

FOR CEOS, PRESIDENTS AND SALES LEADERS:

How The Right Customer Buying Process Model Drives Sales and Accurate Forecasts

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Audience

CEOs, Owners, Presidents

Vice presidents of Sales

Sales leaders

Description

Nine years ago the theme of the Sales 2.0 conference in San Francisco was ‘the ‘customer buying process’. Speaker after speaker presented ideas on how to influence ‘buying’ at each stage. This was a dramatic shift in sales thinking because for years salespeople were taught only ‘how to sell’. They weren’t taught to understand how their customers buy.

Today the concept of selling to the customer’s buying process is the new standard. Forward thinking sales organizations have built their entire sales approaches on this concept. Well known sales training and research firms confirm the benefit of this:

At it’s recent annual sales and marketing conference, CEB (Challenger Sale) spokesperson Brent Adamson devoted his entire opening speech to the need to sell the way your customers buy.

Aberdeen Consulting Group reported that companies with formal stage definitions defined by the customer buying process had 33% more accurate sales forecasting and 40% more salespeople making quota.

CSO Insights reported that defining how customers buy must be the first place executives begin when conducting sales transformation efforts.

Miller Heiman’s annual Best Practices Study reported that organizations they rated to be ‘world class’ knew why their customers buy from them 30% more often than non-world class organizations.

This begs an important question – what’s the best framework or model for defining the customer buying process? This is critical because they’re not all the same. The model you design guides how your salespeople sell, how you train them, how your sales managers coach them, and how you deploy your entire commercial team. In this white paper you will learn important insights for how to get this right.

Why this should matter to you

Can you relate to any of the following quotes by business leaders who are charged with delivering results?:

I'm tired of reps not closing on deals that they tell me are '90% likely to win'. (VP Sales, construction/energy)

If our pipeline process is so good why do the reps do nothing but complain about it? (President, industrial products company)

Even with all this technology (CRM, data analytics) I'm embarrassed to say we still aren't forecasting very well. (President, software company)

It seems we spend a lot of time talking about our pipeline, but I'm not seeing a difference in knowing what's going to close when. (Owner, medical company)

The CEO of one of our clients told me when I was selling to him that he could not trust what was on his company sales funnel. He didn't know how much was real. He didn't know when deals would close. All of this prevented him from making a solid case to his board for making additional investments. I've come to learn he was speaking for many fellow CEOs.

Our Experience at Breakthrough Sales Performance

We're unique in that we have devoted the past 15 years to helping clients define their customer buying process. We've implemented a system created by Mark Sellers with 120 sales teams around the world. Our clients have seen remarkable results, including:

- *Year over year sales increase of 68% for a large engineering consulting firm*
- *57% increase in year over year sales for a semiconductor client*
- *Double digit increase of sales of higher margin products for a client in the chemical industry*
- *240% increase in forecasting accuracy for a client in the construction/energy industry*

4 Questions

In this white paper I will give you insight into four questions:

How did the customer buying process model become a new standard for selling?

How is the BuyCycle Funnel™ model uniquely different and effective?

How does having the right customer buying process model help your sales teams hit budget and give you more accurate sales forecasts?

What can you learn from companies that are successfully using the BuyCycle Funnel™ model today?

What's a Customer Buying Process sales model?

I was invited to speak at that Sales 2.0 conference in San Francisco by the publisher of Selling Power magazine and conference organizer, Gerhard Gschwandtner. I was considered an emerging thought leader for customer buying processes largely because of my book published that year called **The Funnel Principle**. He called it 'revolutionary'.

I presented a new customer buying process model that I created called the BuyCycle Funnel™ model.

The BuyCycle Funnel™ model had one clear objective – help salespeople sell better by focusing on where the customer was in the decision making cycle. With that knowledge they could determine the next best selling actions. The BuyCycle Funnel™ model aligns selling to the customer decision stage, thereby making the seller more effective.

Though I had just published The Funnel Principle book I had already several years of experience with clients using our model. Their positive experience inspired me to write the book. They reported higher sales, shorter sales cycles, higher win rates, and more accurate sales forecasting, to name a few.

