

# Can a Virtual Solution Deliver Predictable, Sustainable Business Growth?

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## INTRODUCTION

*While marketing and sales professionals share a common goal—business growth—they are often at odds when it comes to how to achieve that singular critical goal: predictable, sustainable business growth.*

*For many decades the ‘funnel’ analysis has been providing sales departments with a view of their current business development. Marketing professionals feed and nurture the funnel; sales professionals close new business. The challenge with the funnel approach is that achieving performance goals today does not equate to achieving performance goals over the long haul. For that you need a formal nurturing program that delivers control, deep logic, and proven processes that earn value for the organization.*

*Perhaps it’s time to rethink convention and borrow from other disciplines—like project management’s use of earned value management (EVM) ([http://en.wikipedia.org/wiki/Earned\\_value\\_management](http://en.wikipedia.org/wiki/Earned_value_management)). The EVM approach optimizes performance goals and delivers the data that demonstrates predictability and reliability—essential for sustainable business growth.*

## TWO WORLDS; TWO MANDATES

Conventionally, sales departments and marketing departments within business-to-business (B2B) organizations use the metaphor of a funnel to monitor their sales processes. Here’s a brief review of the funnel.



The funnel provides a view of current business development. Marketing’s goal is to fill the top of the funnel with ‘prospects’—people in organizations who have the characteristics of buyers of a particular product or service offering; sales’ goal is to pull business out through the narrower end (i.e. win new business). Throughout the sales process, prospects drop away for one reason or another: they already have a supplier with whom they are satisfied, they do not have the budget, etc., leaving a narrow end to represent the remaining prospects who become paying customers.

While the funnel has served us well over the years, there are gaps: What is the value of the prospects that are in the funnel and being nurtured? What is the average number of months that it takes to close prospects? How many prospects do I need at various levels in the funnel to ensure predictable, sustainable growth? So many questions; so few answers. Perhaps there’s a better approach to unite sales and marketing to achieve their singular goal for predictable, sustainable growth.

## **ONE WORLD; ONE MANDATE—EARNED VALUE MANAGEMENT (EVM)**

Earned value management (EVM) is a widely used control tool in project management. It combines cost performance against actual performance to determine what has been achieved for the money spent. When applied to business development, value is earned as each prospect moves from Level 0 to Level 9 (see *Figure 1*) in the “opportunity pipeline.”

The EVM approach provides the all-vital, big-picture view of the opportunity pipeline in terms of performance at any given time. Sales and marketing can now visualize and track data, and analyze performance. The processes that achieve performance goals are repeated; those that do not achieve goals are modified.

## **PUTTING THEORY INTO PRACTICE**

Depending on the size of your organization, you have either an onsite or ‘virtual’ department of inside sales representatives who manage the program of moving (or converting) prospects along the typical B2B buying process. The objective is to manage prospects’ interest in a consistent and meaningful way, which converts a prospect from, say, Level 3 (Interested) to Level 4 (Engaged) right through to Level 9 (Won).

Let’s put theory into practice. With EVM in mind, an organization defines the proven processes (i.e. campaigns and collateral) that move prospects through each Level. For example, at the close of a trade show, a fair number of prospects are at Level 0. A phone savvy inside sales representative would call to validate each prospect (Level 1) and determine interest in a specific product (Level 3). While talking with the prospect, she may learn that an “educational” collateral resource would help to move the prospect to Level 4, so she would send the prospect the appropriate tool. She would continue to nurture the prospect through the buying process by placing another call to the individual in one week’s time to re-evaluate their level. In a business-to-business sales environment a multi-modal nurturing approach is needed because the sales cycle can span anywhere from 6-24 months depending on the complexity of the product. The proactive nurturing program achieves its goal at the point that the prospect engages the organization (Level 4). Sales can take over and continue to move the prospect along until they are a customer (Level 9).

As a sales, marketing, or business development professional reading this white paper, you can well imagine the factors that go into putting theory into practice. You need performance goals, a plan to achieve those goals, you need to understand your target audience, and more. The key though—to putting theory into practice—is the skilled people, the proven processes, and the right technology. We’ll touch upon people and processes later on; however, let’s touch on technology now.

## **MEANINGFUL METRICS**

As is often the case, when initiating an opportunity pipeline program, an organization may not be 100% certain about the length of the buying process or how many prospects need to be at any given Level in order to generate sustainable business growth. The technology that supports EVM helps with this. As a program rolls out, data is generated and analyzed against metrics. By way of metrics, informed decision making and corrective actions can take place.

