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This edition of the BSC Advisor provides a method to qualify your sales prospects – to improve win rates and increase productivity.

Qualifying Sales Prospects

The secret to failure is... trying to please everyone.

For salespeople, that nightmare is pursuing prospects who:

- Appear to be whales but turn out to be minnows
- Take years to go out to bid, then contract lowest price
- Never return calls – even though you're the perfect match



Unfortunately, the horror may continue, and often does, when nightmare prospects become nightmare customers.

All contractors have stories of customers who:

- Demand services above spec at no cost and threaten termination
- Pay 120 days late and question every invoice
- Spring last minute, unrealistic "extra" requests

There's no sure way to prevent these ulcers. **But deciding who contractors want as customers can help avoid many painful ones.** And a little less customer pain is always a good thing.

By qualifying prospects, contractors can:

- Improve win rates – better matches to worthy customers
- Increase productivity – make smarter sales investments
- Grow efficiently – align contracts with strategic strengths

This edition of the BSC Advisor explains why and how to qualify prospects, helping you weed out the cold and ugly ones.

Sample attribute lists are provided as appendices to help you identify your ideal customer.

Be selective, and become more successful.





Traps to Avoid

1. If qualifying prospects is overly complex or time consuming, you'll avoid doing it. And that's a bad thing.

Qualifying must be quick and easy. And the score must easily be included in your Contact Management or CRM software. That's your most important prospecting tool, isn't it?



2. Don't Wait For Perfect

Qualifying prospects is more finger painting than fine art. Seek easily available info. Often that'll come from street-gossip rather than customers officially.

In this murky area don't wait for perfect. Qualify prospects and start contacting the right ones, even if your info is imperfect or incomplete.



How Prospects Are Qualified Now

For those who do qualify prospects, it's typically done as follows:

- Rate a prospect on several attributes, i.e. size, location, etc.
- Assign a number for each attribute, i.e. a positive number for good, negative for bad
- Total up all the numbers = prospect's score

This total is the prospect's attractiveness.

High numbers = go for it, negative numbers = avoid.

The Problem With How It's Done Now

Qualifying prospects with only one number can muddy the waters.

The math may make a prospect look less appealing than otherwise. Take a look at this hypothetical prospect and score:

SIZE:	Over \$2 million/year contract spend	=	+3
LOCATION:	In contractor's city	=	+1
INCUMBENT:	Customer's brother-in-law company	=	-5
TOTAL SCORE:		=	-1

Based on this score a contractor might not consider this an attractive prospect. But there are other factors that may make this a very hot prospect.

Who knows, maybe the customer is getting divorced and no longer cares about his brother-in-law?

Are Your Prospects Receptive to New Contractors?

The one number score doesn't take into account prospects' receptivity to being contacted. It only rates the contractor's lust.

Some prospects are looking for contractors right now. They're open to hearing about potential alternatives. Just in case their current contractor goes south on them. It happens.

But some prospects are less accessible than Fort Knox. They just don't want to hear a sales pitch.

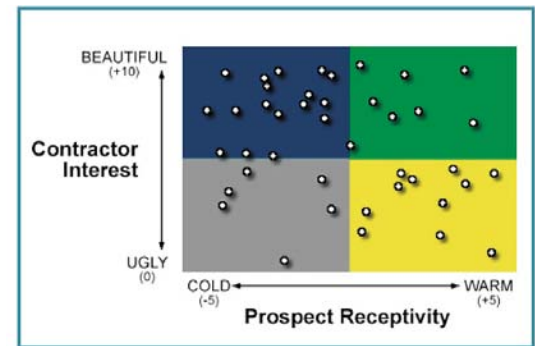
Without a second scale to determine a prospects receptivity, contractors can fall down rabbit holes that look like they're going somewhere. And they're not. At least not in this century.



Welcome to the Matrix: A Better Way to Qualify Prospects

Almost as exciting as the movie, the two by two matrix is a better way to qualify prospects.

It has a Contractor Interest scale (*that'd be you*) and a Prospect Receptivity scale (*that'd be them*).



The Contractor Interest Scale is vertical and has *beautiful* prospects at the top. *Ugly* ones are at the bottom. The Prospect Receptivity Scale is horizontal and has *warm* at the right, *cold* at the left.

Taken together, you get four quadrants. We've color coded them for easy use. And placed a random distribution of prospects as an example.

Upper-right Quadrant, Green

These prospects are *beautiful* and *warm*. They're the ones contractors really want. I mean *really* want. And they've shown an interest, or are willing to get to know contractors, or even your firm in particular.

