Prospecting 101

This document's intent is to provide a general outline of sales and prospecting agnostic to any one specific industry or vertical. Numbers and stats do not reflect all industries and many references will be from Software Sales, Team Dealer Sales and Distributors Sales.

'CliffsNotes' Style Definitions:

Prospect: Anyone in the universe you can potentially sell to (your buyers)

Lead: An active prospect in your pipeline (you usually know a little more about them or they entered your pipeline from activity such as visiting a tradeshow or an event or responding to a form online)

Opportunity: A lead that has now moved to the next stage of selling (final stage(s) before they become a client). This is the detailed information gathering and selling stage. If they do not become a client, you disqualify them out of your pipeline for a specific reason

Client: An individual/company/account that has 'purchased' from you or joined your services

CAC: Client Acquisition Cost – how much effort, time and money it takes to acquire a 'new logo'

LTV: Life Time Value of a Client – how much financial value your clients bring in given are given the average lifetime they will spend on your platform or purchasing product from you (for example purchasing from you for 10 years in both he Spring and the Fall)

(LTV:CAC): This ratio measures the relationship between the lifetime value of a customer, and the cost of acquiring that customer. The metric is computed by dividing LTV by CAC. It is a signal of your clients' profitability, and of sale/marketing efficiency

New Logo: Brand new client/company/account that you brought on

Cross-sell: You can sell ancillary services or products that complement the existing software's/services/products a client may already have purchased

Upsell: When you have a client migrate to a better version of your platform or you 'upsell them' on a newer version of a software or a different, newer products such as a new water bottle or a new shirt material

Wallet Share: How much a client buys from you or uses your services. For example, they may buy from you twice a year – Spring and Fall – and you increase your wallet share by selling to them in all four seasons

Win Rate: In the sales cycle, your win rate is calculated, typically, by how many deals you close based on the percentage of opportunities that entered your opportunity pipeline

Pipeline: snapshot of where prospects are in the sales process

Pipeline Coverage: is calculated by dividing your open pipeline by how much quota you need to close. General rule of thumb is to have 3x to 4x pipeline coverage. As an example, if your remaining quota for Q1 is $500,000 and you have $1,500,000 of

open pipeline for Q1, then your pipeline coverage would be $1,500,000 / $500,000 = 3x pipeline coverage. most companies have win rates in the ballpark of 25% to 33%

Quota: The amount of deals or products that are expected of a seller in a given quarter or year

The holy Trinity of 'prospecting' is how you organize and invest in your CRM (client relationship management), CMS (content management system) and any of your Marketing Automation tools.

CRM

You need a CRM on how you organize information about your prospects and clients. This can include basic info such as their email and billing address but should contain information on the company/account and indictors on how likely they are to buy from you, or information that can help you tailor your products and services to their needs. This is the foundation, and step one, to your relationship building.

Example:

Basic:
Name: John Smith
Email: johnsmith@gmail.com
Title: Owner
Company Size: 18
Company: Greek Life Apparel
Address: 123 Mary Lane, San Diego Ca 92109

Advanced:
Sells apparel to 28 fraternities in Sororities
Works with San Diego State University, UC San Diego and University of San Diego

Strategic:
Currently use 'X' competitors (have a drop down of competitors or partners)
Uses 'x' ERP solution (drop down)
Busiest from July – October
Buys apparel from Alphabroder and SanMar (drop down)
Has their own decoration shop in-house

Keep in mind 'prospecting' is trying to acquire net new logos but it's also about making sure your current clients are using your business and remain sticky. 'Marketing' to your current client base is just as, if not more, important than acquiring net new logos. Retention, Cross Sell, Upsell and Wallet Share are more important than acquiring new logos, particularly if you are more established in your business. If you are just starting

out in your career or in a new business/vertical, you will need to spend more time on acquiring new logos (new clients) until you have a solid base to worth with.

