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## PROSPECTING Best Practices for New Business Acquisition

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*"A journey of a thousand miles begins with a single step." – Lao Tzu*

AchieveGlobal recently completed a global, two-year study on the challenges facing today's sales organizations. One common theme emerged in this study time and time again: The urgent need to generate new business more proactively. Sales leaders around the world agreed that although there may have been a time when salespeople could succeed operating as passive and efficient order-takers, this is clearly no longer a viable role. Customers today are more informed, selective, and demanding than ever before. In order to successfully compete for the business of customers who have options, top performing salespeople should no longer count on the fact that their customers will always remain their customers. Success, by today's standards, demands that you proactively build new relationships—and nowhere is there greater opportunity to generate new business proactively than through a professional approach to prospecting.

Prospecting is the first step in many, if not most, long-term client relationships. The act of prospecting can include many things for many people. However, prospecting should never involve cold calling. Cold calling implies contact-

ing a prospective client without any background information, which is like walking into an interview without any knowledge of your prospective employer's business. How would you know what questions to ask? How would you know what comments would pique their interest? What kind of foundation would you be standing on as you begin your conversation?

What's more, prospecting does not involve selling. Selling involves having mutually beneficial conversations with customers about their needs. Prospecting, on the other hand, is simply the process of combining research and compelling communication skills to earn the right to have these kinds of conversations with customers.

So, prospecting is clearly important—in fact our research indicates that prospecting is most important for salespeople in business-to-business selling, those selling larger deals, and those who target higher level decision makers. But is it happening? Although most salespeople can see the benefit of prospecting, the majority of them do not have the time to

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do it, as putting out fires and maintaining current accounts seems to monopolize their day. Many salespeople cite the biggest challenge involved with prospecting as finding the time to do it. In fact, even those who find prospecting important to their success as a salesperson spend less than four hours a week on prospecting activities. This disturbing trend was uncovered in a September 2004 survey\* AchieveGlobal conducted with salespeople, sales training managers, and sales managers. The objective of the survey was to better understand the current usage and attitudes toward prospecting.

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## OVERCOMING THE OBSTACLES TO PROSPECTING

Why are salespeople spending so little time on prospecting? Our research shows what every sales manager and salesperson knows: They feel uncomfortable doing it. In the September 2004 survey, AchieveGlobal asked salespeople what is the most difficult part of making a prospecting call. Almost all of the respondent groups—those who are in business-to-business sales and those who find prospecting important—said motivating themselves to prospect was one of the top obstacles they faced. Prospecting is not typically something that salespeople like to do and they have a hard time motivating themselves to do it.

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\*See page 9 for more detail

However, this is not the case when managing existing accounts. There is a level of emotional comfort that a salesperson feels when working with an existing client. A certain level of trust exists and, if the salesperson has carefully cultivated this relationship, the client views him or her as a trusted advisor—one who is a stakeholder in the success of their business. The salesperson could spend 100 percent of his or her time maintaining and cultivating existing client relationships because he or she feels confident and comfortable doing it—and, quite possibly, enjoys doing it.

**“Obstacles are like wild animals. They are cowards but they will bluff you if they can. If they see you afraid of them . . . they are liable to spring upon you; but if you look them squarely in the eye, they will slink out of sight.” – Orison Swett Marden**

However, ask this same salesperson to prospect and there is a better than average chance that he or she will physically tighten up, become less confident, and—at another basic emotional level—hate doing it. Ironically, though, making that first call is the first step in creating a business relationship. And after the first introduction, careful cultivation could result in a long-term relationship with great revenue potential.

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## THE PROSPECTING PROCESS THAT PAYS OFF

So, why prospect if it feels uncomfortable? Because sales organizations have too much to lose. One sure way to overcome the obstacles related to prospecting—whether it be at the emotional level of motivating yourself to do it or at the practical level of finding the time to do it—is to have a plan and a process in place to carry it out. Although prospecting is often associated with “cold calling” or just “making a phone call,” you’ll soon see that it is much more than that.

Through our research, Achieve-Global has identified a three-phase prospecting process with separate goals and activities for each phase. Making the first phone call is just one part of the process.



- **Prepare:** During the Prepare phase, the salesperson gathers appropriate information on the prospective client in order to target his or her calling efforts most effectively, establish credibility, and boost confidence in his or her ability to engage in conversation once contact has been made.
- **Contact:** Armed with information gathered in the Prepare phase, the goal in the Contact phase is to develop techniques that will allow the salesperson to successfully reach the right person; then, use effective communication skills to make a strong first impression on the client.
- **Assess:** Like all skills, prospecting skills take time to develop. During the Assess phase, the salesperson analyzes his or her overall prospecting plan, as well as the skills used in individual calls, in order to determine what is working and what should be changed.

