

# IMPROVING SALES PIPELINE PERFORMANCE THROUGH ENHANCED VISIBILITY

LEVERAGING ANALYTICS TO FOCUS  
ON THE RIGHT OPPORTUNITIES

SAP White Paper  
Customer Relationship Management

THE BEST-RUN BUSINESSES RUN SAP™





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## Overview

For companies with complex sales cycles – in high technology, industrial machinery, and advanced materials, for example – improving sales pipeline performance is essential for achieving revenue growth. But these firms face significant challenges determining which accounts should be the highest priority, what actions will advance the sales process, and how best to ensure internal alignment to achieve a healthy distribution of pipeline opportunities.

By pursuing best practices and deploying the right software to manage pipeline performance proactively, companies can attain real-time visibility into opportunities across discrete sales stages. These companies can leverage analytics to attain data-based insights into their pipeline and immediately take actions to achieve measurable improvements to sales pipeline performance. Such actions include optimally deploying sales teams across territories to improve the quality of opportunities, accelerating the advancement of opportunities from one stage to the next, and further leveraging pipeline data to improve team performance. Taking these key steps, companies are well positioned to better penetrate target markets and achieve their firms' goals for profitable growth.

# IMPORTANCE OF ENHANCING PIPELINE PERFORMANCE

## ADDRESSING THE CHALLENGES OF COMPLEX SALES CYCLES

In a complex sales cycle, it's important to understand the discrete stages for converting a lead to a sale, which will vary in different markets.

The success of any business depends on acquiring, growing, and retaining profitable relationships with customers. To this end, companies need their sales teams to establish the requisite connections with the account base, attain a deep understanding of customer requirements, and ultimately win sales.

But efficiently and effectively focusing a sales force on the right activities is increasingly difficult, especially in complex sales cycles. When the sales force is pursuing many opportunities, each involving multiple steps to close a sale, determining which accounts to pursue and how to manage the sales pipeline becomes a significant challenge.

The main problem, quite simply, is the fact that customers are considering myriad alternatives to your offerings. With rising global competition and an increasing proliferation of products, customers must navigate through an enormous amount of information to find the solutions that most clearly meet their expectations.

And those expectations are rising. Customers today can very easily use the Internet to compare your products to those of your competitors. As they face intense margin pressures of their own, customers are spending more time deeply analyzing alternatives and synthesizing their own approaches – ensuring that the products they buy will meet their growing needs.

The consequences of fleeting customer attention, as companies with complex sales cycles know all too well, include lengthening sales cycles, stalled opportunities, and quarters that bring unpleasant surprises. The easy answer is to spend more time with your customers and more fully understand their needs – but, of course, this is a vast oversimplification. Salespeople have limited time. Managers need to consider how best to allocate that time to enable their reps to help customers recognize the benefits of company offerings and support the firm in achieving more accurate revenue predictions.

Most companies dealing with complex sales cycles have limited visibility into the pipeline and an incomplete understanding of the end-to-end process involved in selling their products. According to Gartner Inc., “Through 2010, on average, enterprises will miss the equivalent of 10% of total annual sales in ‘lost opportunity’ revenue that could have been captured as a result of better visibility on sales activities and insight into target markets.”<sup>1</sup> In fact, only through access to the right data can companies begin to address the gaps.

1. Michael Dunne, “Sales Analytics: Turning Insight Into Opportunity,” Gartner Customer Relationship Management Summit (2006), September 2006.

# BEST PRACTICES FOR ENHANCING PIPELINE PERFORMANCE

## ENABLING ALIGNMENT AND ENSURING RESULTS

You can pursue a straightforward set of actions to improve pipeline management. These actions, which are best executed when supported by a pipeline performance management application, are as follows.

### Know Your Sales Process

In a complex sales cycle, it's important to understand the discrete stages for converting a lead to a sale, which will vary in different markets. A complex sales cycle might be one where multiple stakeholders are involved, for instance, and there is a significant risk of needs and solutions changing during the sales process. Examples of the stages of the cycle include identifying a prospect's specific set of needs, qualifying the prospect to ensure that your products match both needs and budget, and final decision making. Understanding how to advance the process from one stage to the next is essential, allowing you to anticipate when the prospect will want additional information and when to take action to move decision makers toward a purchase.

For each of the sales stages, another key is to anticipate the time necessary to advance from one stage to the next. This helps determine whether a specific opportunity is on track or stalled. You can also identify opportunities that seem to be moving too quickly, perhaps indicating that a customer is using your efforts largely to gain leverage with your competitors.

