Qualification best practice

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Abstract

"Will this Prospect buy from me?" is the question that the top performing sales professional can answer with uncanny accuracy. But how do they know?

In this series of articles Ian Henley, of *ChangeBEAT* , takes a deeper look at "qualification" a fundamental sales skill where intuition, science, duplicity and disinformation all play their part. The IT software and services industry is under fire in the courts where a number of judgements have recently been made with profound implications. The law is being changed to establish that software and services companies have a duty to "get it right" and that lapses from exemplary professional standards will be heavily punished.

Whether you qualify your prospects by intuition or painstaking method, it pays to get it right. Deciding whether or not a prospect will actually spend money, and can be induced to spend it with you, depends on a shrewd reading of a number of interrelated and complicated factors.

In any IT sales environment, whether you are selling software packages, products or services, if selling activity is required you must know that you are spending your precious time with prospects who will spend **and** can be persuaded to buy from you.

A single futile sales call can easily cost half a day of wasted time. A complex bid, requiring a series of demonstrations, meetings, presentations and numerous iterations of proposal documents and contracts, will cost between five and fifteen per cent of the final contract value which, for major tenders, can run into millions.

If the bid is competitive, the costs will be high, and they are just about the same for the companies who come second and third as for the winner. Competitive bids can often require your undivided attention for long periods of time, as you need to react promptly to client demands and competitive moves. Consequently, if you do lose, you can find that, not only is there no immediate business from that campaign, but your pipeline has disappeared as well.

In short, there is very little upside to a lost bid. It may sharpen your offering for the next opportunity, but you had better hope you don't run into the same competitor again as they will be sure to mention how (and why) they whipped you the last time.

It can occasionally be necessary to bid and lose in order to win later, particularly when one is in a position to take a long view and so oust a well-established competitor, but this approach is strictly for those with deep pockets.

Qualification is also the time to consider whether, even if winnable, you really do want a piece of business. Does it help your company towards its strategic goals and are there any hidden risks or adverse consequences? Closing deals that turn out to be difficult or expensive for your company to deliver are all very well on the day, but can easily drag the sales professional into months of unproductive effort.

Qualifying well is **the** way to minimise lost bids **and** to improve the mix of your business. It is a key skill for anyone involved in the sales process. Nothing is more expensive, ineffective or dispiriting than working hard to satisfy a so-called "Buyer" who turns out to be unable to persuade their own organisation to act. Nothing is more infuriating than being drawn into a competitive tender process in which you subsequently find you had no chance.

Whilst bidding is expensive, it is the call to arms for everyone in the sales process and anyone worth their salt is keen to be "up-and-at-them". But before you clear the decks and roll out the cannon, take a moment to reflect.

Few organisations conduct a qualification process that rigorously exposes potential problem areas, assesses the costs and benefits of bidding and pools sufficient wisdom to ensure that a realistic appraisal is made of the win chance. The process should also assess whether or not the business is within the company's strategic remit before deciding to expend the effort to bid.

To qualify effectively you must first understand the Buying Cycle and how commercial realities influence Buyer behaviour throughout the cycle. You should then understand the four key qualification questions, which are:

1. Will the prospect spend?
2. Can we meet the requirement?
3. Can we beat competition?
4. Do we want the business?

If the answer to all four questions is a resounding "yes" then you have a fully qualified prospect, whereas if any single question throws up a resounding "no" then clearly you should not waste your time.

However, what makes qualification such a difficult and intricate process is that only rarely are the answers clear cut. Each of the four key qualification questions must be considered in the light of the underlying commercial realities, that sometimes cause the Buyer to be less than frank. If you understand these realities you will know when the Buyer can be taken at their word and when they might be leading you gently by the nose!

Will the prospect spend?

The existence of a fully approved and "signed off" budget is always a most encouraging sign, but not the panacea some people believe. In a few organisations budget allocation does means that the budget holder has full delegated authority to spend, but in the rest "approvals" will still be required, at which point competing investments will be considered.

Some organisations do decide to move ahead on high priority items and then go back and fix the budget later, so "No budget assigned" is not necessarily a killer.

People who present as Buyers vary from individuals in whom the Buyer's organisation has a high level of trust (and so are likely to need little more than a rubber stamp to do as they recommend) to individuals who have no chance whatever of having a recommendation accepted.

Judge the people who purport to be buying. Look for track record of previous achievement and evidence of their superior's respect for the work they do.

Can we meet the requirement?

This qualification question is often the easiest to answer, providing the Buyer understands their requirement and can explain it, and always assuming you have a good knowledge of your own company's capabilities or access to that knowledge.

You should develop a checklist-based approach to this area to ensure you cover all the ground.

You need to know whether or not there are any "conditions" (of the purchase) that your company is **unable** to meet in order to satisfy a Buyer requirement. A condition is a non-negotiable feature or deliverable that the Buyer **must have** in order to buy.

Even if you are a favoured supplier, with an excellent track record, one condition can spoil your whole year.

Can we beat competition?

If you are truly satisfied that the prospect has money to spend, or a good prospect of getting some, and that you can meet the requirement, then you need carefully to consider your competitive chances.

First of all: if you were the Buyer, what sort of supplier would you want? A realistic assessment of these issues *from the Buyer's point-of-view,* combined with a realistic assessment of your own capabilities, will help you to decide whether to bid.

This is often not an easy assessment to perform without plenty of experience of the wants and needs of the particular Buyer organisation. However, start from the premise that today's Buyers are professional and sophisticated, and any weakness in your offering is likely to be identified and so become an issue.

Finding out who the competition is, and what they are likely to bid, adds considerably to your ability realistically to assess your win chance.

The first rule of competition is that the competitor with the existing business relationship is in the box seat, and you should be most sceptical of your chances of beating this supplier unless there is some compelling reason why the Buyer would not make the obvious choice. At all costs don't let the Buyer "sucker" you into making a bid just to keep their favoured supplier on their toes.

Do we want the business?

Given that you have a prospect with a need for your product or service and the means to pay for it, and that you can see off competition, you are in the happy position of asking whether or not this is business which you really want. This question can only be considered in the context of:

- the strategic marketing objectives of your company
- the prevailing tactical and market conditions

You should be able to articulate the type of business your company wants in terms of your target market and the sort of business you want to do. For every company this statement will be different and may contain all or any of: vertical market specialisation; prospect size; characteristics of prospect organisation (leading edge or laggard?); size of available budgets this year; or medium term spending potential; and so on.

If no explicit statement of target markets exists, qualification is not possible in the strategic context, because no one knows exactly what the strategy is!

About the author

Ian Henley, chairman of *ChangeBEAT*, is recognised in the IT software and services market as a leading expert in improving business performance. He specialises in business strategy, marketing and sales and is well known through industry publications and Intellect where he provides advanced sales and commercial management training.