



Caption: Three months into the decline, the forecast has started to take a dip. The pipeline is finally being adjusted as honesty prevails.

In this third month, sales management has taken center stage in blaming issues on:

- 🔍 Our prices are too high.
- 🔍 The marketplace has slowed.
- 🔍 Purchase orders are being delayed.
- 🔍 Weather has been bad in prime geographic areas: it is too cold, too snowy, too hot, too much rain, there are floods, it is summer, and it is the holidays, or all of the above.
- 🔍 New competitors have surfaced.
- 🔍 Marketing lead generation is not performing.
- 🔍 Competitors are making special offers, discounting, and stealing market share.
- 🔍 The government (or fill in the marketplace name) has stopped spending money.
- 🔍 Our products are obsolete and not competitive.
- 🔍 The salespeople are not trained on the new products.
- 🔍 The new products are late in coming.
- 🔍 Reps say prospects are not returning their calls. The marketplace seems to have grown silent.
- 🔍 We need special offer pricing to entice buyers.

Sales reps who are lagging the most have pipelines that continue to show promise and that, in many cases, are increasing in dollars and size; nobody knows if it is real. Nothing, however, seems to rise above the 25% level of confidence. Sales reps know that getting fired with a promising pipeline, even if it is not real (who knows for sure) is in the future. At sales meetings you hear the reps who are not making quota:

- 🗨️ Go into infinite detail for every deal.
- 🗨️ Resist management when they want to travel with them.
- 🗨️ Change their voices during sales meetings to a higher tone with a hint of desperation.
- 🗨️ Start to lose their temper when pushed for accountability.
- 🗨️ Stop closing out leads or following them up any better than before the downturn.
- 🗨️ Add prospects and dollars, but the percentage is very low and time to consummate the sale is far down the road.
- 🗨️ Resist having management listen in on sales calls.
- 🗨️ Call for sales training, product training, better pricing, more leads, more qualified leads, and promotional pricing with deep discounts.

The Sales Issue Gets Special Attention

The company C-level staff meeting is increasingly dominated by sales issues and a forecast that is being doubted by the other managers. C-level managers suggest ways to improve sales. Their first suggestion is training.

The sales manager feels slightly better as others share his burden and make suggestions for improvements.

- 🗨️ **Sales Training?** The first thing that surfaces is that the reps need better training, either on the products, or sales skills or both. Everyone feels good about this as it is a predictable action. A consultant is hired to train the reps. Product management is dedicating more time to product training.

My opinion is that sales training is a false flag. It is easy to accuse sales reps of not being skilled enough. But why were they good enough for a long period of time and suddenly someone believes sales training will over-come a decline in the marketplace? Save the money and spend it instead on lead generation.

Marketing Programs. Marketing, taking criticism for the quantity and quality of leads, tries new programs but the lack of sales volume by now is putting downward pressure on the budget. “No budget” is what marketing management is told; “...do more with what you’ve got.”

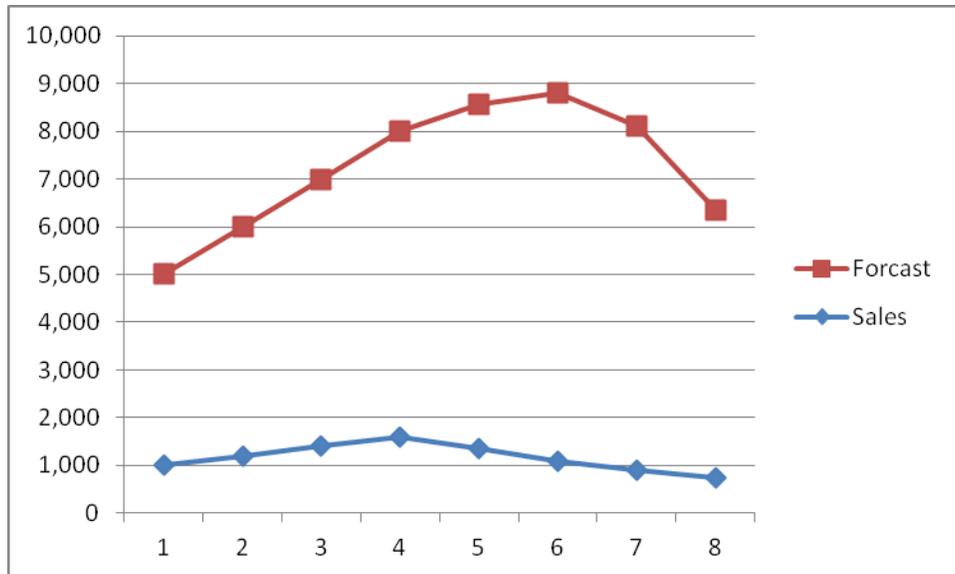
My opinion on marketing programs. This is where to spend money. Create more qualified prospects, but remember how long your sales cycle is. It will take time, but then again you have no choice.