## PHASE 1. PREPARE: CREATING THE FOUNDATION FOR SUCCESS

*“Talent alone won’t make you a success. Neither will being in the right place at the right time, unless you are ready. The most important question is: are you ready?” – Johnny Carson*

Before you make that first call, you must determine if you are ready. First impressions are everything; therefore, preparation is the key to successfully making the best first impression on a potential client. Prospecting has long been known as a game of chance—a numbers game of “smiling” and “dialing,” which usually makes for a horrible first impression on the potential client and, consequentially, produces a higher rejection rate. Furthermore, this random dialing approach consumes much of a salesperson’s time with potentially few successful calls to show for the efforts made. As stated earlier, our research revealed that the number one challenge salespeople face with the prospecting process is *finding the time to do it* (see figure 1). Preparation is crucial for making the most of your prospecting efforts—and if you do prepare, then prospecting may not take as much time as it otherwise would and you will likely find the time to do it.

FIGURE 1

*Biggest Challenge Faced with Prospecting Process*



Successful prospecting involves saying the right things to the right people in the right way—but doing so takes preparation. Preparing for a call ensures that the salesperson has identified clients who have the greatest need for their organization's products and services. It also helps the salesperson determine how best to go about getting in touch with the right person in those organizations. What's more, it improves the chances that the salesperson will be able to conduct prospecting calls in a way that will intrigue prospects and increase his or her chances of getting a meeting.

According to the *Sales Effectiveness Insight Report* that was conducted by CSO Insights, more of the burden for finding prospects is falling on salespeople, and the majority of sales managers (75%) say that their sales organizations and support staff are only doing an average (45%) or poor (30%) job of generating new leads. The study also reported that of salespeople's ability to properly qualify prospects, almost half (48%) of the sales managers said that they are doing an "average" job and almost a quarter (22%) said they are doing a poor job.<sup>1</sup>

So, how do you identify your ideal prospect? Best practices include using research to obtain qualification criteria: What does the prospect need? What business issues are they facing that your product and/or service could address? Once you have obtained the appropriate background research, you can begin to distinguish the potential needs behind the business issues and qualify your leads according to the appropriate fit of these needs and your products or services.

Once you identify your target prospects, what is the best approach for getting in touch with them? A prepared salesperson will create a prospecting call plan that includes whom to call, as well as how to get access to that person. This might involve asking for referrals, gaining an inside advocate, working with gatekeepers and screeners as allies, and using innovative communication strategies for getting noticed.

Finally, once you have the prospect on the phone you must know what to say. No matter how much research and qualifying is done before a call, a bad first impression will be made if there is not a detailed list of things to discuss with the prospect. Therefore, why not have a script? Having some type of template will lessen the hiccups and help build credibility, not to mention confidence.

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## PHASE 2. CONTACT: FIRST IMPRESSIONS ARE EVERYTHING

*"A short saying oft contains much wisdom."  
– Sophocles*

During the Contact phase, the salesperson's objective is to engage, explore, and request action within a relatively short period of time. In the first contact, the salesperson attempts to engage the prospect or "spark his or her interest" to develop rapport and build trust in order to achieve the ultimate goal: a first sales call. The salesperson must then overcome many difficult conditions. The salesperson's attitude throughout the call will greatly determine its success.

AchieveGlobal's September 2004 study revealed that sparking the person's interest is a concern of many salespeople when it comes to the Contact phase of prospecting. The salesperson can take several steps to ensure that the prospect is interested in continuing the telephone conversation. For example, the tone of voice and pace of the conversation is crucial to the overall tone of the call. It's also critical to let the prospect know the purpose of the call and ask him or her for permission to hold a discussion. The key is to leverage your research and, in as few words as possible, give a purpose

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<sup>1</sup> Sales Effectiveness Insight – 2004 State of the Marketplace Review: surveyed 1,337 professionals directly involved in the management of their organization's sales force regarding their assessment of how well their sales teams were performing.

statement that will intrigue the prospect and clarify the value in speaking with you further.