### Achieve Real-Time Visibility into Opportunities

In any dynamic business environment, sales opportunities will shift over time: new opportunities will emerge, and existing ones may decline in priority. Achieving real-time visibility into these opportunities lets you respond quickly with appropriate resources. You need to know the current profit potential of each opportunity, the prospect's position within the sales process, and the up-to-date activity history.

Besides offering insight about specific opportunities, good visibility can shed light on the overall health of your pipeline. A healthy pipeline should have a balanced distribution of opportunities across the sales stages, thereby enhancing the chances of meeting targets. Given timely visibility, management

can address an uneven distribution before it has an adverse impact on revenue and resource planning.

### Establish a Rigorous Process to Plan and Monitor Performance

Clearly, understanding your sales process and achieving visibility into opportunities are necessary conditions for improving pipeline performance. However, performance can only truly improve if this information is leveraged in the context of your internal sales planning and execution process.

As noted in Figure 1, management is responsible for establishing revenue targets by sales rep – the starting point for the pipeline management process. Management must also ensure that the right reps are assigned to the right accounts and that proper organizational alignment is established.



Figure 1: Sales Pipeline Management Process Flow

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Alignment means that management and sales staff are taking interrelated actions to achieve company goals – and that depends on metrics that go deeper than simply high-level revenue targets. Examples of such metrics include sales targets, the number of leads in the pipeline, the percentage of reps who are meeting quotas, and pipeline velocity. (Pipeline velocity refers to the rate at which opportunities move through the sales process, from leads to booked revenue.) This information should be provided to management as well as to individual sales reps as appropriate, thus facilitating aligned actions.

Armed with this information, you can determine the appropriate actions – such as assigning a new rep, dropping the opportunity, or contacting decision makers directly to better understand their needs. You can also take actions when necessary to ensure a more con-

sistent distribution of opportunities across sales stages. Finally, you can initiate discussions to refine your approach to pipeline management to ensure that company resources are spent wisely.

#### Merge Analytics and Action

With the appropriate foundation of visibility and real-time data, companies can be more proactive with their planning, merging analytics with action. For example, you can simulate opportunity changes and pursue what-if scenarios for closing pipeline gaps. You can trigger the right actions to resolve anticipated issues – ensuring that your sales force is properly aligned across territories, and that collaboration with marketing enables identifying customers with the highest propensity to buy. Through these actions, you can keep stakeholders fully informed and ensure that targets are met.

# AN INTEGRATED APPROACH

## SUPERIOR END-TO-END PIPELINE PERFORMANCE MANAGEMENT

An information system that enables pipeline performance management starts with sales opportunity data, which typically is managed using a company's customer relationship management (CRM) software. With the CRM solution as the foundation, companies can enhance pipeline performance with a variety of CRM-related processes. For example, call center agents can be equipped with real-time information that helps them communicate with customers in support of sales objectives. And marketing can execute campaigns that use the CRM-based opportunity data for targeting the right prospects with offers that further the sales team's goals.

Through its connection with CRM, you can also link pipeline performance to a broader set of company processes, including establishing sales forecasts, executing trade promotions, and developing strategic plans. By continuously innovating end-to-end processes, companies can enhance sales pipeline performance to achieve a sustainable advantage.

### Pipeline Performance Management with SAP® CRM

The pipeline performance management features of the SAP® Customer Relationship Management (SAP CRM) application provide sales professionals and managers with functionality they can use to analyze their pipeline, identify opportunities, and simulate what-if scenarios. Instantly, they can trigger the right actions to resolve issues and help reps meet targets. They can use

criteria tailored to specific business processes to ensure that efforts concentrate on opportunities that drive higher profitability. They can save time by quickly determining which less-valuable opportunities to abandon and which high-value prospects to pursue.

The solution allows managers to track performance based on a range of metrics including churn rates, quotas, and expected year-over-year growth. They can view interactive real-time charts encompassing targets achieved to date, the pipeline filtered by sales stage, recent changes in the pipeline, and more. SAP CRM features simple-to-use navigation through interactive analyses, allowing managers to identify and follow up on relevant opportunities – effectively merging analytics and action into one application.

SAP CRM is integrated with the full array of SAP solutions covering enterprise resource planning, supply chain management, and many others. Thus, through its incorporation into SAP CRM – and its central position in the lead-to-order process, in particular – pipeline performance management plays a key role in enhancing the performance of processes throughout the enterprise.

### Find Out More

To learn more about how SAP can help your company improve sales pipeline performance through enhanced visibility, call your SAP representative today or visit us on the Web at [www.sap.com/crm](http://www.sap.com/crm).

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