



By Rick Hill

## Sales & Marketing

# Keeping the funnel full

Prepare for attrition and embrace opportunity to ensure the long-term success of your business.

**W**hat happens to a company with no sales people? How do they continue to grow?

On a recent trip visiting Midwest store fixture manufacturers, I found several that were doing well, growing fast and yet had no salespeople.

We all want a business that is growing at a reasonable pace; one with good customers that come to us, rather than making us search for them.

When I asked how the new sales were coming in to the companies, the responses were very similar:

- “Word-of-mouth has built our business;”
- “We do such a good job for our customers they keep giving us more to do”; or
- “We started small and then proved ourselves; now they want us to do everything.”

But there is a dark side to this growth — and it was obvious to each of the manufacturers: One or two large customers accounted for a very large percentage of their business. They were aware of it and consistently asked: “How do we get out of this dilemma? We are very concerned.”

### Me, too

The same dark shadow hit my company. I was working as a salesman for a manufacturers rep firm that had been very successful in the wood coatings industry. We started small, but built the business in the Midwest to over \$11 million in sales; with coatings accounting for over 80 percent of our sales. We hired technical coatings specialists, wrote much of the literature and technical data sheets, and gave dozens of training seminars. Just like the store fixture manufacturers I visited, we did such a good job for our customers, they kept giving us more to do.

And then it stopped.

The manufacturer we represented was bought in a corporate merger. Within six months, they had hired their own salespeople and technicians ... and we were out 80 percent of our business. The company I worked for split up. One group tried to blend and mix their own coatings brand, but after several months, it all ended

and went bankrupt. My team bought the rep side of the business and, after a few very lean years, succeeded.

Our mistake was not investing in an insurance policy. We were so focused on our current business, we didn't look at or accept new ideas. We wrongly assumed that our large vendor could not live without us.

The store fixture manufacturers I visited with saw the same problem we encountered, and our discussions centered on what to do. The owners of the companies were acting as president, national sales manager and salesperson. The project managers were centered on the logistics of the jobs, were in daily contact with the customers, and handled the role of customer service. Those major customers needed the attention of everyone, all the time.

A few had tried to hire a salesperson, without success. Common reasons were:

- "He didn't understand our culture";
- "She brought in a few people, but they were not the right fit for us"; or
- "We just didn't have time to devote to the new projects they found."

One of the companies I met had found a solution. About two years ago they saw the "Large Customer" dilemma as a threat, not a blessing. They invested in an insurance policy by hiring a sales manager to focus on new activities. They devoted a portion of their profits to trying new projects and researching new areas.

### Keep an eye on the funnel

About 18 months into its investment, the "Large Customer" was caught in a market slump and took a sizable part of its business in-house. While initially the new business created problems — and was a challenge to accept — the company was ready with a full funnel once the "Large Customer" bubble burst.

In sales, we are always looking at what's in our funnel. The funnel represents all the possible projects, quotes and prospects that have a good likelihood of turning into business.

Since the average sales cycle in the store fixture market takes about six months to close, the funnel is a good indicator of how much business we will have six months from now. No project in the funnel equals no new business in about six months. If everyone is focused on the current business, how are you going to fill the funnel? Here's some advice...

#### 1. Embrace customer nuances.

The first step in filling the sales funnel is to realize that the new business you are seeking will not be the same as the business you

are doing. Every customer has their own set of requirements that make them unique. These unique attributes are different from what you and your company are used to building. It does not make them wrong, just different.

Each company has to come to grips with its internal resistance to the changes that new business requires. The natural blocks we had to change were much smaller when we were

young and hungry; but now that we are fat and happy (or at least busy) new requirements seem like roadblocks instead of opportunities.

#### 2. Dedicate an employee to the cause.

The second step is to devote the time or a position to finding new business. This can be a new hire or a promotion from within, but either way, the key word is DEVOTE. Ideally this

person should not be responsible for anything but bringing in new opportunities. If they have responsibilities with servicing existing business, their focus will not be on filling the funnel. If their devotion is based on a set amount of time instead of a position, create a workspace that is used just for new business.

Whether it is a separate desk or room, make this spot free from the distractions of current

customers. The change of physical location will help to separate the business activities in your mind and with the other employees.

### 3. Be patient.

New projects will have a high failure rate, but that rate does not mean you should quit. Thomas Edison is quoted as saying; "I have not failed. I've just found 10,000 ways that won't work." The fact

you are trying to bring in new business means that the company will have to stretch, people will object and resources will be taxed. Keep your focus on the ultimate goal of increasing your customer base and diversity.

Keep track of how many new quotes or projects are brought in and how many are rejected. Watch this tracking for patterns in the type of customers you want and why they were rejected.

You may find patterns within the company that, if changed, will allow for more new business retention. These patterns can be used to establish a guideline of the ideal future customer,

### 4. Treat your new business salesperson well.

Lastly, look hard at how you are rewarding your new business salesperson. At the start, base the compensation more on the amount of new projects they bring in than on the amount of new sales closed. Realize they may be hindered in closing new business not because of their sales ability, but because of the company's reluctance.

In his book, *The Seven Habits of Highly Successful People*, Dr. Stephen Covey focused on breaking activities into four areas of concern. He used a "Time Management Matrix" to define the urgent and not urgent activities, along with the important and not important activities.

When we are serving the day-to-day business of our "Large Customer" problems, we are often putting out fires so the business can run more smoothly. Those are urgent and sometimes important fires. When the company is looking for new business, it is in the "not urgent, but important" area of his matrix. In Covey's mind, the not urgent, but important area is where we need to focus. It is where all new business lies and also where you can get to the fires before they start.

When we are focused on the "Large Customer," we put off looking at new business because it is not urgent. We know it is extremely important to our survival, but we always have one more fire to attack instead.

Devote the time or person now, before the embers ignite your field of opportunity. ■■

*Ed. note: Rick Hill helps wood-working companies analyze their sales process. He is also the founder of WoodReps.com and President of OnPoint Sales, a Midwest independent rep firm. He can be contacted at [www.onpointsales.com](http://www.onpointsales.com).*