Discounting Begins. Marketing is told there *is* money to promote discounting packages.

My opinion on discounting programs. Try lead generation, closely followed by discounting if you must. Remember there is a difference between “special offers” to get response and discounting prices. Special offers can have a financial impact, but usually not as much as outright cash discounts.

In the Fourth Month...

If sales start to increase in the fourth month, everyone is relieved, no one understands what happened, and no one wants to revisit it. Life returns to normal except for the CEO, president and CFO, who have a sales short fall, inventory that is out of whack, and a board of directors or investors who don’t care - - they just want sales back to forecast. But sales will take 4-6 months to achieve a new normal; it’s not the old normal after a three-month decline.



Caption: If sales are still lagging, the forecast starts to show a significant decline, but may still be above the multiple of 4-6 times sales. The issue is that the pipeline is now compromised with fantasy accounts that are not serious buyers. If the marketplace does not change, the pipeline in succeeding months will dip dramatically and start to show only 2 times the sales due in a given month. This means 50% of a pipeline has to close to make the number.

CAUTION: Sales will take 4-6 months to achieve a new normal.

If, however, in the fourth month, sales are not showing an increase, lots of things start to happen:

- 🔔 **Budgets** for most departments start to be cut.
- 🔔 **Reps** not doing well are hanging on.
- 🔔 **New hiring** is delayed (maybe).
- 🔔 **Marketing** is getting hit because management thinks it is a variable spend budget that's optional, not a requirement.
- 🔔 **Inventories** are too high.
- 🔔 **Discounting and special offers** tried in the third month (the brain child of sales and marketing) are now getting serious. After all, if you can't sell it, give it away at a lower margin. The 'special deals' customer gets a break; for them this is the new pricing level. Sales may bump up, reps may even make quota and make

almost as much commission, but the CFO is left with the wreckage of higher sales costs (training) and whacked-out margins from discounts.

Discounting and special offers are now getting serious.
After all, if you can't sell it, give it away at a lower margin.

The Causes and the Solutions

1. Pipeline Failure is Due to Human Nature: A Need to Please Leads to an Unreliable Forecast

It is the rep's job to adjust to fluctuations in the marketplace, but first we have to be honest about their reality. Human nature says no one wants to disappoint. Management encourages bad behavior by encouraging salespeople to tell us stories about their perception of the problems. Sales meetings turn into sales beatings very quickly and no one likes a beating. The reps feel if they are 100% honest about their suspicions of a slowing market they will get a beating in front of everyone. Sales reps aren't truly honest to begin with because they don't want to pull the alarm handle at the first sign of smoke.

Salespeople, more than most people, dislike displeasing anyone. It's in their DNA to try to please everyone, including the customer and their company. In the first month, it's easy to push the pipelines around as they believe the customer who says everything is alright, and it may be (or may not be); no one knows for sure at this point. By the end of the 2nd month, the rep starts to go into "excuse mode" because they don't know why things have changed. The experienced ones start to add marginal prospects to the pipeline, because they know that management hesitates to fire anyone with a promising pipeline. Plus, many in management have the philosophy that bad breath is better than no breath. The reps who were not showing promise before the downturn are often kept on because of the 'no breath' issue. "If we let them go now, who will sell?" the president

asks. My experience says they aren't selling anyway; they are eating up capital without producing, and their pipelines are shallow and virtually worthless.

Solution

Managing the pathway out for poor performing reps can't start in the 4th month, it has to begin earlier. Poor performing reps must be on notice early and often to help them (maybe out and maybe up). Then, by the fourth month of no production, it is easier to cut sales staff and push the poor performer's pipeline to those who can produce. **HINT:** It is not worth anywhere near what you thought anyway.

