

Sales People Don't Cold Call

Cold calling is described in heroic terms: beating a path to the prized customer; crossing the many obstacles and walls of protection to find the elusive buyer; wrangling and competing against the many other sales people pursuing the same prize. After breathless battle and hard work the sales person wins his customer. His cold calling has paid off. He is a hero.

Too bad it doesn't work that way. Cold calling is an act of frivolity. In today's market, cold calling is the most ineffective lead generation tool out there. Just look at the numbers and it quickly becomes obvious that cold calling is a "get lucky" strategy. It takes 8.4 dials to reach a person, and 2% of all calls results in a meeting. If 30% of these first meetings convert into opportunities and a sales person closes 25% of these opportunities, he will have to make 1,000 calls to get 1 sale. If he is pounding the phones making 50 cold calls per day, he can get 1 winnable sale every 20 days. At this rate he can acquire 12.5 new customers per year. I am sure you can adjust these numbers to fit your business, but no matter which way you slice it the return on effort is terrible!

An average business-to-business sales professional earns \$60,000 per year and up. Why would you pay someone that much money to cold call? It makes far more sense to provide the sales reps with "sales ready" leads. By feeding the sales reps you maximize their time, and focus their efforts to where they truly deliver value in selling: building the business case, helping customers evaluate the options, establishing rapport, negotiating terms and closing the deal.

You can look at the numbers and agree that cold calling does not warrant the time and effort it receives, but what else can you do? Cold calling is so ingrained in sales culture, that sales forces come back to it time and time again if marketing does not deliver the leads. Do not fear – there is a better way.

At any given time, only 3% of your market is ready to buy your services, but at this point your prospects are likely already engaged with you or one of your competitors. If a sales person is engaging an opportunity at this late stage the odds are stacked against her. The RFP has been distributed to several competitors, relationships are well entrenched and decisions are being made. Typically the only option to win the deal at this point is price.

The odds of winning a sale increase dramatically if you are able to engage a prospect much sooner in the sales cycle. By positioning the service well before a company is shopping, you gain a deep competitive advantage. Information on the company, the environment and its business challenges can be acquired. Relationships with key decision makers can be solidified. The service offering and value proposition can be established. By getting in early, you will be the first call when the customer is ready to buy.

Demand creation is a distinct function in the sales force. It sits in between marketing and sales. The demand creation team's goal is to introduce, engage and nurture the prospects until they are ready to evaluate a solution with a sales person. Demand

creation is a process oriented function, and requires a great deal of phone work to be constantly engaging companies in your target market. The calls are not designed to sell, but rather to position your services for when the company is ready to buy them.

Sales forces are implementing demand creation functions for several reasons. The first is sales people do not have time to give both the prospecting and selling the time they each deserve. By separating the functions, the dedicated demand creation resources will increase the quantity and quality of activity happening at the top of the sales funnel. The added supply of leads allows sales people to be more effective, and work on solid opportunities with a high probability of closing. Demand creation is a distinct skill, just as selling is. By assigning the right people to each role, the company can improve sales performance, reduce costs and reduce employee turnover. The other primary reason is employee costs.

A key argument against demand creation is lead squandering. Since the sales reps are not generating their own leads, then they will not value the effort, money and time that went into getting them. This is a valid argument, but one that can be effectively managed with training and metrics. The demand creation team and sales reps must work in tandem, and constantly be tracking their activities and successes. By managing the conversion ratios to move a prospect through the sales funnel, management will have the data and intelligence on what is happening with the leads. Metrics are essential to an effective demand creation strategy.

Lead squandering is also unlikely when sales people are able to work on qualified, "sales ready" leads. A sales ready lead is a prospective customer that is fully engaged and ready to enter the sales process. These are the opportunities great sales people love. If that is all they had to work on every day, their job would be amazing. They could establish rapport, demonstrate options, block competitive threats and acquire the customers. They become far more effective sales people.

Companies who combine lead generation and selling to the sales people are doing themselves a disservice. When sales people are required to cold call to achieve quota, the company faces two distinct issues: a higher cost of sale and higher turnover of sales people. Yet when a company takes a keen interest in feeding its sales people, the opposite happens: increased revenues, improved sales force productivity, and an improved working environment. When sales people are enabled to sell more, it is a great environment to work in – everyone wins.

Jeremy Miller is a Partner with LEAPJob, a Toronto-based sales recruiting firm. LEAPJob helps companies grow by building top performing sales organizations. You can reach Jeremy at Jeremy.Miller@LEAPJob.com or 905.281.3090. For more information visit <http://www.LEAPJob.com>.

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