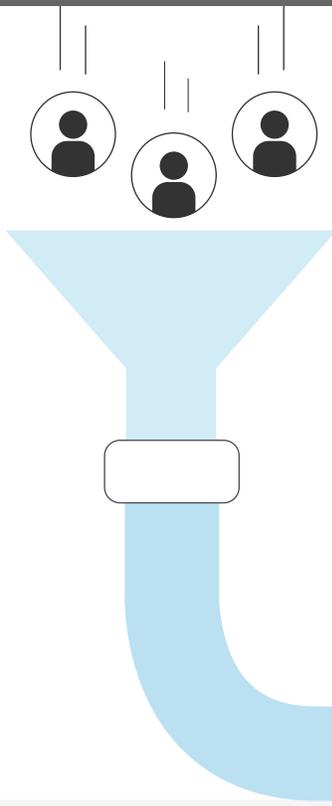


Sales Pipeline: The Path to Revenue



FIRST THINGS FIRST

A sales pipeline provides a snapshot of potential customers and where they are along the path to purchase. Sales pipelines show how many deals are expected to close in a given week, month or year and how close you are to reaching your sales quota.

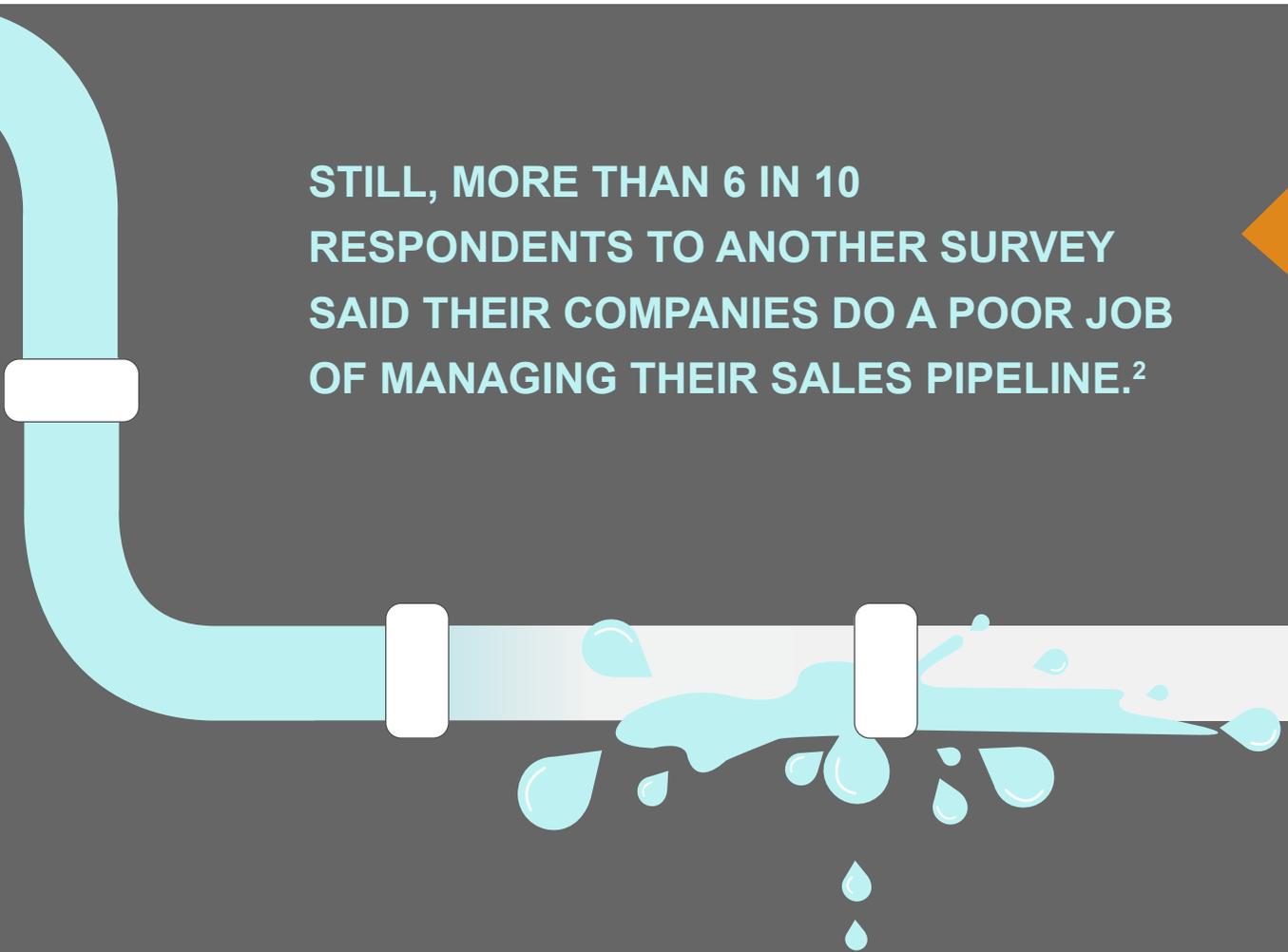




**THE MORE OPPORTUNITIES
THERE ARE IN YOUR SALES
