Sales Pipeline Approach

Sales Revenue is the lifeblood of every commercial organisation.

The receipt of Clean Sales Orders is an essential prerequisite for revenue generation.

Management tend to focus attention and reporting/forecasting on order receipt or order bookings. However, this is the final stage of a sales process, which is dependent on all the other stages in the process and the resources allocated to each of these stages.

Most organisations have their own distinct sales cycle. The sales cycle is frequently referred to as the Sales Pipeline. The Sales Pipeline flows from New Unqualified Leads, through a number of stages, to finally exiting from the Pipeline in the form of Clean Sales Orders. The Sales Pipeline is also characterised by the number of leads/prospects dropping out at each stage.

The Sales Pipeline Planner is a useful tool to effectively manage the sales process.

The Sales Pipeline Planner offers the following features:

- The User can define a Sales Pipeline with up to 10 individual Stages.
- The flow through the Pipeline can be specified by indicating the percentage of leads/prospects that move from each Stage to the next. e.g. the % of Unqualified Leads that become Qualified Leads.
- The Timeline for the Sales Pipeline can be specified by indicating the Elapsed Time between each Stage in the Pipeline.
- Contracted Revenue, e.g. Maintenance Contracts, is deducted from the Total Revenue Plan to calculate the New Business Revenue that must flow through the Pipeline
- The New Business Revenue is offset by the work-in-progress duration to calculate the Order Intake Value required to meet the New Business Revenue Plan.
- Working back from the Order Intake Value, the value and quantity of each Stage of the Pipeline is calculated. The calculation takes into account the elapsed time and the dropout rate between Stages.
- The Sales Pipeline Planner can be used for a 24 month planning cycle. This reflects the fact that most sales cycles exceed 6 months and as such the level of New Lead Generation activity in the second half of Year 1 should be based on the Revenue Plan for the first half of Year 2
- The Value and Number of New Leads required each month to support the New Business Revenue plan are calculated. Therefore if the total sales cycle is (say) 12 months, this calculation identifies the level of New Lead Generation activity that should be undertaken this month if the New Business Revenue Plan for the corresponding month next year is to be achieved.
- Forecasting can become a more effective "early warning" system as one can review more than just the forecasted versus required Order Intake rate, which in most cases is too late to take corrective action. The Sales Pipeline Planner allows sales management to review the level of activity at each Stage in the Sales Pipeline and take corrective action in sufficient time to achieve the required Order Intake Value in future months.
- See the attached **User Instructions**. Enjoy!!

User Instructions

The EXCEL model has a simple Push Button Menu system (Pencil icons) at the top of the Workbook in cell A2. The following general guidelines should be followed. Cells in Green are intended for User Input. Cells in Black are calculated and should not be altered by the user. On first use it is recommended that the Menu Options be used in the sequence in which they are numbered, 1, 2, 3, etc. On subsequent use the options can be selected as required to make amendments to the data originally entered. It may be useful to print out, for reference, The Pipeline Flow Parameters (Option 8). Prior to entering data the user should select which currency s/he wishes to use in formating reports. This can be done by clicking on the chosen currency symbol in the dialog box to the immediate right of the Title Graphic (cell F1). Note this refers only to the currency symbol used and is NOT a currency conversion routine.

Enter the **Company Name** and **Start Month/Year**. These are used to format reports.

Fill-in the **Average Order Size**, in the same units as the Revenue plan, i.e. euro or K euros, this is used to relate the number of orders/leads to the revenue plan. For organisations who do not have a meaningful average order size there are two options. On can work with the pipeline ***monetary values*** only and ignore the calculated ***number*** of orders/opportunities/leads. Alternatively, one can breakdown the Total Revenue Plan into a number of sub-plans by product or market segment where an Average Order Value can be applied to each sub-plan.

Define each **Stage in the Sales Pipeline**. This can be done by editing the sample stages already defined. If your Sales Pipeline has more than 10 stages, review and consolidate some of the less significant stages.

Enter the **Pipeline Flows** for each stage defined in the Pipeline. Enter a % value between 1 and 100. A zero is not valid, as zero flow in the pipeline is not possible. If one has less than 10 stages in the pipeline a value of 100% should be used for any of the 10 stages not being used.

Enter the **Timeline** for each stage. The elapsed time between stages should be entered in whole months only. If two stages occur in the same month a value of zero should be entered. Similarly a value of zero should be entered for those stages not being used where the Sales Pipeline has less than 10 stages defined.

