

Why Field Sales Reps Should Never Initiate a Deal Reprinted from Always On Network

It seems counter-intuitive, even controversial, to say Field Sales Reps should not initiate a deal. But closely examining how a sales pipeline works tells the real story.

Stu Silverman [SalesRamp] | POSTED: 05.04.05 @18:57



Every sales pipeline has a wide front-end of unqualified raw leads, and a narrow back-end of well-qualified prospects with well-defined pain points.

The more time a Field Sales Rep spends with unqualified leads, the less time is available to close deals. So, it makes sense that the Field Sales Rep should *never* spend time initiating a sale, generating raw leads or working on *unqualified* opportunities. Their focus should be working only on *Qualified* Opportunities.

But someone has to be generating Qualified Opportunities to keep the sales pipeline full. And, if the Field Sales Rep isn't doing this, then who is?? *In most high-tech early-stage companies, no one! And that's the problem.*

The answer? To succeed, you must create a small and effective Inside Sales group of 1-3 people who do focused calling to create a predictable number of Qualified Opportunities for the Field Sales Reps. I call this group the "Lead Machine."

How the Sales Pipeline Runs Dry

Consider the metrics of a sale. In most early-stage, high-tech companies, the average sales close rate is about 1:7. That means you need seven Qualified Opportunities to close one deal. So, assuming a six month sales cycle, if you need 10 deals by June 30th, then you need 70 Qualified Opportunities in the hands of the Field Sales Reps by January 1! Just developing the 70 Qualified Opportunities is a job unto itself.

In these companies, marketing typically generates raw, unqualified leads and sends them directly to the Field who then promptly ignore them. And, since most Field Sales Reps also dislike prospecting, the job of filling the pipeline with Qualified Opportunities falls through the cracks. As a result, the pipeline eventually runs dry, leading to highly unpredictable revenue.

Linking The Two Sides of the Sales Process for Success

For all of the above reasons, it's easy to see why keeping the pipeline full of Qualified Opportunities *is as important as closing the deal.*

Think of it this way: A less-expensive Inside Sales group 'initiates deals' while the more expensive Field Sales Rep 'closes deals.' With the Lead Machine linking the two, you have a terrific outcome: A constant flow of Qualified Opportunities with a known close rate that converts to a predictable revenue stream.

Unfortunately, there are no shortcuts to developing Qualified Opportunities. It takes at least two to four weeks and is a marathon, not a sprint. As such, this work must be realistically scheduled in the sales cycle.

The process starts with questions such as:

- Is the prospect within the target market and company size?
- Are the decision makers and influencers known?
- Is the prospect in real pain? Is there other motivation to buy?
- Is the budget allocated within the sales timeframe?
- And, importantly, is the decision maker willing to meet the Field Sales Rep?

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The process also requires 3-6 prospect contacts including outbound mailings, phone calls, and emails, all done well before the Qualified Opportunity ever reaches the Field.

The Real Role of the Field Sales Rep

Going back to the metrics, we know one in seven of these Qualified Opportunities should close. So, what happens to the other six?

Typically, two are lost to competition, but the other four are stalled in some way and need to be recycled. These four opportunities will *eventually* deserve the focus of the Field. For now though, they should be returned to Inside Sales for further nurturing, qualifying and intelligence gathering.

With Inside Sales now concentrating on the front-end of the pipeline, the sales cycle is shortened so Field Sales Reps can address real customer pain to increase both absolute revenue AND revenue per Rep.

For example, using this targeted method often increases revenue per Field Sales Rep by 2x or more in a fairly short time. For example, one early-stage networking/storage company I know actually increased their revenue per Field Sales Rep from \$1.2M to \$3.3M per year in 12 months. The Lead Machine played a major role in this increase.

Getting Started

So, how do you create a "Lead Machine?" The best way is to conduct an audit of your sales model and processes. The audit should include a review of the sales organization, sales cycle, current marketing & lead generation programs and the revenue situation.

Key questions include:

- Do you know where & how to get your next 5-10 customers?
- Is there a closed-loop process in place to determine where your leads are going?
- What does the sales forecast look like?
- What is the confidence level? Why?
- Do leads remain on the forecast then mysteriously drop off after months?

Once the audit is complete, you'll know where the problems & opportunities are. Then you can build a "Lead Machine" to produce a predictable number of Qualified Opportunities and ultimately, more revenue.

If you're thinking about the Lead Machine as a cost, don't. It's a critical investment. Done right, it quickly puts renewed conviction into your sales forecast and rapidly pays for itself through incremental revenue and profit.

So why not get started now, before you find yourself standing in front of your Board not able to tell them, with complete conviction, where your next five to ten customers are really coming from?

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