How To Convert Prospects To Sales Faster

HOOVERS ™

How To Convert Prospects To Sales Faster With Pre-Call Planning

INSIDE

The Case For Pre-Call Planning

The days of turning up for a sales call with no advance planning and not much knowledge about the prospect are long gone. To compete and succeed in sales today, you need—and prospects expect you to have—all the solid pre-call planning information you can muster. Pre-call planning enables you to qualify sales leads, target prospects, and sell to them effectively.

According to the 2004 Miller Heiman Effectiveness Study, 63.4% of sales leaders agree that their teams do not qualify leads as well as they should. Additionally, 55.9% of sales leaders agree that their sales team wastes time pursuing poor sales leads and opportunities. Good pre-call planning is essential to qualifying leads and, ultimately, closing more sales.
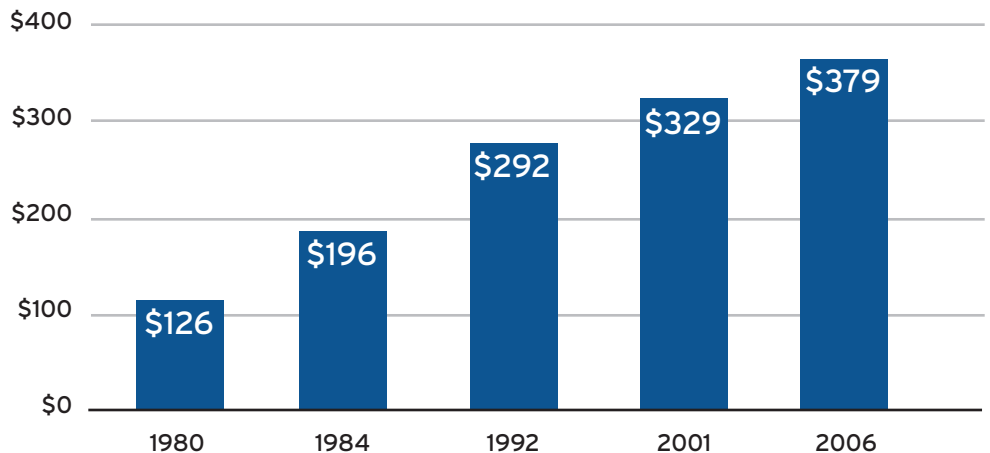
Consider the following business benefits:

▸ The higher the quality of research before the call, the **higher your close rate**. That's because good research increases your chances of closing the sale—and beating the competition to the close.

▸ The less time you need to spend getting pre-call information, the **shorter your sales cycle** and the **lower your sales call costs**.

The Increasing Cost Of Sales Calls

Based on data gathered by Cahner's Research, as reported by the Direct Marketing Association, the **cost of a sales call** has been steadily climbing by an average of $9.60 a year since 1980, when it was just $126.00. At this rate, it is reasonable to expect the cost of a sales call to reach **$379.00 by 2006**. As this cost continues to rise, it becomes increasingly important to find ways to maximize the return on the investment in sales calls. Using pre-call planning to speed the time to close, shrink sales cycles, and increase close rates can play an important role in increasing ROI.

Actual And Projected Sales Call Costs

Year	Cost
1980	$126
1984	$196
1992	$292
2001	$329
2006	$379

The Evolution Of Pre-Call Planning

1970s	1980s	1990s	2000s
• arrive in customer's office with little or no knowledge about the prospect • spend time with prospect gathering qualifying information (instead of selling)	• scan brochures, annual reports in customer's office before the sales call • do research at the library (time better spent selling)	• network with industry contacts • start using the Internet to search for pre-call information	• use search engines • research press coverage online • use online resources with sophisticated targeting capabilities

Pre-Call Planning: Why It's Essential To Sales Success Today

Success starts with preparation. Mining the right information about a prospect is the key to getting the insights you need to build a great rapport. And it's at the core of the solution-selling sales strategy, an approach that stresses a high comfort level between prospect and sales rep as essential to the sale.

Good pre-call planning enables you to learn about a prospective customer's concerns, business agenda, budget requirements, and key decision makers before the sales call, establishing a solid understanding of company issues on which to build a productive discussion with the prospect from the start. As complex products and services drive longer sales cycles and cost per call continues to climb, this ensures that calls are productive for both the salesperson and the prospect from the first moment forward.