The last objective of the Contact phase provides the salesperson with the opportunity to gain permission to move from prospecting to sales—which is the call to action. In order to understand how to achieve this objective, it is helpful to look back at the Prepare phase of the prospecting process. In this phase, assumptions are being made about the prospect. After successfully engaging the prospect and receiving permission to move forward, these assumptions can be explored through effective probing questions—perhaps confirming some and disputing others. The goal of this exploration is to help both the salesperson and the prospect come to a mutual decision on whether it makes sense to start a sales cycle—if so, the request for that action is made here.

### PHASE 3. ASSESS: WHAT WORKS AND WHAT DOESN'T?

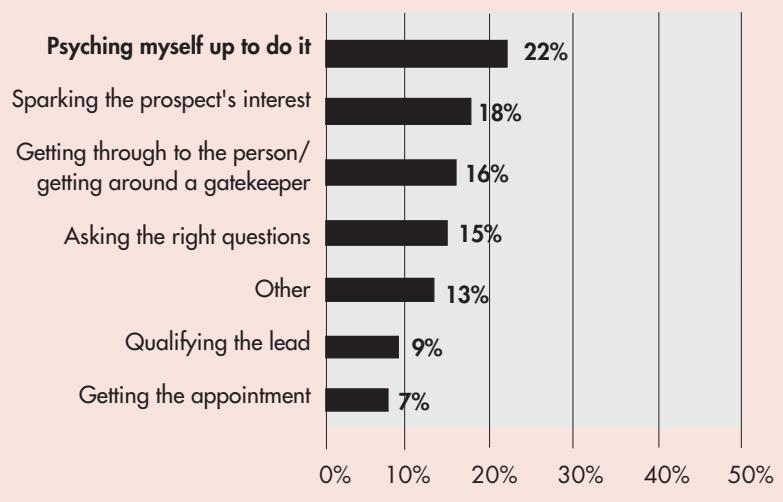
*“Learn from yesterday, live for today, hope for tomorrow. The important thing is not to stop questioning.” – Albert Einstein*

In the Assess phase, the salesperson measures the success of his or her individual calls and overall prospecting success by evaluating competency levels at each of the prior two phases.

**Prepare:** This includes asking such things as: How well did I know the business needs of the prospect before I made contact? Was I able to gather specific names from screeners? Am I adequately weeding out unqualified prospects before I pick up the phone?

FIGURE 2

*The Most Difficult Part of Making the Prospecting Call Itself*



**Contact:** Questions to ask regarding this phase include: How many calls did I make this week that turned into appointments? How successful was I in engaging the prospect in these calls?

Prospecting is not easy. If it was, our research wouldn't have shown such a resistance to it. But, it can become easier if a salesperson takes the time to step back after completing several calls and consider what worked and what didn't.

In fact, our research showed that the number two challenge salespeople face when it comes to the prospecting process is tracking prospecting activity and evaluating success.

Unfortunately, there is no one perfect place to start evaluating. The key is to make sure that all steps in the first two phases of the prospecting process are reviewed.

In fact, when we interviewed sales managers on the relative importance of key prospecting skills, they indicated that all activities related to prospecting preparedness and the actual call itself

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were important to them. The assessment of these two areas will help ensure continued success in the salesperson's prospecting activities.

To create a framework for assessment, several best practices have been identified for reviewing salespeople's overall prospecting efforts. There are two levels that assessment should include: the prospecting process overall and the individual calls themselves.

Best practices for evaluating the overall prospecting process include:

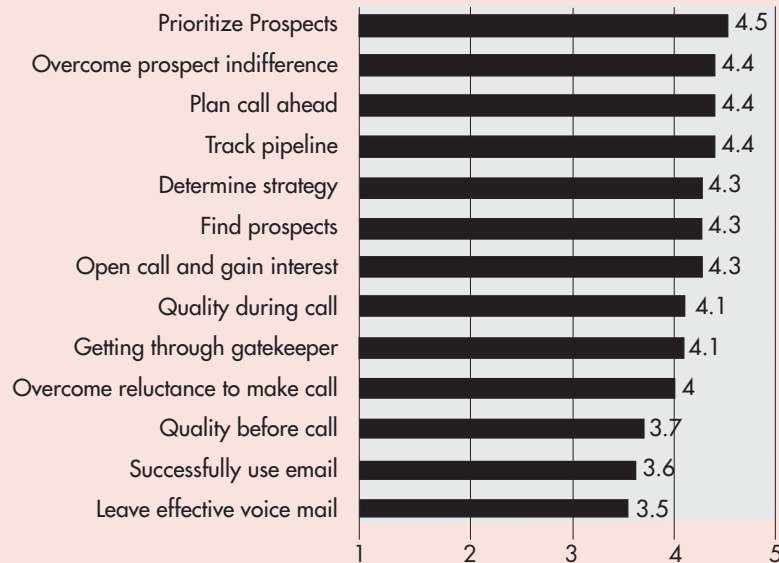
- Determine the accuracy of one's goal for the number of prospecting calls to make.
- Track calls and success rate (the ratio of calls made to appointments set and number of completed calls: situations when prospecting calls advance to sales calls in the same conversation).
- Monitor proper usage of skills.
- Create an improvement plan.