PIPELINE, THE MORE LIKELY
YOUR SMALL BUSINESS IS
TO REACH OR EXCEED ITS
REVENUE GOALS, ACCORDING
TO HUBSPOT RESEARCH.¹**

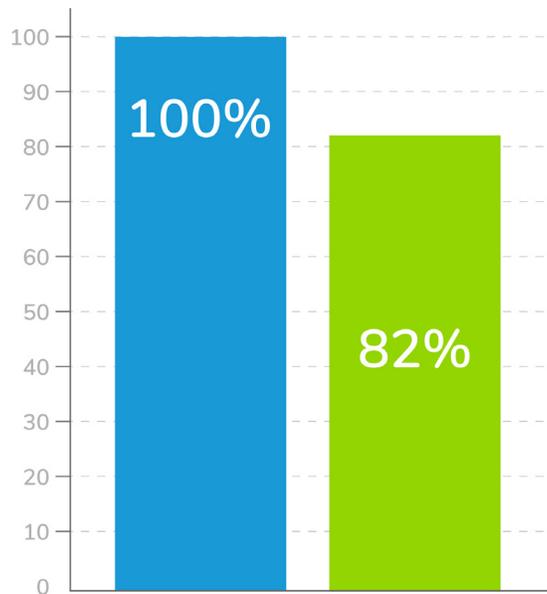


**STILL, MORE THAN 6 IN 10
RESPONDENTS TO ANOTHER SURVEY
SAID THEIR COMPANIES DO A POOR JOB
OF MANAGING THEIR SALES PIPELINE.²**



¹ <https://research.hubspot.com/charts/sales-opportunities-per-month-by-revenue-achievement>
² <https://www.vantagepointperformance.com/strategic-pipeline-management/>