At any given time, an opportunity pipeline report (see *Figure 1*) accurately delivers data to quantify the number of prospects at each Level, and the number of prospects required at each Level to sustain or grow business. The opportunity

pipeline represents control, deep logic, and proven processes that earn value for the organization—delivering the all-vital, big-picture view that is necessary for informed decision making.

Figure 1:  
Opportunity Pipeline

2008		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Accounts (Cumulative)													
Total		45	45	52	86	92	92	925	2,361	2,996	3,024	3,086	3,099
Contacts (Cumulative)													
Total		39	39	44	64	72	72	262	1,160	1,612	1,877	2,055	2,064
Opportunities (Cumulative)													
0	Unknown	0	0	0	0	0	0	26	46	951	846	507	465
1	Valid	39	39	44	64	72	72	97	97	591	813	1,208	1,401
2	Not Interested	0	0	3	15	15	15	29	29	99	143	179	191
3	Interested	0	0	2	6	6	16	19	22	88	138	189	224
4	Engaged	0	0	1	1	1	1	6	6	8	10	15	22
5	Need Defined	0	0	0	0	0	0	2	3	3	4	4	4
6	BANT	0	0	0	1	1	1	1	1	4	4	4	8
7	Negotiating	0	0	0	0	0	0	1	1	2	4	3	5
8	Lost	0	0	0	0	0	0	0	0	1	1	2	2
9	Won	0	0	0	0	0	0	1	1	3	3	4	6
Total		39	39	50	87	95	105	182	206	1,750	1,966	2,115	2,358
Activity/Campaigns (Monthly)													
Database Validation		0	0	0	0	0	0	50	22	15	31	11	15
List Generation		0	0	5	20	8	0	100	98	99	78	49	35
Opportunity Calibration		0	0	2	4	0	0	71	50	29	28	25	14
Appointment Setting		0	0	1	0	0	0	7	15	16	9	6	4
Event Registration		0	0	0	0	0	0	0	3	42	0	0	0
Output (Cumulative)													
Valid Leads		0	0	2	6	6	16	19	22	88	138	189	224
Sales Ready Leads		0	0	1	1	1	1	6	6	8	10	15	22
Fully Qualified Leads		0	0	0	1	1	1	1	1	4	4	4	8
Proposals Submitted		0	0	0	0	0	0	1	1	2	4	3	5
Closed Contracts		0	0	0	0	0	0	1	1	3	3	4	6

\* This client wins 88% of BANT contacts that Circumference delivers    □ Note: Provide contacts to client who will close the business  
 ● Analysis: Saturation point; a database should be rented

What you see in Figure 1, is that as prospects are nurtured, a right angle triangle forms (versus a funnel in which prospects may go in, but how do you “see” if they come out the other end?). This visually indicates value in terms of predictable, sustainable growth. We talked about the quantity of prospects needed for a healthy pipeline; the right angle triangle also visually demonstrates that the prospects are of high quality—organizations that are excelling in their nurturing program are able to identify more prospects and appropriately nurture these prospects with high success.

With the opportunity pipeline you can clearly see the value of your pipeline expanding as prospects are converted from one Level to the next. Your opportunity pipeline is an asset—you have visibility; visibility exposes whether you are ahead of or behind of your performance goals.

Metrics enable organizations to continually monitor the health of their opportunity pipeline—not only the quantity but the quality as well. You can see the face value of your prospects at every Level in the opportunity pipeline.

Over time, the opportunity pipeline reveals trends. You'll see sales conversion ratios and be able to understand how many prospects are needed at each level to achieve performance goals.

### RETURN ON INVESTMENT (ROI)

As mentioned earlier, key to EVM is skilled people and proven processes. Take a look at Figure 2. Note the "Ideal Scenario:" A consistent straight line showing about 10% improvement in closed sales year over year. Predictable, sustainable growth is your goal.

The "Adhoc Scenario" is what is happening in many organizations. Without a formal program, a sales person may be responsible for generating their own qualified prospects (Level 0-3)—a task that quickly burns through a lot of the sales person's valuable time. The valleys represent running out of leads, vacation time, sick time, etc. We're showing the sales person achieving quota by the end of the year, so they really had to burn rubber in the last quarter.

Now let's look at the "Formal Nurturing Program Scenario." Compared to the adhoc scenario, a formal scenario requires a planning period and learning curve. Once ramped up though, the rise to full-speed is fairly quick. Once at full-speed, there are no more valleys—you stay fully ramped because a formal program has built-in redundancy and optimization.