A customer buying process model is one that defines the major steps or milestones that customers commit to when they make a purchase. Often these are called 'funnel models' because the stages are used in CRM to guide salespeople in populating their funnels. The company can run sales funnel reports, do analytics and forecast.

These models have been around for nearly 50 years. Most were used by marketing departments to better market to consumers. Some popular sales trainers alluded to customer buying in their methods, but the concept was not central to any of the sales methods. The idea lay dormant for decades. Until the BuyCycle Funnel™.

How Did Selling to the Customer Buying Process Become the New Standard?

There are 3 reasons for this.

One – it was the evolutionary reaction by savvy leaders of sales teams to make their teams relevant again. Consider what was making salespeople irrelevant – the internet. With the power of the internet as a fire hose of new information, business to business buyers didn't need salespeople to educate them and help them buy the way they used to. Why suffer through a salesperson's pitch when you could download information online? Why engage a seller who wants to close you when all you want is to be educated? Traditional techniques for selling were steadily losing effectiveness. Sales leaders looked for alternative approaches. With a customer buying process model they could redirect the attention to what was giving them heartburn – how their customers buy. That wasn't sufficient, but it was a necessary start.

Two - savvy marketing departments realized that their email nurture campaigns would be more effective if campaigns were tied to customer decision stages. For example, if a prospect hadn't yet clicked on your site, or downloaded a paper that prospect might be far less likely to entertain a cold call from inside sales. On the other hand prospects that did all of that and also clicked on many other parts of your website might actually be expecting your call any moment. Marketo and Eloqua were pioneers in this. Today any company that provides inbound marketing and sales services like these uses a customer buying process as its foundation.

Three - the power of marketing clout. In 2011 CEB published *The Challenger Sale*. While it's initial shock factor was stating that 'relationship selling is dead', the underlying driver of that claim became the lead story. That is, why relationship selling was dying. As customers became more 'knowledge independent' from salespeople they didn't need salespeople to help them buy like they used to. Customers had less incentive to build relationships with sellers, especially since many weren't paying off. Finally, with everyone's schedules becoming super compressed, it's become harder for salespeople to establish contact early in the process and develop the relationship throughout the cycle.

CEB coined and marketed a fabulous term for what was happening in the customer buying process called 57%. Their Challenger research revealed that customers routinely go through as much as 57% of their buying process before engaging salespeople. The implications are dramatic. Customers are not engaging with salespeople early in the process. Salespeople are therefore not part of discovery and shaping of solution images early. By the time customers engage salespeople they don't add much value beyond price and availability. It's harder to differentiate.

The BuyCycle Funnel™ Model

In 2000, nine years before the Sales 2.0 conference, I created The BuyCycle Funnel™, a customer buying process model. Candidly, I created it because I thought it would make sales people better, but it was my clients who proved to me that it did.

This model is still unique today among all other models that followed.

- *The BuyCycle Funnel™ was the first B2B decision model that used the funnel image to align Stage Matched Selling Activities™ to the sequence of customer commitments when the customer makes a purchase. Selling Power publisher Gerhard Gschwandtner said “You turned the funnel upside down”.*
- *By aligning selling activities to the customer stages the sales activities are more effective. For example, many sellers commit the common mistake of delivering a proposal too early (Stage 1 or Stage 2). But often they think the customer is at Stage 4 or 5 when giving proposals. All the work in preparing and delivering a proposal will likely be lost for a Stage 1 opportunity. The same can be said for doing other selling activities too early like demos, providing samples and doing trials.*
- *The BuyCycle Funnel™ has a unique ‘commit funding’ stage to define when the customer is no longer simply thinking about buying but is now highly likely to buy from someone – if not from you. This stage is pivotal.*
- *It has a stage that defines the ‘economic impact’ of the problem. Customers are more likely to decide to buy when the problem is compelling enough to fix.*
- *Stage Completion Criteria™. Each stage of the BuyCycle Funnel™ has 1-2 simple but critical criteria that help the salesperson know better that the customer has reached or completed a given stage.*

To date we have implemented the BuyCycle Funnel™ and Funnel Principle system with 120 sales teams all over the world. We have as many Fortune 500 client experiences as we have SMB (small and medium sized businesses) client experiences. The range of industries and channel dynamics using the BuyCycle Funnel™ model is wide and diverse.