Online Business Information Resources: The Leading Edge Of Pre-Call Planning

Today, online business information resources are playing a central role in enabling sales organizations to obtain better, faster, more pertinent information with which to qualify leads. Less time-consuming than networking, attending seminars or other ways of getting business information, online business information resources include all the statistics and information salespeople need on one Web site, so they can find what they're looking for in minutes rather than hours. Representing the latest evolution of pre-call planning, these resources have become essential to closing faster and at a lesser cost.

3 Steps To Pre-Call Planning Success

To make the most of time spent doing pre-call research, salespeople can follow three simple steps that will keep their efforts efficient and focused. After all, one of the main purposes of good pre-call planning is to save time. If you end up spending just as much time aimlessly looking for information as you would cold-calling companies to set up appointments, you defeat your own purpose to a great extent. Consider the following to spend less time and spend it wisely:

1. Find the best sources.

Be aware of all the sources available to you—industry associations, company Web sites, news outlets, online business information resources—and then make an informed decision about which ones can do the most for you in the least amount of time. Use the chart on page four to evaluate what you can get from different sources, how quickly you can get it, and how useful it will be to you.

Technology For Efficient Pre-Call Planning	
Online business information resources	Comprehensive, flexible output and current information always available online
Mobile devices (PDAs, cell phones, notebook PCs)	Anytime-anywhere flexibility to download key information and receive e-mail alerts with quotes, press releases, and other information
CRM integration	Custom data feeds can power your in-house sales platform

2. Find out what you want to find out.

Know what you're looking for before you start looking for it. By asking yourself key questions you'd want to ask the client, you can find specific answers rather than just general information. The following are just a few examples.

Key Questions for Pre-Call Planning

- ▶ What is my prospect's market strength?
- ▶ What are the company's/industry's top business concerns right now?
- ▶ How is the company positioned to handle those issues?
- ▶ Who are the key decision makers?

3. Find ways to find information faster.

Once you've identified what you need to know about your prospect, learn how to mine your sources of information quickly and efficiently. When you use online business information resources, take full advantage of any online tools that are available to you, such as list-building and downloading capabilities. Also think about how you can use technology to make your search even more efficient.

Quantifying The Benefits For Your Business

We've created a formula for calculating the return on your investment in pre-call planning that compares ROI for traditional sources of information with the return for online business information resources. The example below demonstrates the benefits of a comprehensive business information provider. If you could increase prospecting efficiency with the use of better tools and use accurate and in-depth business information to help improve close rates, your total percent increase in revenue would be more than the sum of the two.

Pre-Call Planning ROI Worksheet Example

Expenses	Typical Operations	With A Business Information Resource
Hours spent prospecting per call	0.5	0.4
Mean hourly earnings (per U.S. Department of Labor)	$14.75	$14.75
Avg. annual prospecting calls per salesperson	440	528
Number of salespeople	20	20
Total Annual Expense	**$64,900**	**$62,304**
Revenue		
Average Sales Price	$2500	$2500
Close rate	10%	11%
# of Sales (Prospecting calls x Close rate)	44	58
Total Annual Revenue	**$2,200,000**	**$2,904,000**
Gross Annual Profit (Revenue Less Expenses)	**$2,135,100**	**$2,841,696**
Revenue Increase		**$706,596**
Percent Increase in Revenue		**33%**

An online business information resource can positively affect revenues by decreasing pre-call planning time and increasing close rates.

The increase in revenue shows how much your company can afford to pay for a business information

A Comparison Of Sources

The following chart rates sources of business information according to how efficiently they enable you to find what you're looking for. The efficiency rating is based on the relative cost and usefulness of the source; for example, a low-cost source that is not highly useful is not very efficient to use, while a higher-cost source that is extremely useful is classified as highly efficient.