Important concept around dividing your time between prospecting for new logos vs. working with clients you may already have a relationship with:

Client retention > Client acquisition

- Acquiring a new customer can cost 5X more than retaining an existing customer
- Increasing customer retention by 5% can increase profits from 25-95%
- The success rate of selling to a customer you already have is 60-70%, while the success rate of selling to a new customer is 5-20%

CMS

Your content management system in simplest terms is your website or any means to how your prospects and clients can learn more about your business or buy your products and services etc. The most important concept around your CMS is valuable content and tailored/specific content for your prospects and clients. Half of buyers will make their decision before ever talking to a Salesperson and they are able to do that because they can get all the information they need about your services online. And if you are trying to save content or info for 'when you get them on the phone' so you can 'pitch' them - Big mistake. Your competitors are dishing up all the info they want to hear and you will seem out-of-date or lacking in services if you are not shouting from the rooftops how you are better than your competition. Changing and updating content, adding new products and keeping your site fresh is critical not only for SEO (search engine optimization) but it gives your prospects and clients a reason to visit your site or talk to you. Which brings us to….

Marketing Automation

Marketing Automation is the newest concept in this holy trinity. In order to do marketing automation effectively you need a CRM and a CMS. You need your CRM because it houses all the data so you can tailor content based on your prospects and clients, and you need good content to actually market to your prospect sand clients. What are you saying? How are you selling? Why should I read and learn about your business and products over anyone else's? The key to marketing automation is customization through data, and of course automation (is it scalable?). Marketing Automation, CMS and CRM are all factors into your CAC rate and there are only so many hours in the day so you need to use your time wisely.

If you are a first-timer with marketing automation, start small and simple. In general, prospecting is about taking lots of data and complicated concepts and boiling them

down into the simplest format possible as to be digestible and appealing to your audience.

If you are going after new prospects and don't want to invest in a tool, Gmail merge and 'blast' 20-30 contacts with a short and simple email about how you can help your prospective clients. Content should always talk about them and their needs (hence the need for strategic info in your CRM). Make sure you have a CTA (call to action) so the prospect easily knows what to do if they are interested or have more questions. Should they respond to the email? Do they click a link or button that goes to your CMS (website)? Make this very easy for them. From here it is easy to see your open rate, your CTA (click through rate), try AB testing (two different subject lines or two different messages and see which one has higher open rates and CTRs). Keep trying this out and testing and measuring and repeat what works, ditch was doesn't and don't think too hard about it, rely on the data.

Anything above a 20% open rate is great and a 5% clickthrough rate is wonderful. The smaller the 'blast' the better these numbers should be. If you are blasting 10k and up, open rates and CTR will shrink. Under a 100 contacts, you may see open rates at 50% and CTRs at 20%.

In the beginning of prospecting, it is OK just to keep things simple until you better understand your basemand feel conformable. Once you have the basics down, create a 'sequence' of touches to work your prospects.

Example:

1. Email content, CTA is the website
a. Prospects responds via email or my website – Awesome. Now start to learn everything about them (filling it out in my CRM of course) and begin to 'sell them'. Always respond to prospects inquires within 5 minutes of a raised hand. Anything past this and your rate to close will drop significantly. Buyers have short attention spans and markets are very saturated. If you don't respond to a prospect, a competitor will
b. No response… go to number 2

2. Four-seven business days later, try a phone call*
a. They answer… follow above steps in a^
b. No answer – leave a brief VM and in the VM say you will follow up with an email
c. Email them right away (have the email drafted) and state you just left a VM and the intent of your call
   * Prior to ever hopping on a call with a prospect, you better know their business. Have their website pulled up, view your CRM with all the info you have on them.

Do not hop on this call 'cold'. You will look like an idiot and you want to be the expert here

3. Still no response - email NEW content from step number 1 and follow this sequence but change up the script

Rule of thumb is you shouldn't 'touch' a prospect more than 7 times in a given month if they are silent (this varies based on industries etc.)

After 7 attempts and no response, 'qualify them out' and move them to non-responsive (if you collect any indicators as to why they are not responding, or they say something like 'too busy' make sure you are tracking that in your notes via a drop down). Follow up in 6 months or so after things have changed such as a new season, better time for them etc. Set the follow meeting manually in your calendar or through your CRM tool.

If you are wondering where to get data or information on potential new prospects, you can buy data bases or purchase lists from vendors. Google, LinkedIn and Facebook are great resources for digging around for potential customers in your area or serviceable areas. Word of mouth is always the best way for folks to hear about your business, so if you can offer your clients an incentive to talk about your business, that is a plus (often times clients are competing with each other, so this is not possible).

