A company’s success depends on its ability to target the right set of customers, provide a meaningful value proposition and brand promise, and deliver products and services that fulfill this promise. To do this, a company must have a customer-centric approach to the market; that is, it must set and achieve goals designed to create and nurture a promise of value.

It’s not just a lofty empty idea. In 1999, the well-known firm, Deloitte and Touche Consulting Group conducted a global study in which they found that customer-centric companies were 60% more profitable, 2X as likely to exceed return on shareholder equity, and twice as likely to exceed goals for pre-tax return on assets, sales growth, market share and new product development.

While it is the responsibility of the entire company to take a customer-centric approach to the market, the marketing function within the company is specifically charged with getting, growing, and cultivating profitable customers and to assess the needs of the market. Likewise, marketing should determine whether a profitable opportunity exists to meet these needs and if so, create a state-of-purchase readiness for the company’s products/services to meet these needs.

Once marketing develops the plan to create the state-of-purchase readiness, they must work closely with the entire organization to ensure successful implementation. The marketing and product organizations need to work together to ensure the right product is brought to the market at the right time at the right price. If the product team has done their job, then it is up to the marketing and sales organizations to work together to ensure the target is aware of the company, familiar with the offer, and predisposed to making a purchase to achieve the company’s profitable sales goals.

What can these two teams use to help them stay on target and manage the company’s opportunities? We believe it is the buying pipeline – a buying pipeline as opposed to a sales pipeline. A buying pipeline can help to emphasize the roles the market and potential customer play in the process.
Buying Pipeline

A buying pipeline tool is one that tracks how many targets must be exposed and impacted by the marketing process and then moved through that process to become a bon fide prospect, and ultimately a customer. The buying pipeline tracks the entire process, from target to contact, to suspect, to lead, to qualified lead, to prospect and finally to customer --- and all the steps and time in between.

This kind of tool helps marketing and sales work together and to understand where each opportunity is in the pipeline and who has the primary responsibility to move it forward. From our perspective, marketing owns the processes from target to qualified lead and the sales organization owns the processes from qualified lead to customer. Each may need the other’s help, but the primary effort and monitoring is done by the owner of the process.

By starting the buying pipeline as far back as the target, rather just beginning with a qualified lead, the company can better understand what programs are most effective in reaching the number of targets necessary to achieve the ultimate sales goal.

At the target and contact stage, marketing must create awareness for the company and product. After all, people buy from people they know. At the suspect and lead stage, marketing focuses on getting people more familiar with the company and product because people buy from people they like. At the lead stage, marketing and sales must work together to determine who is qualified, so that the best opportunities/prospects can be pursued. It is at this transition stage that sales takes the helm, while marketing takes a support role in getting these best opportunities to consider and ultimately, to purchase the product.

At each stage along the way, a company can monitor its progress. How many people/companies are in that stage and how many went on to the next stage. This is the conversion ratio. With a little history, a company can assess its conversion ratio and begin to fine-tune its efforts so that more opportunities are converted faster.

The buying pipeline can be a very valuable tool to align marketing and sales. Over time, it provides a relatively easy way for both small and large companies to track conversion ratios, identify bottlenecks, and monitor the sales cycle. How do you get started?

Here are 6 steps for getting started:

1. Define the target

2. Establish the criteria for each opportunity stage; that is, what is a contact, suspect, lead, qualified lead and prospect?

3. Identify the behavioral steps from prospect to customer. That is, what behavior tells you that the prospect is moving from consideration to purchase? If the first step is
scheduling an appointment, and the second step is a sales call, and the final step is a contract or purchase, what are the steps in between?

4. For all the steps between prospect and customer, determine what tools the sales team will need. Is it a presentation, demo, samples, price list, trial, etc?

5. Establish the number of deals and at what price the company must have to achieve the desired profitable revenue goal.

6. Review whatever company or industry history you have to determine how many “people” are needed in each opportunity step as a starting point.

Conclusion:

The buying pipeline tracks the entire process, from target to contact, to suspect, to lead, to qualified lead, to prospect and finally to customer and all the steps and time in between. Both teams should understand where each opportunity is in the pipeline and who has the primary responsibility to move it forward. By starting the buying pipeline as far back as the target, rather just beginning with a qualified lead, the company can better understand what programs are most effective in reaching the number of targets necessary to achieve the ultimate sales goal.