

# Managing the Sales Cycle

The commercial records-management industry has settled on the assumption that the standard sales cycle is six months. Why does the industry believe this and why is it, in fact, a myth? This article discusses the assumption and its far-reaching implications.

## On Myth and Belief

In J.R.R. Tolkien's popular work, *The Fellowship of the Ring*, Gandalf the Wizard tells readers that the epic begins as story, then becomes tradition and, finally, myth. In a PBS special hosted by Bill Moyers, the great mythologist Joseph Campbell called myth "a principle of human existence." We hand stories down as myth and metaphor, and over time they become "truth."

Ask anyone in any business why he performs a particular task the same way every day and he will usually tell you "Well, we've always done it that way." Practices, theorems and beliefs are handed down through families, cultures and industries and become truths, too.

## The Sales Cycle

If you have been in or around the commercial records-management industry, you have heard the prime myth that the records-management sales cycle is a six-month process. Why do you suppose the industry declares this? Because everyone believes it's true. But I have discovered it does not have to be six months. It can be 60 days with a 30-day implementation.

Entrepreneurs built the commercial records-management industry in its early days. These pioneers went out and built their businesses with hard work and without regard for strategy or tactic. We do not have that luxury in today's business environment. We now know the duration of an uncontrolled sales cycle is left to the buyer to determine. Major sales organizations such as IBM, Xerox and others have adopted formal sales methods that ensure control of the sales cycle. You, too, must take control of the sales cycle if you expect to manage it.

A controlled sales cycle that works ensures we direct customers through it at our own pace. We must change the nature of the sales cycle to one we control. How about a 60-day sales cycle that includes only prospects who will buy?

Sales-cycle management requires three principal ingredients: a professionally trained salesperson, a precise sales-cycle process, and measured and managed results. I personally subscribe to a seven-step sales method. The first step (identify prospects and make initial contact) is the most essential. It is here I separate suspects from prospects. I prefer to have 25 qualified prospects than 2,500 suspects in my sales cycle.

By step three (understand customer requirements), I want at least a 75 percent close rate. To ensure this, it is imperative the sales cycle be managed. Owners must understand the value as annuity revenue before they can accept such rigor in a sales cycle.

I have often written that the commercial records-management industry is the most misunderstood I have ever encountered. When people finally understand the annuity nature of the business, a light bulb clearly comes on over their heads. They say, "You mean the revenue is permanent and grows every year?" In a self-storage business, revenue can fluctuate seasonally because the term of the contract is usually 30 days. Records-management contracts are usually one- or two-year contracts with evergreen clauses that reissue the contract automatically at the end of the term. Permanent-retrieval fees ensure customers for life.

### **The Consultative Selling Process**

The application of a consultative selling process to your sales representatives' activities is essential for the short- and long-term success and of the annuity growth of your commercial records center. There are a number of benefits to be derived from using a consultative selling process:

- The consultative selling process focuses on solutions. It helps sales representatives uncover and address the needs and requirements of their clients. It helps them develop sensitivity to the prospect's "pain." The process also supports a focused approach to solutions.
- The process is a systematic, proven, measurable approach to sales activities. It has been and is used with great success throughout corporate America and Europe.
- It is a straightforward process--easy to learn and easy to use. It provides reliable tools and techniques for teaching sales representatives how to sell in a professional, consistent and predictable manner.

It is only when you direct the events of the sales cycle that you can predict its success. Selling has direct and indirect costs attached to its processes. Not only must we measure its costs, but also its value. Selling should never be mysterious. By managing the sales cycle, we can make it 60 days rather than six months.

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### **The Seven-Step Sales Method**

**Step 1: Identify prospects and make initial contact.** Create the prospect list from the resources available (i.e., Yellow Pages, chambers of commerce, local business guides and the Internet). Establish rapport with your customers and create an environment amenable to them accepting you as a preferred provider of records- management services.

**Step 2: Qualify customer interest.** Gain an understanding of your prospects' organization, identify key decision-makers and influencers, and develop an interest in

your services by explaining the customer-needs assessment (CNA) method. Get permission to perform the CNA.

**Step 3: Understand customer requirements.** Conduct the CNA, analyze the data and verify it with your client. This is the most important step because it is here that you make sure all client needs are met--especially those of the process owner and decision-maker. If there is little or no interest after this step, you may decide to discontinue the sales process.

**Step 4: Determine client solutions.** You should not have presumed any solutions until this point. You have just uncovered the problem that causes the customer pain. Step four is for developing the solution to alleviate that pain.

**Step 5: Present proposal and justification.** The purpose of this step is to develop and begin the implementation of a work plan, prepare the proposal documents and cost justification. The work plan forms a logical basis for presenting the proposal based on the customer's needs and stated requirements.

**Step 6: Negotiate to close contract.** Negotiate the terms of the agreement, clarify any issues and time frames, have the customer sign the contract and process the order.

**Step 7: Management/implementation.** Make sure all of the customer's requirements are met. The customer must be trained on the systems. The initial batch of records is reconciled and business begins.

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