When marketing to your clients, some things are easier but most aspects of selling to your current base is harder. You should have lots of data on your current clients (if you don't, that's a problem and fix that first) but because of this, and because they are your clients, the communication needs to be extremely tailored and you should know their business as much as they do, and know what to sell them and what to offer based on those needs. It should never appear you are selling to them, only helping them by offering new solutions or products that make their lives easier or make them the hero for their buisness. Because of this, you may need to rely on 1:1 communication (which may be doable if you have few clients that bring in a lot of revenue).

Remember this, most organizations, 80% of their revenue comes from 20% of their clients. Treat your 20% really well, not because you don't love all your clients and they should get great service, but you should focus on this 20% and how you can make their lives better. Focus on growing their business and marketing yourself and your product/service so it's nearly impossible for them to want to leave you (get sticky with them). Marketing *automation* for clients should really focus on the long-tail accounts.

Your top clients should always receive custom service (and if you have top clients you already know they expect that and if you can't deliver on that, someone else will).

When marketing to the long-tail of clients, all content and communication should not be self-serving. You should expect to only talk about helping them and organically

offering new solutions. If your organization is large enough, you will have distinct sellers (working prospects for new logos) and Account Managers (folks who manage client relationships and service current accounts and typically have a component of up-sell, cross-sell and wallet share). Be dividing these two departments, sellers can focus on top of the funnel and AMs can focus on working the base. Content and the level of service should be very different, so splitting Teams accordingly should help.
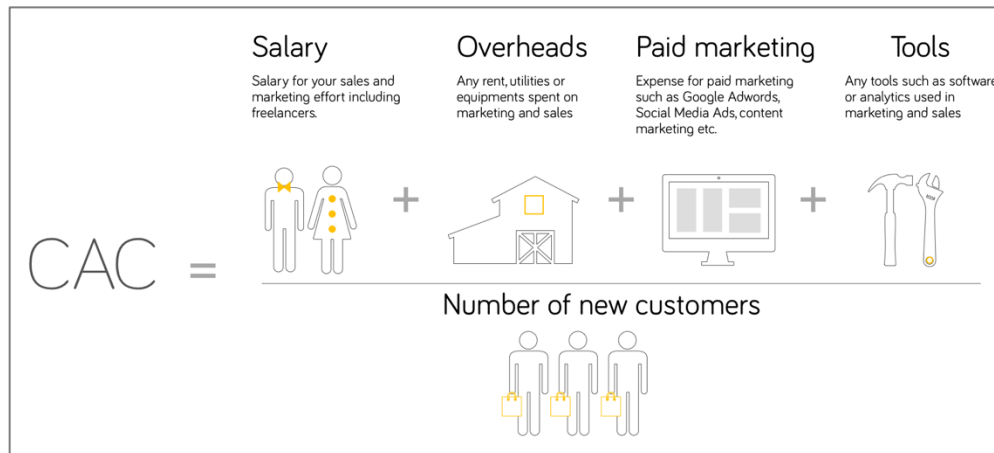
Onboarding:

Onboarding new accounts and the first experiences with new clients, is the most important and critical time throughout the whole relationship. This is the foundation that sets everything else up, and remember, they are not that invested in your at this point (if you screw up, they have no skin in the game and will leave you. Typically if you have contracts, there are clauses and SLAs [service level agreement] that will let clients get out of contracts if you offer subpar services) so remember dedicating the most time you have during this period will give you the great ROI on your time for that clients. If you give them a great foundation, they will know your services, products and offerings better to be more successful down the road and less likely to leave you for a competitor. Remember, competitors are always hitting them claiming to have a better package than you!

Data:

Like everything else in life, numbers don't lie and data is the single most important 'tool' or asset you have.

Go back to the definition list and understand your numbers around pipeline, CAC etc. Build out your database with new prospects, info on current prospects and understand everything there is to know about your clients and their needs (even if it is just in excel) from a data set. Measure Measure Measure! No matter the CRM tool you use or your method to collecting data, objective information and drop downs are always better than open text fields. This way you can go back, sort and filter info and actually start to understand what is working and what is not. Make sure to keep it simple. Drop downs for loss reasons should have 4-7 options, no more (went cold, bad timing, went with competitor [this goes to a new drop down pick list of which competitor], pricing, product etc.)

Other:

Sources:
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