Creating & Monitoring Your Sales Pipeline



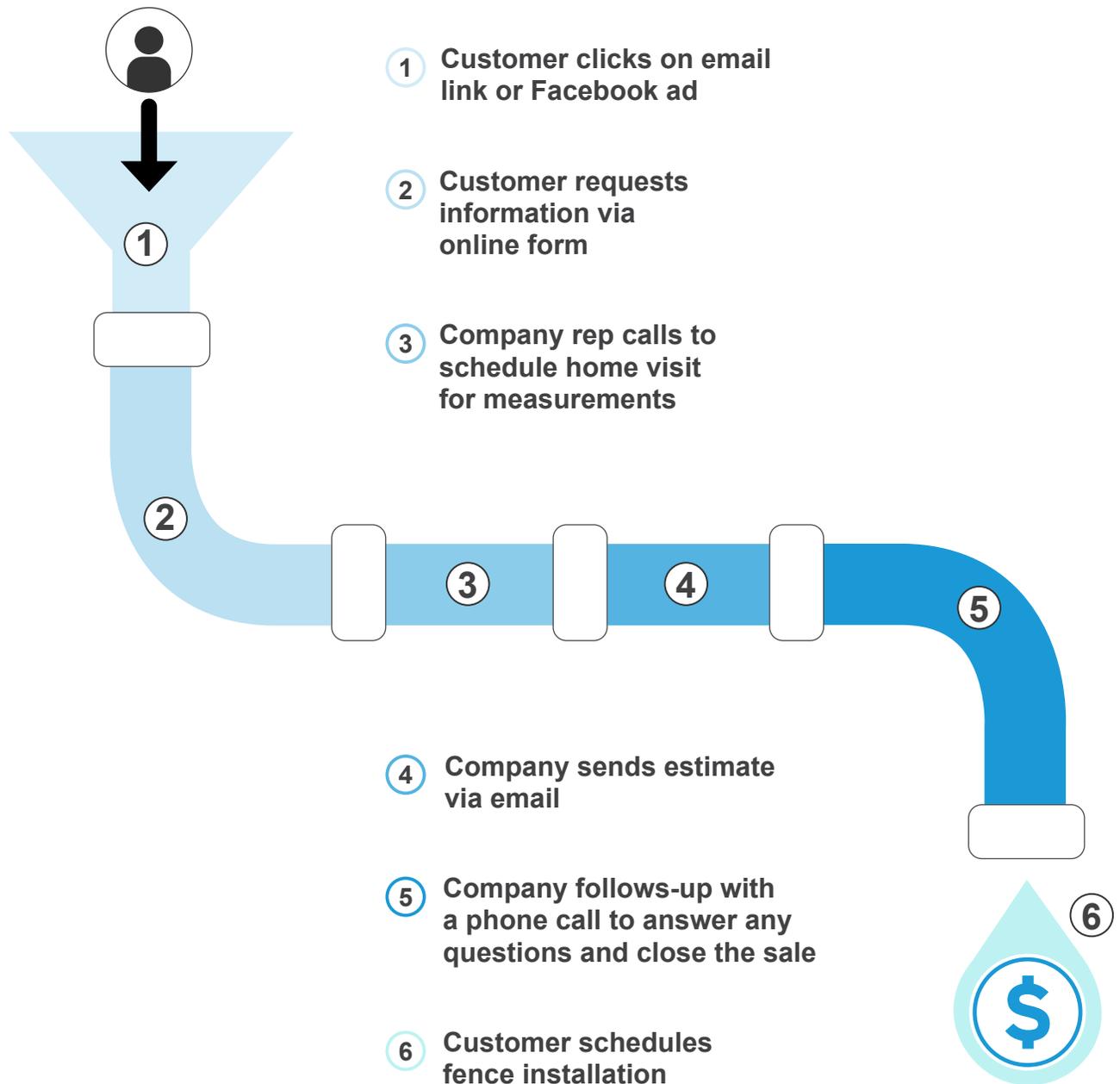
A Harvard Business Review survey found that there was an 18% difference in revenue growth between companies that defined a formal sales process and those that did not.³

It stands to reason, then, that developing a predictable sales pipeline can help you increase sales and grow your business. The first step is to identify the stages in your sales process. Let's say you own a fencing company and that it typically takes two weeks from the initial point of contact to closing (or losing) the sale. The process might look something like this:



³<https://hbr.org/2015/01/companies-with-a-formal-sales-process-generate-more-revenue>

Creating & Monitoring Your Sales Pipeline



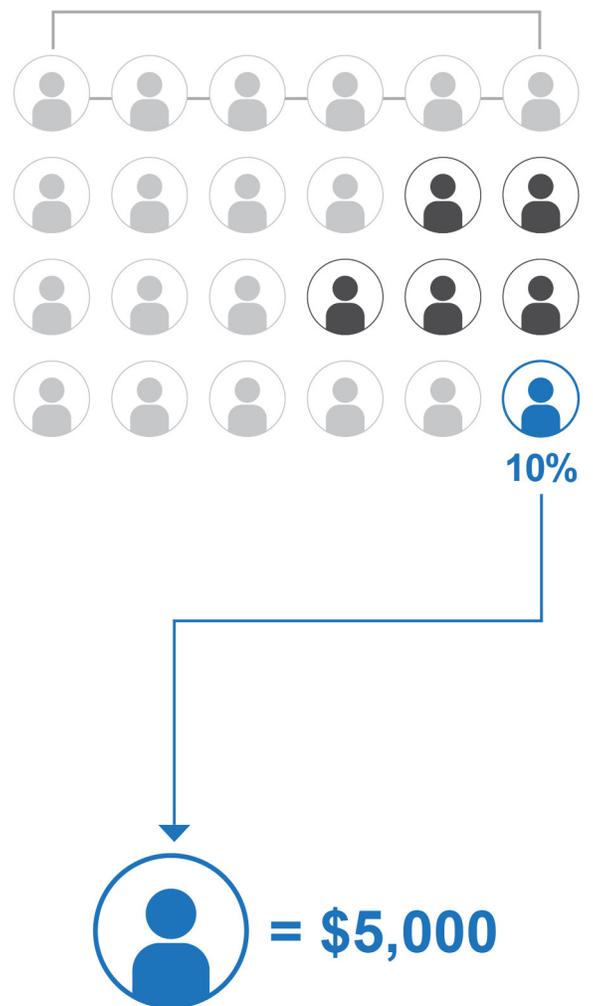
That six-step process makes up the customer's path to purchase. Some might never make it past step two, some will make it all the way to step five and drop off. Your goal is to determine what percentage of leads close; that is, how many complete the purchase process before or during step six.