The most valuable criterion for evaluating the individual call is whether or not agreement was reached to set up a next appointment. If agreement was reached, what did the salesperson do that was particularly effective and could this be applied to additional calls? If an agreement was not reached, what could have led to this outcome and how could this situation be avoided in the future?

The answers to these questions will help guide the salesperson toward acquiring his or her own best practices for prospecting. Learning should revolve around what has worked and what has not, and this information should be shared to improve not only the individual's performance, but that of the entire sales organization.

FIGURE 3

*Importance for Sales Force to Master Activities*



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**MANAGER'S INSIGHT: Are your salespeople engaged in professional prospecting or a numbers game?**

**What You Can Do**

Below is an assessment to help gauge the effectiveness of your team's prospecting efforts.

*Rate your sales team on the factors below: (1 = ineffective, 5 = very effective)*

**Prepare**

- 1. Regularly reviews funnel in order to gauge the prospecting effort needed. 1 2 3 4 5
- 2. Creates specific goals and plans for prospecting activity (e.g. # of calls to be made). 1 2 3 4 5
- 3. Actively sources new leads through a variety of means. 1 2 3 4 5
- 4. Regularly asks for and uses referrals as a source of leads. 1 2 3 4 5
- 5. Filters leads to identify viable prospects. 1 2 3 4 5
- 6. Identifies business issues that impact their customer and prospect base. 1 2 3 4 5
- 7. Prioritizes their prospects to focus efforts on the most qualified. 1 2 3 4 5
- 8. Creates and uses strategies for finding and accessing hard to reach decision makers. 1 2 3 4 5

**Contact**

- 9. Engages prospects in a compelling way that gains their interest when opening the prospecting call. 1 2 3 4 5
- 10. Uses phone time to briefly explore business issues that may be relevant to the prospect. 1 2 3 4 5
- 11. Requests specific action at the conclusion of the call, such as asking for the meeting. 1 2 3 4 5
- 12. Finds ways to continue meaningful conversation when the prospect is indifferent to speaking with them. 1 2 3 4 5
- 13. Works with screeners to establish relationships and obtain information, as well as access to decision makers. 1 2 3 4 5
- 14. Uses probing skills to qualify prospects during the sales call. 1 2 3 4 5

(continued)

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|--|---|---|---|---|---|
| 15. Leaves voice mails that are clear, concise, and gain the prospects' interest, while presenting a positive image. | 1 | 2 | 3 | 4 | 5 |
| 16. Writes e-mails that are clear, concise, and gain the prospects' interest, while presenting a positive image.     | 1 | 2 | 3 | 4 | 5 |

**Assess**

- |  |   |   |   |   |   |
|--|---|---|---|---|---|
| 17. Continually analyzes their prospecting calls for skill improvement opportunities.  | 1 | 2 | 3 | 4 | 5 |
| 18. Calculates metrics for assessing prospecting success (close rates for example).  | 1 | 2 | 3 | 4 | 5 |
| 19. Regularly revisits and revises their prospecting plans (e.g. to try new techniques or to focus on a different segment of prospects). | 1 | 2 | 3 | 4 | 5 |
| 20. Manages prospecting as an ongoing process rather than a series of cold calls.  | 1 | 2 | 3 | 4 | 5 |

**TOTAL**

**Total Your Results**

*If your team scored . . . then you might want to . . .*

- 80-100** Focus on fine-tuning individual efforts and sharing best practices among the team.
- 60-79** Target specific improvement opportunities and use managerial reinforcement to ensure consistency.
- 40-59** Focus your efforts on incorporating a prospecting process and improving one skill or element at a time.
- 20-39** Revisit how prospecting can be integrated into the everyday work activities of your sales-force.

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## CONCLUSION

*“Genius is one percent inspiration and ninety-nine percent perspiration.” – Thomas Alva Edison*

As stated earlier, there is an urgent need for sales organizations to generate new business more proactively. Nowhere is there greater opportunity to generate new business than through a professional approach to prospecting.