Always work prospects in the green quadrant first. You only have so much available time. And you don't want to miss one of their bids. The most painful thing a salesperson can hear is they've just missed one of these prospect's bid by a month, a week, a day.

Upper-left Quadrant, Blue

These prospects are *beautiful* and *cold*. Still very attractive and contractors want them.

But these prospects aren't as open to getting to know new contractors. This means it will take a lot of time and energy to win them over.

Go after *blue* prospects second, after you've gone through the *green*.

Lower-right Quadrant, Yellow

These prospects are *warm* and *ugly*. An interesting mix. It means they really want to engage with contractors.

But they're not the right fit for your business. This could be true for a number of reasons. Your qualifying choices decide. Don't expend effort with *yellow* prospects.

However, if one comes to you, and their score has them close to the cut-off for the *green* quadrant, say hello. But don't spend a lot of time with them. They're not a good fit.

Lower-left Quadrant, Dark Grey

These are the *cold* and *ugly* prospects. They're a very bad fit and they don't want to talk. Avoid them like the plague.

In the old, single scale qualifying method, some of these *dark grey* prospects would end up looking good. What a mistake.

Adjust the Matrix for Reality

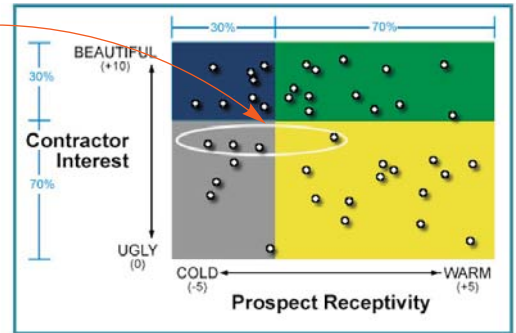
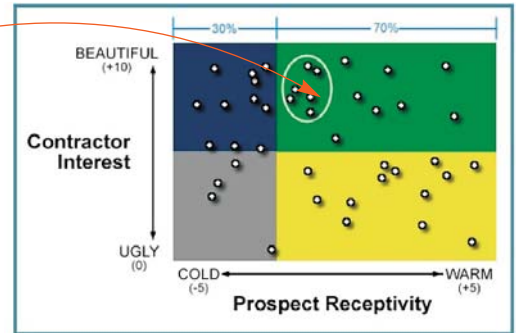
The lines separating quadrants in the matrix are arbitrary. You'll set them where you want. Consider moving both the vertical and horizontal lines to resize quadrants. This will focus on more/less prospects as follows:

1. Increase the number of prospects that fall in the green quadrant – your number one priority. Do this by moving the vertical line to the left of center – making the green area 66-70% of the chart's width.

As you'll see, scoring the Prospect Receptivity can be an ambiguous thing. So you'll want to be on the safe side and include more of them, not less.

2. Raise the horizontal line so the bottom is now around 66-70% of the graph height.

By raising this threshold you're excluding prospects that are not as attractive to you. The result is you'll be focusing on a slightly smaller number of more attractive prospects. That's a good thing.



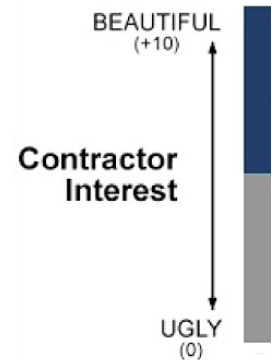
Creating the Matrix

Developing a matrix can easily get bogged down in too much detail. Don't go to the darkside. Create something you'll be able to use quickly and easily. See Appendix A at the end of this article for example attributes to get started with. Add attributes that may be important to your business or the prospects, such as:

- Union Requirements
- Security Regulatory Requirements
- Focus on Small, Disadvantaged Businesses

1) Create your Contractor Interest Scale

- a) Pick your top 3-5 attributes for this scale.
- b) Write out your definition for the *beautiful* and *ugly* ends for each attribute.
- c) Assign a number, positive or negative, for each *beautiful* and *ugly* attribute.



2) Create your Prospect Receptivity Scale

- a) Pick your top 3-5 attributes for this scale
- b) Write out your definition for the *warm* and *cold* ends for each attribute.
- c) Assign a number, positive or negative, for each *warm* and *cold* attribute.