Enter the monthly Total **Revenue Plan** and any **Contacted Revenue.**

The Planner calculates the following for each month:

New Business Revenue

Order Intake Value

No. of Orders

The Value and Quantity of each Stage of the Pipeline

The Value and Number of New Leads required each month to support the New Business Revenue plan

Note:

If the total sales cycle is three months, **New Leads** in month 9 is based on the **Revenue** target for month 12. If there is no **Revenue target for month 13, 14 & 15, the New Leads required for month 10, 11, & 12 is assumed to be the run rate calculated for month 9.**

Select Currency Symbol

- € Symbol
- $ Symbol
- £ Symbol
- No Symbol

1. Enter Company Name, Start Month & Ave. Order Value

2. Enter Pipeline Stages

3. Enter Pipeline Flow

4. Enter Pipeline Timeline

5. Enter Total Revenue Plan

6. Enter Contracted Revenue

7. Print Pipeline Value

8. Print Pipeline Flow Parameters

Company Name	ABC Company Ltd
Start Month	Jan-03
Average Order Value	£10,000

Sales Pipeline Stages	Sales Pipeline Flow	%
New Leads	% of New Leads that move to Initial Telephone Qualification	100%
Initial Telephone Qualification	% of Initial Telephone Qualification that move to Project Identified	100%
Project Identified	% of Project Identified that move to Timescale & Budget Approved	100%
Timescale & Budget Approved	% of Timescale & Budget Approved that move to Good Fit Established	100%
Good Fit Established	% of Good Fit Established that move to Request for Proposal	100%
Request for Proposal	% of Request for Proposal that move to Proposal submitted	100%
Proposal submitted	% of Proposal submitted that move to Short listed	100%
Short listed	% of Short listed that move to Verbal Order	100%
Verbal Order	% of Verbal Order that move to Contract Negotiation	100%
Contract Negotiation	% of Contract Negotiation that become Firm Clean Orders	100%
Firm Clean Orders		

Sales Pipeline Timeline

Elapsed Time, in months, between	Mths
New Leads and Initial Telephone Qualification	0
Initial Telephone Qualification and Project Identified	0
Project Identified and Timescale & Budget Approved	0
Timescale & Budget Approved and Good Fit Established	0
Good Fit Established and Request for Proposal	0
Request for Proposal and Proposal submitted	0
Proposal submitted and Short listed	0
Short listed and Verbal Order	0
Verbal Order and Contract Negotiation	0
Contract Negotiation and Firm Clean Orders	0
Order Intake to Revenue Recognition	0

Pipeline Value

ABC Company Ltd

	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03
Total Revenue Plan	£0	£0	£0	£0	£0	£0	£0	£0
Contracted Revenue	£0	£0	£0	£0	£0	£0	£0	£0
New Business Revenue	£0	£0	£0	£0	£0	£0	£0	£0
Order Intake Value	£0	£0	£0	£0	£0	£0	£0	£0
Contract Negotiation	£0	£0	£0	£0	£0	£0	£0	£0
Verbal Order	£0	£0	£0	£0	£0	£0	£0	£0
Short listed	£0	£0	£0	£0	£0	£0	£0	£0
Proposal submitted	£0	£0	£0	£0	£0	£0	£0	£0
Request for Proposal	£0	£0	£0	£0	£0	£0	£0	£0
Good Fit Established	£0	£0	£0	£0	£0	£0	£0	£0
Timescale & Budget Approved	£0	£0	£0	£0	£0	£0	£0	£0
Project Identified	£0	£0	£0	£0	£0	£0	£0	£0
Initial Telephone Qualification	£0	£0	£0	£0	£0	£0	£0	£0
Value of New Leads Required	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**

Pipeline No. of Leads

	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03
Total Revenue Plan	£0	£0	£0	£0	£0	£0	£0	£0
Contracted Revenue	£0	£0	£0	£0	£0	£0	£0	£0
New Business Revenue	£0	£0	£0	£0	£0	£0	£0	£0
Order Intake Value	£0	£0	£0	£0	£0	£0	£0	£0
No. of Orders	0	0	0	0	0	0	0	0
Contract Negotiation	0	0	0	0	0	0	0	0
Verbal Order	0	0	0	0	0	0	0	0
Short listed	0	0	0	0	0	0	0	0
Proposal submitted	0	0	0	0	0	0	0	0
Request for Proposal	0	0	0	0	0	0	0	0
Good Fit Established	0	0	0	0	0	0	0	0
Timescale & Budget Approved	0	0	0	0	0	0	0	0
Project Identified	0	0	0	0	0	0	0	0
Initial Telephone Qualification	0	0	0	0	0	0	0	0
Number of New Leads Required	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**