2. Listen to What the Reps Have to Say

Years ago I kept a business card in my wallet that on one side said,

“Listen to your sales reps”

And on the other side it said:

“They may be right”

It's good for reps to tell you what they think the problems are, but you can't let these be excuses. Plus, you need honesty from the first month; you can't wait four months to figure out there is a real issue in the marketplace because even if you can make a correction, it will take you 4-6 months to return to normal or what passes for normal. A problem in the marketplace is not caused by the sales reps; it can be partially solved by them and marketing.



Solution

Taking into account the salesperson's inclination to always be positive, you have to have sales management push honesty as the best path. The pipeline has to be scrutinized in detail, and soft prospects have to be dealt with swiftly so everyone knows where the company stands. A delay in honesty means expenses are not adjusted fast enough, hiring

is continuing and no one is yet facing reality. When to pull the trigger and being conservative about spending and inventory management has a lot to do with the company's cash position and public or private situation, but the earlier the better. I have watched management hesitate and let their egos and belief system get in the way of good business judgment. Management doesn't want to be perceived to be in panic mode (people leave), weak or indecisive (no one likes a weak-indecisive manager).

- 📌 45 days into a marketplace downturn is the place to enforce the honesty button in each rep's pipeline.
- 📌 Sales and marketing management need a "Plan B" before one is forced on them by higher management.

3. The Pipeline Management Solution Also Lies in Pipeline Management Tools

Typically, a company and its salespeople recognize that there are stages to every sale. Some companies may have 4-6 stages in the sales process, while some have 15-20 stages. Some stages may take a few weeks, some a year or longer. The management tool (CRM?) shows the prospects in stages, and breaks down the sales process over time to allow the sales reps and management to forecast the product delivery (and cash delivery) over time. It typically shows won-lost ratios, follow-up, average stages, and time frame for average closure and percentage of confidence.

Pipeline Management Tools

The sales manager, VP of sales, CSO, or whatever you choose to call him or her, traditionally decides on the tool to track the pipeline and therefore the forecast.

But first let's look at the source for sales so that we might understand what the manager is tracking and how it is tracked. Sales quota attainment comes from several sources:

- 📌 Current customers who buy more product.
- 📌 Prospects in the pipeline already.
- 📌 New prospects that come from marketing; these are often called sales inquiries if they are not qualified in some manner, and sales leads if they are qualified.
- 📌 New prospects that come from a sales person's activities: cold calls, referrals, local shows, old customers, new customers, etc.

The tool the sales manager uses to track and manage the pipeline of opportunities is the difference between a useless pipeline, a semi-useless pipeline, and an accurate pipeline tool that can forecast the future with the accuracy that the CFO and president demand.

Spreadsheet or CRM?

Sales pipelines can be tracked on spreadsheet, which entails a manual back-and-forth process between the rep and management, generally used only in smaller organizations that cannot afford a CRM program. It is also the least accurate, the most time consuming, and the most prone to errors and evasion because it is just a list of the companies, and maybe the contacts, dollars, products, and the date it will close. It most often does not reflect the stage or sales step. It is also often updated only once a month.

Solution

A properly installed CRM system will mirror the sales process stages that a company decides matches their unique needs. There are usually 4-6 stages in the simplest products, and many more stages in more complex products. CRM software reflects an “as-is-state” of sales potential (forecast) at any moment.

Leave the spreadsheet in the hands of the CFO and use a CRM system for forecast tracking via the pipeline. A CRM takes the reps less time to update, provides more data about every opportunity, and offers fewer places to ‘hide and lie’ versus a spreadsheet. CRM systems show actual contact, touches, conversations, proposals, presentations, etc.

4. The tool in the hands of a fool is useless and misleading.

Regardless of the number of stages, the largest problem in sales pipeline management lies with the individual sales rep who maintains his or her database. If the pipeline is large, at least temporarily, a soothing ‘ahhhhh’ echoes throughout the company because people believe that anyone with a large pipeline is good for the company and sales will be forthcoming. Conversely if a sales rep’s pipeline is low, a painful ‘ohhhhh’ echoes through the company because if the pipeline is not at least 3-6 times the amount of sales required in a given month, the sales rep’s days are numbered. If the majority of the sales pipeline is low and the organization is struggling, the sales manager’s days are also numbered. If

you can't get the team to score, the coach is fired. The coach can't make the numbers if the multiple is too low. For instance, if the rep has to sell \$30K a month and he has \$45K in his pipeline, the likelihood that he can close 66% in that month is low. If this is the case month after month, the rep will be selling \$10K a month or \$15K if he is lucky.

