



Founder's Toolkit Instruction

Sales Cycle

Below is some copy on sales cycles. The bottom line is how is a startup going to generate leads, how will the startup close leads, and everything in between. Startups must research and learn the buying behaviors of their customer to set realistic expectations around how long the sales cycle is. The goal is to constantly shorten the sales cycle and always be trying to unlock hidden pieces of the sales cycle to reduce lost leads and close more deals. Prioritizing and ranking leads is crucial. The sales cycle should be easily transferrable to a startup's financials and it is the key to the business model and the "how much money can you make" slides in your investor decks. A sales cycle must be managed which takes time money and resource; this is usually left out of financial projections or not considered fully when startups are thinking about their allocation of time and resources.

It is one thing to understand how you will execute your sales plan, it is another thing to take into account the time and resources needed for each specific portion of the plan:

- Amount of time daily needed to generate leads and how
- Amount of time working the leads (providing client touches to increase likelihood of setting meetings of generating interest) and how
- Amount of time setting meetings and how
- Amount of time selling/managing client relationships and how
- Amount of time managing prospects and their feedback and how
- Amount of time spent information gathering and how
- Amount of time analyzing gathered information and how
- Amount of time writing and providing recommendations and how
- Amount of time closing and how
- Amount of time onboarding clients and how
- Amount of time managing the relationship and how
- Consider: how much pre-selling is needed or post-selling to increase closing rates or decrease turnover

All of these items must be considered and outlined to have a best guess how long your sales cycle will take, how many leads you should be generating, how many active leads you can handle, and how much capacity you have overall. Each week you should know how much time you will spend on each area, and you should have a guess as to how long it takes a lead to go from start to finish in your sales cycle. Even if you have an online model, you must take into account all of the above factors and how they are worked into the online sell.

Sales Cycle Management

A well developed, well managed sales cycle is critical to the health of any business. It will give you clear visibility of what deals you have at each stage of the process – and where the hold ups are.

What is a sales cycle – and why is it important?

A sales cycle is the series of predictable phases required to sell a product or a service. Sales cycles can vary greatly among organizations, products and services, and no one sale will be exactly the same. However, identifying the key steps and stages improves efficiency and can speed up the process of on-boarding new sales hires.

Identifying the right sales cycle for your business

Although all sales cycles vary, most will have the following common elements:

- **Prospecting** Finding new prospects to fill the hopper is a vital first step. Defining what a good prospect looks like and determining how to approach each group is a good start.
- **Initiate Contact** Different approaches work better for different industries, so customize your approach. Offering help, support and information is likely to be more successful than a hard sell.
- **Identify Needs** Until you understand a prospect's needs can't determine if your solution is a good fit. Equip your sales reps with the questions they need to uncover the right information.
- **Present offer** Present your offering as a solution to their needs. Tailor your proposal to the information you have gathered.
- **Manage objections** Understanding the likely objections, and equipping your sales team to handle these can smooth and speed up the process.
- **Close a sale** Think about the small closes or commitments your sales people could gain along the way, and make sure they are equipped with the tools and techniques they need to close the deal.
- **Repeat sales and referrals** Have a follow up process in place for each new customer to make sure they are happy.

Tips to improve your sales processes and phases

- Look at the your most consistent sales people. What are they doing that is working well? Can this be captured and replicated?
- Define the sales cycle for your business. Create templates and tools for each stage and make sure that your sales reps know what needs to happen when.
- Set targets for the number of deals you want to have at each stage of the sales process at any one time, in order to meet your number.
- Set targets for how long a deal should stay at any one stage of the sales cycle – but recognize that sometimes customers won't march to the beat of your drum!



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