In order to successfully prospect, you must be committed to working the process and also willing to overcome some of the psychological obstacles that might be holding you back. But if you make the decision to be fearless and commit yourself to working the core concepts, **Prepare**, **Contact**, and **Assess**, you will have the tools needed to succeed, plain and simple.

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## ABOUT THE RESEARCH

An overview of the key research studies that provided the foundation for this report.

### Surveys with Salespeople

Using the subscriber base of *Sales and Marketing Management* magazine, a total of 300 responses to a Web survey were collected in September 2004. The main purpose of this study was to develop an overall understanding of the role prospecting plays in a salesperson’s sales activities. To do so, we focused on the following metrics:

- The attitude toward prospecting
- The time spent on prospecting
- The challenges faced with prospecting

The study focused on salespeople representing a wide variety of sales organizations:

- High-involvement business to consumer
- Business to business
- Retail

The study respondents also represented a wide variety of industries, including:

- Finance
- Insurance
- Healthcare
- Retail

### Surveys with Sales Managers

Utilizing AchieveGlobal’s global client base, a total of 56 interviews were completed in September 2004. The study focused on sales training managers and sales managers, and its main purpose was to understand the concerns of those responsible for training and developing sales people. Here are some sample questions:

- What is most important for salespeople to master in the prospecting process?
- What types of prospecting training is currently provided and what is planned on being offered in the future?

### Organizational Research Study

Over an 18-month period between the years 2002 and 2003, AchieveGlobal interviewed more than 150 individuals within 16 organizations. In addition, AchieveGlobal partnered with a research organization affiliated with Forrester Group in order to interview 500 IT buyers in mid-sized organizations so we could compare customer views on selling with sales strategies.

The main purpose of this study was to understand the challenges sales organizations face and how they are responding to these issues.

To do this, we focused on the following areas:

- **Sales organization structures:** What channels to market were utilized and why?
- **Sales management:** How were managers selected? How might this be different than in the past?



- **Sales skills requirements:** What kinds of sales skills were/are/will be necessary in order to achieve the benefits of the strategies being implemented and meet customer requirements?
- **Adoption and usage of sales technologies:** How advanced is their use of CRM/SFA? What challenges has it posed?
- **Changes in customer behavior:** How has the marketplace changed over the last five years? What will be different five years from now? How have you—and will you—change your sales organization to meet these challenges?
- **Selling processes and practices:** What is the selling approach? How is this unlike—or like—competitors? How will this change in the future?

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## ABOUT THE AUTHORS

**Anne E.P. Smith** is a manager for AchieveGlobal's Research Group. She is responsible for maintaining in-depth knowledge of AchieveGlobal's customer base, including customer satisfaction and applicable vertical market intelligence.

Anne's professional background includes eight years in medical publishing where she held positions in sales, marketing, and market research. Her responsibilities in these positions honed her skills in business development, promotion, and market analysis.

She earned a bachelor's degree in English from the University of Maryland, College Park, holds a Principles of Market Research certificate, and is a graduate of the Fundamentals of Moderating course from the RIVA Training Institute.

**Seleste Lunsford** is the senior product manager for AchieveGlobal's sales performance portfolio of products and services. She manages the identification, design, development, and maintenance of foundational and advanced products for sales professionals.

Seleste's professional experience includes positions in sales, product management, marketing, and management consulting. Her responsibilities in these positions led her to become proficient in strategic planning, market analysis and business case development, process redesign, and product design and development.

She has worked with organizations in a wide variety of industries, including financial services, training, and IT services.

Seleste has contributed to numerous articles in national publications, including *Selling Power* and *Pharma Voice*, and is a regular presenter at business conferences on making sales performance a success in organizations. She has co-authored a book regarding best practices in sales, *Secrets of Top-Performing Sales People*, recently published by McGraw-Hill. Seleste also has co-authored a book, *Strategies That Win Sales*.

She earned an MBA from Florida State University, where she also earned a B.S. in physics.

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## **ABOUT ACHIEVEGLOBAL**

AchieveGlobal helps organizations translate business strategies into results by improving the performance of their people. Clients worldwide rely on AchieveGlobal's proven expertise in leadership development, customer service, and sales effectiveness. By implementing research-based learning solutions, AchieveGlobal empowers clients to successfully develop leaders and acquire, grow, and retain profitable customer relationships.





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