The greatest advantage to monitoring your sales pipeline is that it helps you predict your sales during a given timeframe. This in turn helps you plan spending around cash flow.

Let's say there are:

- Six leads in your pipeline. Two of them have asked for an estimate, three have estimates in hand and one has scheduled a measuring appointment.
- Together, these six leads add up to a potential value of \$30k. If, in a typical month, one in six deals close, your conversion rate is 10%.
- That means you can expect to close \$5,000 worth of new business this month.

6 leads with a potential value of \$30K



Health & Velocity Of Your Sales Pipeline

HOW TO DETERMINE THE HEALTH OF YOUR SALES PIPELINE

If your goal is to close \$10,000 worth of new business each month, you'll need to convert twice as many leads. This is where pipeline analysis comes in. If you can identify improvements within your pipeline that will help you move more prospects from one stage to another, then you're going to be more successful and your business will continue to grow.

HOW TO DETERMINE PIPELINE VELOCITY

In physics, velocity refers to the rate of change of position. If you drive 75 miles in an hour, your speed was 75mph. Pipeline velocity takes that mathematical equation and applies it to sales. Knowing how fast a prospect moves through your sales pipeline—whether they close or not—can help you understand what stages along the sales funnel are slowest, and which are fastest. Knowing this can help you improve your sales process and increase the speed at which you can convert a prospect into a customer. To perform the math, you'll need to know three things:

A The number of opportunities in your pipeline

B Your overall win rate percentage

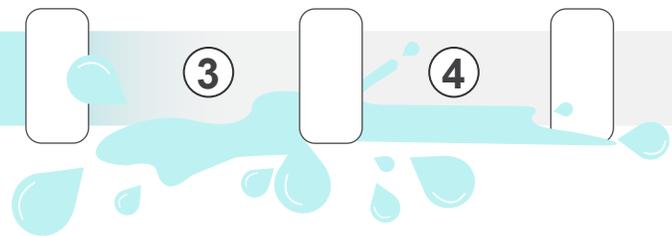
C The total average invoice

Using the six-step example on the last page, let's assume the entire process, from start to finish, takes an average of 10 days. If there are 10 opportunities in your pipeline, your average win rate is 10% and the average invoice is \$5,000, your sales "position" can be calculated by multiplying your opportunities (10) by your win rate (10%) by the average invoice (\$5000). Then multiply this number (5000) by the number of days in the sales cycle (10) to determine your sales velocity. In this case, your sales velocity is \$500. That means \$500 comes through your pipeline every day.

Now that you know this, you can take steps to improve your speed to close rates and the percentage of sales you win. Let's say you've discovered that the majority of your sales leads are lost between steps three and four...

③ Company rep calls to schedule home visit for measurements

④ Company sends estimate via email



Something must be happening during this stage. It could be that it takes too long for the sales rep to create and send an estimate after measuring the prospect's yard. In the time it takes the rep to leave the customer, go back to the office, build an estimate and send an email, the prospect has received a bid from a competitor and made a decision. Knowing this, you might decide to equip your sales rep with a tablet and software that allows them to put together a bid right on the customer's property. This way, you can provide an estimate immediately following your measurements and send a follow up bid before leaving the customer.

In this case, it's easy to see how valuable understanding your sales pipeline is and how having more information can help you make smarter decisions that grow your business. If you're increasing your opportunities and your win rates but still not increasing your bottom-line revenue, there might be a problem with your pricing strategy.



Thank you for reading!

**Ready to learn how Clearent can
help your business thrive?**

YES, I'M READY!



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INTELLIGENT PROCESSING