If another rep has \$120K in the pipeline in the final stages of a month, you can probably be sure the \$30K will be sold. Unless of course human nature and optimism raises its ugly head and the large pipeline is unreal because the rep was not honest. Honesty, the rep will tell you, is not his or her issue but the customer's issue. The rep will say the customer said the purchase order is "in the works," and then at the end of the month we find the sale has been "pushed." Sometimes it is pushed from month to month for some time, usually as long as a sales manager will accept the sales rep's excuse.

If there is urgency in the company because sales are lagging, reps will be fired for non-performance; it isn't unusual to see a rep's pipeline suddenly jump in value even if sales are stagnant. When sales deteriorate and the company struggles, sit and listen to the reps and look at the pipeline to see if it is real or vaporware:

- 🔍 Is the pipeline big with end-stage projections to support the closing rate needed every month?
- 🔍 During sales meetings and pipeline reviews, will the rep who is in trouble take extraordinary time to describe each "deal?"
- 🔍 Is the rep argumentative, short tempered, or does his voice change octaves?
- 🔍 Do the reps blame others: the customer, Marketing, the product, pricing, deliveries, customer service, the weather, and other acts of God and nature?

If the sales manager exhibits these same traits in senior management meetings, you have problems with him or her as well.

Solution:

Representatives must be trained in the use of the CRM system; this includes sales management. Honesty is more valuable than fear and evasion.

5. Sales Management can't afford to be fooled.



Sales reps take their lead from sales managers in the management of the pipeline. They know that they are “in this together” and a strong-appearing pipeline is the best defense against being fired for short-term sales failures. And yet the sales manager has a fiscal responsibility to the company to deliver the most

accurate pipeline reporting to guide not only his people, but manufacturing, inventory management, investors, money management and budgeting decisions.

Solution

The sales manager therefore must be sure that:

- 🕒 The sales stages are accurately portrayed in the tracking tool and are a close approximation to the buyers' purchasing stages.
- 🕒 The pipeline must be continuously updated to reflect current conditions, not hurriedly updated once a month just before major sales or corporate meetings.
- 🕒 The pipeline must be honest, truthful, authentic, frank, candid, direct and straight forward. It cannot be a dream, a misleading 'hoped for' future result.
- 🕒 Salespeople update the pipeline daily, as soon as a customer changes their status. If the deal is put-off, the time has to change. If the deal is in trouble, the percentage of confidence must be lowered.
- 🕒 Reps must realize no one will get fired by being honest. The sooner they are honest about their current situation, the faster the manager can get them help.

6. Sales Management Must Increase Sales Activity

Sales management should have a grasp of the sales activities that the salespeople execute each day (calls, proposals, appointments, travel, corporate meetings, training, CRM update, etc.). If X activities equal Y sales results, it stands to reason that by

increasing X activities you will get an increase in Y results. Measure activities and then increase those that result in sales. Sooooo simple.

Solution

The adage is that to increase sales you need to increase sales activity. The sales manager must implement a series of actions at the first sign of market failure at the 45-day mark:

- 📞 **Increase sales activity**, but eliminate anything that is not sales related. No customer service calls, no installing of products, no corporate meetings that do not pertain to sales.
- 📞 **Identify the activities** that most contribute to sales. Ask the reps for the five most important activities they personally need to be successful; delete everything else or give those chores to someone else. The five contributing activities usually are:
 1. Telephone calls: How many are made each day; how many hours are spent on the phone?
 2. Appointments: These were at one time all face-to-face appointments, but now include Go-To-Meeting types of appointments on line.
 3. Quotes and/or proposals.
 4. Demonstrations.
 5. Sales per day, or week.
- 📞 **Ask Marketing** for a dramatic increase in qualified leads. Ask for a 200% increase. The marketing budget has to be shifted to the creation of qualified prospects. If the number is too large, hire an outside service to qualify the inquirers.
- 📞 **Give sales reps sales-ready leads only**. Nurture everything else.
- 📞 **Sales management** and others must show up to get the business. They must get out and be visible at important new business appointments. This includes getting technical people into meetings.
- 📞 **Hire an outside service**. Hire a firm to make cold calls or qualifying calls for you. Their productivity will be 5-10 times what your reps can do.

Special Note: Is Queue-Based Account Management for You?