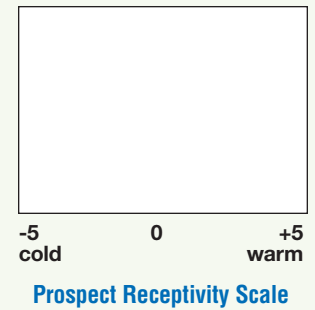


NOTE: Once you've completed steps 1 and 2 above consider creating an Excel file to quickly calculate scores. This will make it easier and faster each time you qualify a prospect.

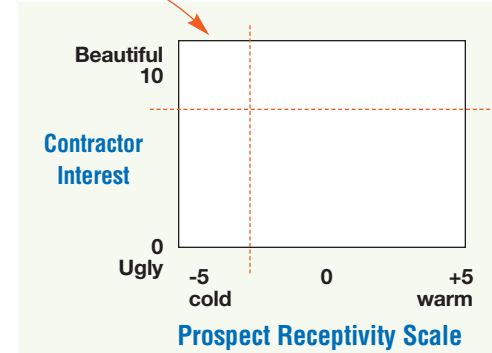


3) Create the Qualifying Matrix (2x2)

- a) Draw a rectangle.
- b) Place your "Prospect Receptivity Scale" along the horizontal axis at the bottom.
 - Enter "cold" and your lowest possible numerical total at the far left of the horizontal axis (it may be a negative number)
 - At the far right end, enter "warm" and your highest possible numerical total



- c) Place your Contractor Interest Scale on the vertical axis at the left.
 - Enter "ugly" and your lowest possible numerical total at the bottom of the vertical axis (it may be a negative number)
 - At the top, enter "beautiful" and your highest possible numerical total.



- d) Create your quadrants.
 - Draw a vertical line splitting the horizontal about 2/3, or 70% from the right (warm) end. The line runs from top to bottom of the matrix.
 - Draw a horizontal line splitting the vertical about 2/3, or 70% up from the bottom (ugly) end. The line runs from side to side of the matrix.



- e) Color your quadrants.
 - Upper-right quadrant, color green (beautiful and warm)
 - Upper-left quadrant, color blue (beautiful and cold)
 - Lower-right quadrant, color yellow (warm and ugly)
 - Lower-left quadrant, color dark grey (cold and ugly)

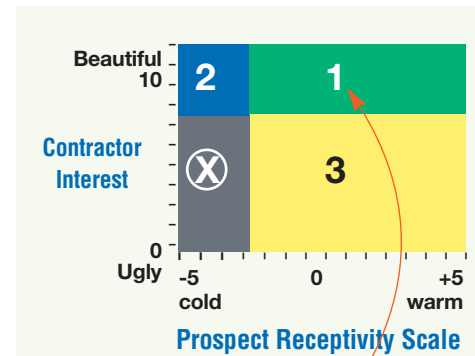
4) Customize your Contact Management or CRM software

- a) Create a custom text field for the qualifying color, make sure the field can be sorted.
- b) Alternatively, create 2 numeric fields, one for each score, make sure these fields can be sorted.
- c) Go after prospects in order of the Qualifying Matrix.

Qualifying Prospects – The Process

Take this process and make it your own.

- 1) Qualify each prospect.
 - a) Rate each attribute on both scales.
 - b) Take the total of of each scale and plot on the matrix.
- 2) Update your Contact Management or CRM software with the quadrant.
- 3) Prioritize prospects – sorting by quadrant.
- 4) Start first with green prospects, then blue, then yellow – avoid dark grey.
- 5) Use the best contact approach based on prospects' quadrant.



Prospects Are Not Proposals

Don't confuse qualifying prospects with rating proposals' attractiveness.

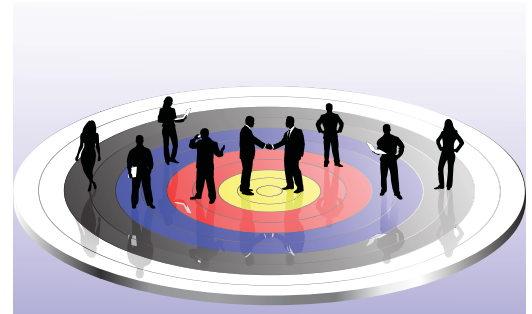
Proposals come much later in the sales and buying cycles. By then contractors should have more intimate knowledge about what they're getting into.

A very promising prospect can turn into a proposal not worth lots of effort.

For more info on rating proposal attractiveness see *Plenty of Bids, Not Enough Wins – Move Up Scale*.