The BuyCycle Funnel™ Model Isn't Enough

Humbly, we learned over many implementations that the BuyCycle Funnel™ model by itself was not enough. The objective is to change selling behavior, not just stage definitions. Changing selling behavior takes more than just a sound model. We designed a 5 Step Process to drive that change:

- 1. Create with the client a custom BuyCycle Funnel™ model*
- 2. Define the 'management system' or 'playbook'*
- 3. Train everyone*
- 4. Train managers to coach and lead*
- 5. Commit to a cadence of Funnel Audits*

How does the BuyCycle Funnel™ model help sales teams hit quota?

It makes ‘selling methods’ more effective.

The BuyCycle Funnel™ is not a selling method; it’s a sales model that makes selling methods more effective.

Whatever selling methods you use (Miller Heiman, Challenger, SPIN, Wilson, TAS, Complex Sale, Solution Selling, etc) the BuyCycle Funnel™ will make them more effective by giving the salesperson ‘context’. For example, a salesperson shouldn’t have the same call plan for a customer who is 57% through his buying process that he would have for a customer who is 5% through his buying process. He wouldn’t have the same call plan for an economic buyer who has yet to ‘commit to buy’ as he would have for an economic buyer who has made that commitment. The BuyCycle Funnel™ model provides the critical, missing ingredient for sales methods to achieve maximum effectiveness.

The BuyCycle Funnel™ defines selling priorities and drives accountability. It’s a constant challenge to help salespeople prioritize what’s most important, like deals and parts of their funnel that will have the biggest impact on hitting quota. The BuyCycle Funnel™ helps organizations define those priorities. While some salespeople privately resist being held accountable, their managers know accountability is not an option. The sales manager must know that what’s important is getting done, or not. It’s the execution half of the strategy/execution fundamental.

How does the BuyCycle Funnel™ model give more accurate forecasts?

First, The BuyCycle Funnel™ defines the right stage for the opportunity. This fixes the most common and costly mistake salespeople make in managing the funnel. When deals are placed at the right stage the funnel is accurate, and an accurate funnel leads to an accurate forecast.

Second, the funnel directly feeds the sales forecast. Instead of using weighted stage values the BuyCycle Funnel™ gives the manager TVR, Total Viable Revenue. TVR is funnel value. While not all TVR is included in the forecast the forecast comes from deals that are TVR because they've passed the critical threshold of 'commit funding'.

By deploying The Funnel Principle across all sales regions companies reduce forecast variability. The framework rolls up from the salesperson through the front line managers to their supervisor, and on up to the CEO, president or owner. It's the equivalent of all of the musicians playing to the same timing. It makes for great music.

What can you learn from companies using the BuyCycle Funnel™ model?

We've learned a great deal over the past 15 years. We've adapted the model and system as we've learned how clients use it. Here are some top lessons.

1. Simply installing a customer buying process model doesn't magically change selling behavior.

As important as it is to have a model like this for your selling, it's not enough. We've seen many a sales transformation fail because the VP of sales simply changed stage definitions. This is 'intuition pitfall', assuming the stages are so simply defined that salespeople will 'get it'. What's intuitive isn't always acted on. You're trying to change sales behavior, not definitions. Therefore, you'll need to train and continuously coach your sales people.

2. Many customer buying models are poorly designed and ineffective.

I unapologetically pull no punches here. Some models do not even define customer buying stages. They're defined by seller actions. Some models are highly over-engineered, too complicated, and hard to use. And thus don't get used. Many models lack customer commitment as the theme through all stage definitions. Many models don't align selling to buying. Many don't incorporate selling methods into the model. None have a TVR section. All of these add up to being ineffective.

3. A simple buying process model is more likely to be used and mastered than a complicated one.

Perhaps nothing can be emphasized more than how important it is to design a simple buying process model.

We've seen many models that look more like beautiful works of art that belong on an engineer's drafting table. We've learned that while selling is often complicated, the selling solution need not be. The key to using a model to drive selling behavior is simplicity. Put all the effort into post-training and post-design coaching.