The CRM system must be used to present qualified prospects to the sales reps each day. Nothing else matters. This is called queue-based account management. The prioritization of prospects based on database knowledge and CRM system intelligence (often called artificial intelligence – AI) is what drives the reps to talk only to sales-ready leads. Queue-based prospect presentations and prospect call-backs can dramatically increase sales. Most sales reps, even those considered outside reps (short of route salespeople), spend a major part of an average day on the phone in front of the CRM system. Queue-based account management is the qualification of sales prospects and opportunities so that those opportunities are most likely to buy and those on a schedule of call-backs will be presented to the sales rep. AI may be driven by access to other databases or by an opportunity's activity on the internet (social media).

The better CRM systems use AI to present the most qualified sales-ready leads to the sales rep. This builds the pipeline with real prospects. Some CRM systems have a rudimentary queue-based system process to do so. Proponents of these systems claim substantial sales increases versus users of the CRM system without an official queue-based presentation of prospects.



7. The Decision is Between Bad Breath and No Breath

As 'ghost' pipeline sales grow to forestall the inevitable firing, the sales manager will often draw a line and say "Make the numbers this month or you will be fired." Most often senior management will step in and say, "But Bob, we only have six reps. If you fire two of them we are in real trouble. We'd rather have a poor-performing rep over no rep." Hence the 'bad breath' versus 'no breath' reference.

Unfortunately, this forestalls the inevitable and

the rep who limps along costs the company more (by being on staff) than they are selling. I had a situation once where the rep cost us \$6K a month all in, but was only selling \$5K. Management continued to say, "But we wouldn't even have that \$5K if she were gone." My response was that we'd lower our sales expense and still make the sale without her. We finally fired her and used the money on promotions to strengthen lead generating efforts for the remaining reps. The remaining reps took over her pipeline, which as it turned out, was worthless.

Solution:

When you confirm that a sales rep draws down on your precious resources, thereby not giving you a return on your investment in them, you have to give them an opportunity in another company. Sales reps must know they are held to productivity standards. As their productivity fails, they must be coached and warned and helped and then let go. Delaying the inevitable, trying to keep someone who is weak, unproductive and misleading you delays your recovery. It takes 4-6 months for a new rep to be productive; you may as well face reality and pull the trigger and get on with it. Find a producer.

8. Use Marketing for Pipeline Building: Quality not Quantity!

A sales decline must always be met with an increase in marketing activity. Marketing can respond almost lightning fast with lead generation, and those increased leads are the start. But the best payoff for the reps and their pipeline is an increase in *qualified* leads. Someone is buying something in the marketplace and ultimately it is Marketing's place to drive qualified leads to the salespeople in sufficient quantity to consistently make quota. It usually takes 60-90 days to see an improvement, or half the time for your average sale to be consummated.

Solution

Marketing management, when called upon to build the pipeline, must approach this in a methodical manner. It is more than a lead generation campaign; it is a campaign to build the company into something great. Charles M. Schwab said, "Three men were laying brick. The first was asked: 'What are you doing?' He answered: 'Laying some brick.' The second man was asked: 'What are you working for?' He answered: 'Five dollars a day.'

The third man was asked: 'What are you doing?' He answered: 'I am helping to build a great cathedral.'

Which person is your marketing manager? If he or she is building a cathedral and not just taking a wage, not just going through the motions, you will approach this thing called pipeline building in a cunning and thoughtful manner.

- 🔗 Marketing should live by the maxim that to increase sales you must increase marketing activity.
- 🔗 Marketing spending must be retargeted to qualified lead activities. Every other optional activity that doesn't create a qualified lead must be placed on hold.
- 🔗 Marketing must double or triple the number of qualified leads. A qualified lead is someone who has said:
 - a. They have budget.
 - b. They have authority to buy.
 - c. The product fits their need.
 - d. They have a time frame in mind to buy.

Leads come from: shows, advertising, commercials, direct mail, email blasts, and a plethora of proactive lead generation activities.

9. Marketplaces can influence the pipeline regardless of salespeople or management.

Of course there are situations when marketplaces can change dramatically and everyone is taken by surprise.

- 🔗 While entire marketplaces usually don't stop buying, beware if you rely on the federal or any government agencies (sequestration comes to mind), where purchasing from an entire sector was cut by 90% within a few months.
- 🔗 Competitors can introduce revolutionary products and sometimes marketplaces for some companies can be dramatically affected.

