



Linking sustainable sales growth to equity value

By Cindy Barnes, Futurecurve and Paul Collins, Equiteq

There is no doubt that the most important factor in maximising value in your business is your ability to forecast sales revenues. As far as any potential investor in the company is concerned, if you can forecast top-line revenue with accuracy, there is a high probability that you can forecast profits. Consistent and reliable growth in profits is the main driver of equity value.

If you want to be able to forecast sales revenues, you need to speed up your sales funnel velocity and, for that, you need a steady and reliable sales pipeline.

Rainmakers and the feast or famine cycle

What you don't need is a rainmaker. But, too often, companies rely on a rainmaker to bring in sales. Rainmakers, the super salesmen with the little black book and the best contacts, are happy to come and work for you – as long as you pay them enough. Sure, your rainmaker will bring in sales, but what happens when his contacts run out? He's off, taking everything he's learned about your company with him. You've had your feast and now it's famine. You can hire another rainmaker, but you'll be stuck in the same cycle and you still won't be able to forecast sales revenues with any accuracy.

So, how do you keep the sales funnel full, achieve a steady and growing flow of sales and profits, and increase equity value? You need to find that subset of potential buyers who are much further down the sales funnel. In other words, warm leads who have a need and a budget now and are ready to select a supplier. Catch a prospect at this stage, and your sales conversion ratios and lead times will improve dramatically.

If you have the right message and can get it to enough of the right audience, they will flock to you in volume

It comes down to getting your marketing and sales right. First of all, marketing and sales have to work together. The traditional power struggle between the two misunderstands their value and purpose. Marketing has a two to five year cycle – it moves ahead of sales, building leads through a range of activities. Sales typically has a six to nine month cycle. When a sale is made, there has to be another lead to follow up. This is what we mean by a full sales pipeline and speeded up sales funnel velocity.

How do you get the right message to the right audience? You deliver joined up marketing and sales.

Delivering joined up marketing and sales that delivers results

1. Develop your go-to-market strategy. This is the foundation of all of your sales and marketing activity. Many companies are good on tactics but short on strategy. You need both. Choose the best markets for your product, understand how to enter them and put in place an integrated sales and marketing approach that you can execute well.

2. Create winning value propositions. You and your main competitor have similar market offerings. You know that yours are good. But how do you create competitive advantage and persuade the customer to choose you? Winning value propositions are the ultimate voice of persuasion. Most people think having a good product is enough. Not so. The marketplace is crowded. To make your offer stand out, your value propositions have to make clear, succinct statements about your value-creating offer. A winning value proposition, tells your customer about the value your offer gives and the benefits they will receive. It's a differentiator.

3. Create your own markets. Traditionally, marketing has focussed on gaining a share of established markets. In the increasingly fast-moving world of business-to-business technology, marketing is about market creation, not market-sharing. If you can identify commercially compelling opportunities that are in a clear space away from the competition, you will give your company an uncontested niche. Be innovative. Find your own space outside the confines of existing markets

4. Target your marketplace activity to bring in warm leads. The basics of good lead generation are a good database and a good understanding of what kind of activity will attract good contacts to you. The purpose of your marketplace activity is to push out information to potential prospects who you want to pull in as contacts. If your activities are precisely targeted at your chosen market segment, you will make good contacts who will, ideally, be warm leads. If you engage in regular marketing activities, you should have a constant stream of warm, valuable leads.

5. Understand the prospect's pain. Understanding your prospect's pain lies at the heart of good selling. Where does it come from? Why do they have it? How can you make it go away? The pain may be functional – 'I can't get this machine to work and it's stopping our production'. Or it may be personal, 'It's stopping production and I will look incompetent, stupid and might get fired.' When you have identified the pain you are on your way to making the sale. Learn to listen. Build rapport. Use your interpersonal skills. Respect your customer: a selling relationship based on mutual respect will help you close more sales faster.

6. Take control – and learn to walk away. Managing your sales pipeline is all about understanding your sales process and taking control. In business-to-business sales, being consultative and listening to customers will improve your ability to qualify leads and that, in turn, will speed up sales funnel velocity. If you truly believe that what you are providing is valuable and that you have the necessary knowledge, skills, solutions and products to make a real, tangible difference to your customer,



you won't give away your knowledge, attention or time to prospects that are not going to buy. Focus on prospects who give you early commitment. If they want what you are selling, they will commit. If they won't commit, walk away.

The rewards for getting it right

Get it wrong and you are stuck in a feast and famine cycle. Sales and marketing fight over resources and budget. The rainmaker makes sales and moves on. Get it right and you have a joined up marketing and sales process understood by the business, utilising the skills of people who understand what is expected of them. You have an opportunity to develop warm leads keeping a full and fast moving sales funnel and bringing in business consistently. And as a reward you can show potential investors that you can forecast sales revenue and that will increase your equity value.

About the authors

Cindy Barnes founded Futurecurve following six years with Capgemini in various roles including Business Development Director and Marketing Director. She created a new business unit for Capgemini that led to sales of £83m and a pipeline of £309m from a zero start in 12 months.

Paul Collins founder of Equiteq is a renowned speaker on growing and selling consulting firms and is one of the few people in the UK to successfully grow and sell a consulting firm. 30% of his business WCI was sold to a venture capitalist at an enterprise value of £50m in 2002.