4. Co-creating the sales model dramatically improves buy-in and adoption.

This has a big impact on the number one problem for all sales training – getting it to stick.

When I sold for Miller Heiman we did what every other top drawer sales training company did – we flew in and 'taught people how to sell'. The irony of this is that most of my clients would forget more about how to sell in their marketplace than I would ever learn. Who am I to teach them how to sell? Again, all training companies make this mistake.

What can you learn from companies using the BuyCycle Funnel™ model?

But when a client's top salespeople and other subject matter experts are invited to create their company's sales process the buy-in goes sky high. Fortunately we got this right from the beginning, co-creating the BuyCycle Funnel™ model with each client. We have a proprietary process that we take our clients through. This is completed in a 2 day offsite meeting. Later when we provide training to the entire sales organization, the salespeople who attend the 'design' session are the ones that teach the model to their peers.

5. Integrate your selling methods into your customer buying process model.

When selling methods are integrated into the model we see higher effectiveness of the model and higher effectiveness of the sales method. This is why sales methods like Miller Heiman and others are still important. But it's also why some of them appear out dated. Can sales techniques created in a world where the Chevy Cavalier was a top selling car and car phones were the hottest technology be relevant today? Yes. 80% of my clients already have some sales method in use when they hire us to co-create their BuyCycle Funnel™. After integrating their methods into their new BuyCycle Funnel™ they see more effective use of the methods.

There's also a 'context' benefit. For example, when a salesperson calls on the economic buyer the selling method tells her what she needs to know about the economic buyer, but it's her BuyCycle Funnel™ that tells her what

she needs to learn about how the economic buyer goes through her buying process. For example, has the economic buyer committed to buy from someone? Has she yet to determine the business impact of the problem? Is the seller interacting with someone who's not the economic buyer and the economic buyer doesn't yet know about the problem?

6. A multi-point strategy is needed to make the buying process model drive change.

Getting salespeople to adopt a new sales approach takes immense effort. I liken it to a choice between two diets – one, a banana split and the other broccoli. No one argues that the banana split is more appealing. It tastes great and you get that sugar high. But no one argues that a broccoli diet will sustain. And sustaining is what you need in any effort to change the way your salespeople sell. In our experience a multi-point strategy for implementing the changes is needed. You need the right buying process model, training, coaching, CRM, incorporating sales methods, even incentives to make it work.

Let's not forget one other thing that drives this kind of change – sales leadership. Many of our clients are still using our system after 10 years, despite changes in personnel. Their leadership is impressive.

In Conclusion

Shifting your sales team's focus to knowing how your customers buy is a best practice. Using a customer buying process model to do this is a new standard.

The pay off of designing the customer buying process model right is high. The consequence of designing it wrong is severe. When combined with adequate training and ongoing coaching, the right buying process model is key to more accurate sales forecasting and more salespeople hitting budget.

Across sales training firms and thought leaders that provide this service there is wide variation in how customer buying processes are defined. Get help from a company that has deep and broad experience in doing this. Differentiate their experience in other parts of sales training and consulting from experience in designing customer buying process models. Learn their process for creating the model. Be sensitive to how much they include you in the process.



Breakthrough Sales Performance

We are a 20 year sales training and consulting company founded by Mark Sellers. Mark spent 11 years as a franchisee of the Miller Heiman company, leaving in 2007 to publish his book *The Funnel Principle*. He created the BuyCycle Funnel™ in 2000.

Gerhard Gschwandtner, publisher of *Selling Power* magazine called *The Funnel Principle* “revolutionary”.

To date Breakthrough has implemented the Funnel Principle system with 120 sales teams all over the world. Clients include Danaher, ITW, Whirlpool, Smith & Nephew, Hunton Trane, Anderson & Vreeland, Provident, American Pathology Partners, West Pharmaceutical Services, Greenlight Re, Microchip Technology, Printpack, Battelle, Cascades, O’Brien & Gere Environmental Consulting, Valpak, Quadtech, RONA, Deli Express, Cray Valley, Sartomer, Medrad, Bemis, Honeywell, Advantech Europe, Mass Mutual, Radisys, Parker Hannifin, Sarcom, Ingenuity IEQ, Ferro Inc., and Tenneco.

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