Summary

- Traps to Avoid
 - Don't Wait For Perfect
- How Prospects Are Qualified Now
 - The Problem With How It's Done Now
 - Are Your Prospects Receptive to New Contractors?
- Adjust the Matrix for Reality
- Creating the Matrix
- Qualifying Prospects – The Process
- Prospects Are Not Proposals



Appendix A

See next page for example attributes.

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Pro-Link, Inc.
500 Chapman Street
Canton, MA 02021

T: 800-74-LINKS
F: 781-828-9551
W: www.prolinkhq.com

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The Customer Receptivity scale attributes describe how open a customer may be to taking your calls, hearing your sales pitch, or meeting you. The Contractor Interest scale attributes describe how much you want a particular type of prospect, or not. When qualifying prospects select a number between the top and bottom of the range for the attribute.

CUSTOMER RECEPTIVITY SCALE		
ATTRIBUTE	COLD	WARM
Info Request	They haven't requested any info from you. (0)	They've requested info from your web site, at a tradeshow, etc. (+1)
Permission	No permission given. (0)	They've given you email permission to send them newsletters, articles, etc. (+3)
Relationships	Don't know anyone at prospect company. (-2)	You know one or more decision makers or influencers. And they like you. (+3)
Hosted Attendance	They don't attend contractor sponsored events. (0)	They've attended an event you've hosted, i.e. tradeshow event, golf event, etc. (+2)
Trade Associations	They don't belong to trade associations. (0)	Prospect participates in trade associations you can join. (+1)
Current Business	You don't have any business with prospect at other locations. (0)	You've received contracts from this prospect at other locations within the last 1-2 years. (+3)
Past Bids	You've never submitted a bid to the prospect's company. (-1)	Prospect's company has asked you to bid within the last year. (+1)
RFI Process <i>(Request for Information)</i>	They don't use RFI's. (0)	Prospect's company has asked you to participate in an RFI process within the last year. (+1)
Reverse Auctions	Prospect has a reputation for using online reverse auctions. (-3)	Prospect does not use online reverse auctions. (0)
CONTRACTOR INTEREST SCALE		
ATTRIBUTE	UGLY	BEAUTIFUL
Contract Size	Below your minimums (-3) in: () dollars, or () square feet, or () Hours per Week, etc.	Exceeds your "A" Targets (+3) in: () dollars, or () square feet, or () Hours per Week, etc.
Price Sensitivity	Well known low price buyer. (-2)	Reputation for premium price for premium service. (+2)
Customer Reputation	Known as difficult customer to work with. (-2)	Good reputation for integrity and collaboration with contractors. (+1)
Loyalty	Puts contracts out every year, regardless of service. (-1)	Known to work with contractors to avoid going out to bid. Helps incumbents. (+1)
Contract Term	1-year contracts only with mandatory annual bid. (0)	Uses multiple year contracts with extensions. (+1)
Payable History	Routinely pays in 60-120 days. (-3)	Pays in advance of service delivery. (+4)
Safety	Questionably safe work environment with high liability risk. (-2)	Prospect is fully committed to safety, which has high visibility and investment. Work environment has low liability risk. (+1)
Operational Fit	You haven't done this type of work before and it requires specialized skills, experience and/or certifications. (-2)	This work is your core strength. You have highly skilled and credentialed operations staff and great references. (+1)
Geographic Fit	You don't have any office/location within 2 hours drive. And the site doesn't support its own manager. (-3)	Location is within your established area and is easily serviced by existing offices or route personnel. (+2)
Vertical Market Fit	You're not familiar with the industry your prospect is in. Their industry is shrinking, and is expected to go away. (-2)	Prospect's business is in a vertical market that you're great at. Their industry is expanding rapidly. (+2)
Flagship Value	Prospect has no visibility, or brand recognition. (0)	Prospect is an easily recognized Fortune 500 brand name that will greatly help you secure other work. (+3)
Quality Orientation	No quality focus. (0)	Prospect uses formal quality program and includes certification (Six Sigma, ISO, Lean Manufacturing, 5S, etc.) (+1)
Green Orientation	No commitment to Green. (0)	Prospect has gone publicly Green and has high visibility to its audiences. (+1)
Incumbent Position	Incumbent has strong relationship with prospect and long history of proven delivery and innovation. (-1)	Prospect admits poor service from incumbent, and there's no love lost. Also, incumbent is distracted outside due to possible sale, acquisition, new ownership, etc. (+3)
Past Bid Familiarity	Never bid on this location or with the prospect's company before. (0)	Have bid this location, and with this prospect's company. (+1)