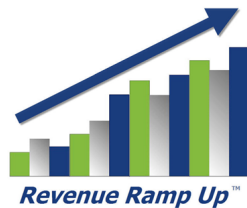


Qualifying sales opportunities is an easy concept to understand, but difficult to do effectively. Over time, the costs can be fatal to a company.

Failing to Qualify: A Deadly Selling Mistake



An Opinion Paper by
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The cumulative negative impact of failing to qualify sales opportunities reaches far beyond the sales organization. It goes right to the CEO's office who is ultimately responsible for the growth of the business. Failing to qualify is a silent killer, mainly because it is the root cause of many downstream sales problems. While it is a simple concept to grasp, it is one that is frequently done ineffectively by sales professionals. This is exacerbated by the fact that today's organizational structures are much more complex than past "Command and Control" top-down management structures. In my years of leading sales teams, as well as being a sales management consultant, the single most critical mistake that I see repeatedly made by those in sales is the failure to qualify sales opportunities. Whether you are selling a SaaS offering, professional services, enterprise software or any other product, not having a clear understanding – as early as possible in the sales process – of the fundamental buying elements required to close a sale is very dangerous. As importantly, these questions must be continually asked throughout the sales process, during which change is constant. By 'qualify', I mean having accurate and credible answers to the following questions:

- **Budget/Funding:** Does the prospect have the ability to pay for what you are selling? Has the funding been set aside to purchase *now*? Is it in the budget? If not, what needs to happen to secure funding and when will it be made available? In my consulting work, I often hear sales reps say that they asked the question once, early on, and then just assumed that the money would be available. Effective sales people *never make assumptions about qualification criteria*.
- **Decision Making Process:** What are the specific steps that must occur in order to get the buying decision made? Who needs to do what by when in order for the contract to be signed? Who is involved in *recommending* the purchase? Who is involved in making the *decision* to purchase? Is the final decision made by an individual or a group/committee? In today's highly-matrixed organization, the buying process is often distributed among several functions and individuals. The days of a single decision maker are largely over.
- **Timing:** *When* will the prospect make the buying decision (sign the contract)? When do they plan to implement the solution? Is there a compelling project/event/deadline with which this purchase is aligned? I recall doing a forecast review with an account executive recently, when we got to one of his big deals that he was projecting to close in the next two weeks, I asked him "When do they want to implement?" He said, "They love our solution. I'm sure they want to get it installed ASAP." Unfortunately, the reality was that they had other priorities and were not going to purchase or implement for another 90 days. Effective sales qualification and making assumptions don't go together.

- **Solution Fit:** Does your offering address the prospect's requirements? Has the prospect confirmed that your solution addresses all critical requirements? What is the business driver with which your offering aligns? Is the perceived value of your solution large enough to cause them to purchase?

Successful qualification is preceded by the sales rep doing an effective job of establishing rapport, generating interest and building credibility with the prospect. If these steps are not done well, the salesperson will frustrate or annoy the prospect and do damage to moving the sale forward. In short, a salesperson has to **earn the right** to ask qualifying questions.

Once the initial steps are done, it is vitally important early in the sales process to get to the **moments of truth** that qualifying offers. In my opinion, gaining answers to the questions above is the single most important output of the first half of the sales process. Getting the prospect excited about your offering's whizbang features, functions and benefits isn't even a close second. However, you would never know this by observing the behavior of many sales reps.

Here are some of the damages caused by failing to qualify:

- **Missed financial projections:** Failing to hit sales targets directly impacts a company's financial results. And there is a direct link between not hitting sales numbers and not effectively qualifying sales opportunities.
- **Missed sales forecasts:** no matter the product or industry, unqualified deals are one of the main reasons that sales managers fail to hit the projections to which they commit.
- **Wasted resources, time and money:** how often are those who support sales frustrated by time spent on sales opportunities that never close? Part of the 'silent killer' nature of failing to qualify is the unseen, but dramatic, waste of a company's people and resources.
- **Increased cost of sale:** if it could be measured, the aggregate negative financial impact of not qualifying would boggle the mind of most in senior leadership.
- **Reduced sales leadership credibility:** missing sales projections is the fastest way for a sales leader to shorten his tenure.
- **Missed opportunities:** time spent on bad business that isn't qualified takes away from working on deals that are real, will close and are good for the company.

A few closing truths that further highlight the importance of qualification:

- Deals take on a life of their own as time passes and they get deeper into the pipeline.
- The further into the sales process a deal is, the less willing sales reps are to ask the hard questions (because of answers that they are afraid to hear).
- Sales people are optimistic by nature – sales management needs to instill

the discipline of qualifying in the sales organization.

- Prospects will treat you the way that you allow them to: If you are willing to give them free consulting and access to resources without understanding their interest and ability to do business with you, then shame on you!

Next time you hear a sales rep tell you “This deal has gone dark. I can’t get the prospect to call me back,” know that what he is really saying is: “I did not properly qualify this sales opportunity.”