| Source	Pros/Cons	Costs	Usefulness	Efficiency Rating
Company materials (brochure, annual reports, Web site)	Basic primer; however, inherently biased Annual report can be time-consuming to study Single-company information	Minimal to no costs	Low usefulness because of data bias and data decay Can only research one company at a time	★
Industry publications	Industry-specific analysis and inside information May cater to advertisers and may not contain targeted company info	Low to medium costs (subscriptions, etc.)	Low to medium use-fulness, considering that untargeted focus of content is not highly efficient	★★
Search engines	Easy access; however, a search engine is more likely to return too much information that has not been assessed for quality, thus limiting its usefulness	Minimal costs	Low usefulness because of data overload and data quality concerns	★
List brokers	Easily obtained via brokers; great way to prospect for customers Lists may be stale, with little quality assurance Spam regulations are creating complications for basic sends	Has a hard cost attached for renting lists, sending e-mails or direct mail pieces	Medium usefulness because of quality issues and price per mailing	★★★
Building and utiliz-ing a network via industry groups, experts, and trade shows	Personal contacts, network-building opportunities, insider insights, which can pay off in potentially lucrative contracts Potential for bias or misinforma-tion; enormous length of time to develop healthy network	Medium to high costs in travel and communication expenses	Medium to high usefulness because potential for net-working benefits to be enormous	★★★★
Online business information resources	Objective, comprehensive, thorough; updated frequently; information checked for accuracy, data decay; one-stop-shop for lists, officers, industry information, news, and company relationships Single source of information; may not have all the in-depth data you need about all companies	Prices vary; how-ever, there are hard costs attached Monthly or yearly contract costs could run into thousands of dollars	High usefulness: access to a great deal of accurate and timely informa-tion that has gone through quality control processes	★★★★★

How To Select The Right Online Business Information Resource

Regardless of the information source, the purpose of pre-call sales planning is not to burden a rep with an endless stream of reports, anecdotes, and news stories about a company, but to quickly pinpoint key data that can help make a sale.

To that end, it's important to look for the following:

People

- Structure of employees including number and turnover

- Names of key decision makers with access to more detailed information

- Relationships of key decision makers to other companies or industries
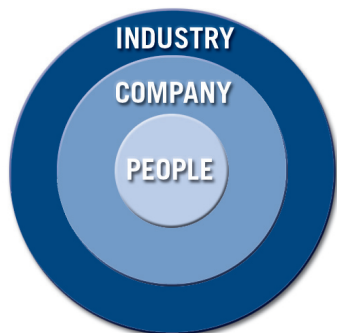
Company

- Financials, including sales, demographics and fluctuations in sales/revenue
- Competitor information with ready comparison to prospect information
- News about recent product or operational developments, hires, acquisitions
- Information about subsidiaries, branches and other business relationships
- Stock information including information about IPOs

Industry

- Company's rank within the industry
- Industry growth or decline in recent years

In addition, look for timesaving features such as highly flexible ways to search, mobile access, news alerts, and list-building and downloading capabilities.

Scenario For Success: Better Pre-Call Planning In Action

The following is a typical use case for pre-call planning strategies to drive sales success. In this scenario, a large pharmaceutical company's salespeople—in an ever-tightening market—were failing to close more, were experiencing longer deals with current prospects, and often lost sales to competitors. Their sales cycle of four months was becoming longer and longer, thanks to a more cautious market, wary buyers, and pressure on customers to cut costs.

The main problem: Despite a shrinking market, the sales team was asked to hit 30 percent more prospects every quarter. Often, salespeople felt like they had no time to learn more about these prospects and therefore conducted cold calls. At best, they might skim company brochures and random online sources, neither of which provided a comprehensive picture of the prospect. The bits and pieces of information they gathered were inevitably impossible to assemble into a cohesive strategy for a strong presentation.

The solution: The company's vice president of sales realized that the sales reps were in danger of burning out if they continued on the same path. He instituted training to help them access the information they needed more quickly and effectively. At the same time, the company began using an on-line business information resource as its primary resource for information about companies, people, and industries. Using an online resource meant only having to use one Web site to find company contacts, influencers, industry news, press releases, financial figures, and structural information. The resource also provided 24-hour access to information so that sales reps could prepare according to their own schedules. Specific benefits included e-mail alerts about clients, custom news searches, information downloadable to PDAs, executive searches, and the latest IPO information, among other tools.

Scenario For Success - At A Glance

Problem	Action	Result
Lagging sales	• Retraining • Use online research tools to build customized downloadable lead lists	• Quicker lead generation and first-time visits • More informed client visits
Longer sales cycle	• Hit more clients in less time • Use online research tools to build customized downloadable lead lists	• Reduction in sales cycle
Lost sales to competition	• More thorough research with online resource	• Increases in lead generation and client lists • Overall sales increase

The results:

▶ Faster closing time
▶ Shorter sales cycles
▶ Higher close rates

Summary

To compete successfully in the twenty-first century, sales organizations must reduce time and costs for selling and, at the same time, accelerate close rates. By learning how to find the best sources for business information (especially online resources) and how to mine them effectively, salespeople can easily gather the quality information they need to get the job done—and do it in hours or even minutes, instead of days. And they can "hit the ground running" with every prospect, fully prepared from the start to win the sale.

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