Solution:

Winston Churchill is quoted as saying, “If you’re going through hell, keep going.” To me this means you can’t stop to bury your head and hope that doing nothing will save you. Nope, you’ve not only got to keep going, you have to accelerate. If you created 10 leads a month per rep before the decline, you now have to create 15-20. If you gave them five qualified leads per month, give them ten. It will take more effort to dig out the sales that *are* happening, and I guarantee they are happening for someone. You have to take market share away from someone else; that’s natural selection alive in the marketplace. If competitors are slow, if they hold back on marketing lead generation, if their company allows ‘bad breath’ to triumph over ‘no breath,’ if they allow poor sales leadership, they will die and you will win because you will not allow any of these things to happen to you.

10. The corporate management solution lies in the president’s expectation of sales and marketing management.

The president has a key role in the solution.

He or she must:

- 📌 Rely on a pipeline that is 5-7 times the sales expectation at the beginning of a month. As the month progresses, the multiple will drop as sales are won, lost and pushed. If the pipeline falls below the multiple, he or she must take action.
- 📌 Identify panic-stricken sales reps when they lie and mislead.
- 📌 Not allow the sales manager to be a victim of the Stockholm syndrome. They can’t identify so much with the reps that their judgment is impaired.
- 📌 Make sales activity increases mandatory.
- 📌 Make marketing activity increases to increase sales activity.
- 📌 Make a list (together with sales management) of optional expenses that can be placed on hold.
 - a. Non-essential travel, except for closing deals, should be reduced.
 - b. Non-essential hiring should be placed on a 30-to-60-day hold. So what



if you lose a great candidate if you have to fire them in 60 days anyway?

- c. Growing inventories should have restocking orders placed on hold.
- d. Optional spending should be discontinued. Tighten everything down.

Management's ego is the biggest block to financial adjustments early on in sales pipeline weaknesses. The pipeline is the document that tells the story of the present and the future. It has a past, but the past is seldom as useful as what is in the pipeline this month, next month and the following month.

The Final Notes: The marketplace will be what the marketplace is; it will fluctuate. Those



who learn to work with a fluid marketplace will survive better than those who don't. Experienced managers have a "Plan B" which they use, similar to a "Pull Down In Case of Fire" alarm. In good times, unfortunately, no one wants to contemplate disaster, much less spend time planning for it.

I remember a quote from a Viet Nam-era training guide, 'If your attack is going well, you have walked into an ambush.' And the marketplace is usually the ambush.

In closing: Are the sales quotas realistic? If not, everything I said is tainted!

Of course, if the pipeline and individual sales rep quotas have not been realistic from the start, in other words if the forecast is set by what management needs and not what each rep can produce, everything I've said is tainted.

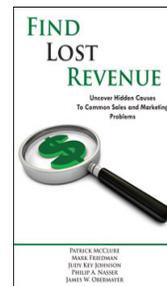
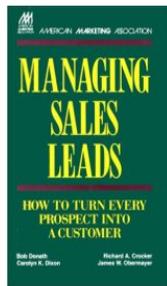
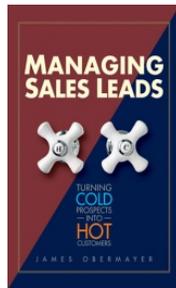
I spoke with a sales rep recently and asked about his quota. He said it just increased from \$50K a month to \$70K a month. My next question was, "Have you been making quota?" Answer: "No." "Has anyone been making quota?" Answer "No." The end result is that the pipeline and the forecast will never be accurate. The company has no leverage to

motivate, much less discipline, sales reps, and no one has control. All of this is because unrealistic quotas were created based on corporate fantasies of sales productivity. It's a little like having a worker on an assembly line being given the task of producing 500 widgets a day, but the machinery used can only produce 400 widgets no matter what the worker does. While this issue drastically affects the pipeline, how to fix it is a subject for another time. You should, however, be aware of the consequences of senior management's fantasy: they confuse desire with reality.

About the Author:



James W. Obermayer is the principal and publisher for the Funnel Media Group, LLC. He is also a principal with Sales Leakage Consulting, a Washington State firm. He specializes in helping small-to-medium-sized companies identify sales and marketing leakage issues that stifle sales growth and waste valuable marketing dollars. Obermayer is the founder of the 8,200-member Sales Lead Management Association, and co-author of four books on sales and marketing.



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