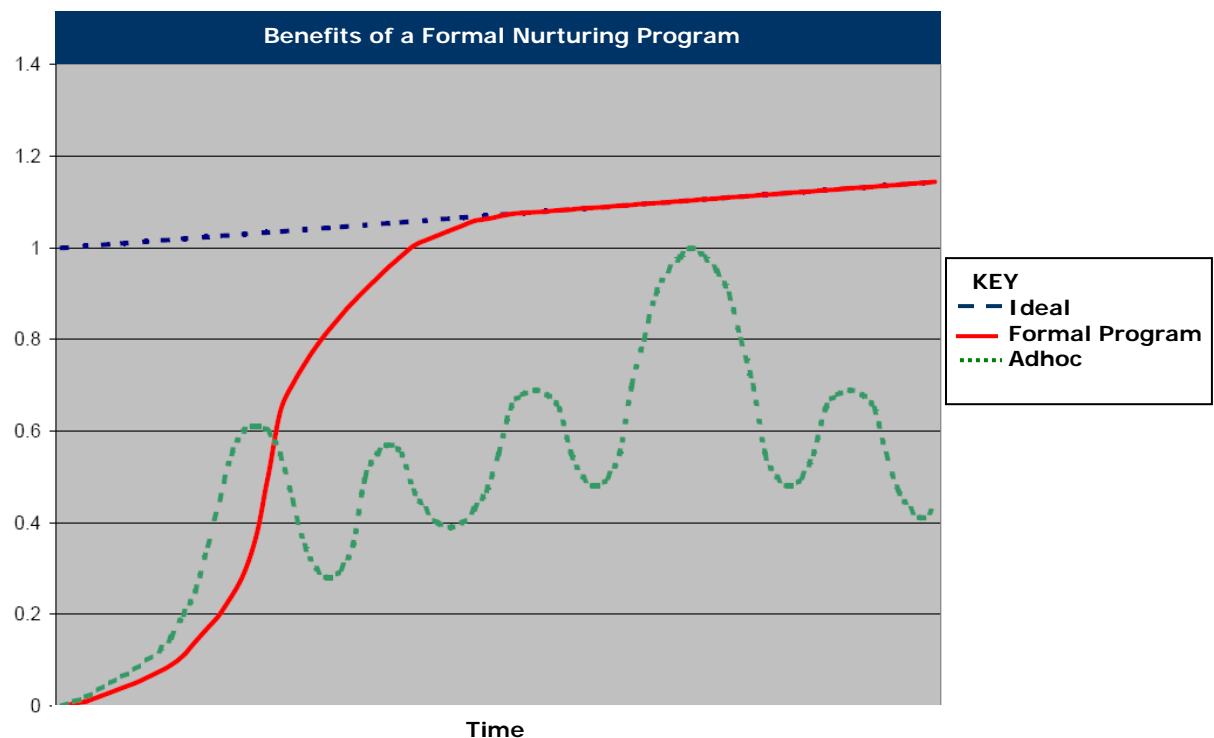


Figure 2:  
Return on Investment

There's another key benefit to the formal nurturing program. Adhoc programs are typically based on short term requirements rather than the long term need for a consistent, healthy opportunity pipeline. Prospecting activity is not documented very well and calls are not recorded. So when the sales person eventually leaves the organization, any value gained—is lost. Formal programs build earned value through their business development activities: data is

captured, calls are recorded, and redundancy of personnel are all built-in. The bottom line: Earned value is generating a ROI, which means revenue is generated more quickly and more consistently when prospects are nurtured regularly.

### **IS EVM RIGHT FOR MY ORGANIZATION?**

Do you want to grow your business in a sustainable, predictable way? If you said, yes, the EVM approach is right for you.

### **ADOPT EVM TO ATTAIN PROVEN, REPEATABLE BUSINESS PROCESSES**

There are great lead tracking and customer relationship management (CRM) applications available on the market today. If an organization has an in-house call center, they can learn about the EVM approach and apply it to their program.

In most cases though, small and growing organizations need to maintain tight focus over their core competencies. These organizations should look externally for the expertise needed to manage their opportunity pipeline. Ask virtual business development service providers if they follow the EVM approach to deliver proven, repeatable processes in which the discovery, verification, and nurturing of sales opportunities earns high value for their clients in the form of predictable, sustainable business growth.

### **GOING VIRTUAL**

If you are a marketing, sales, or business development professional, you understand the value of a healthy opportunity pipeline—the challenge is how to achieve the optimum, high value EVM approach. You also understand the importance of personal nurturing programs. Impersonal email and direct mail do have a role to play; however, it is the human touch that engages prospects, delivers the intelligence behind the messages that connect with the prospects, and builds the relationship up until it is time for sales to do their magic.

A full-range virtual business development service provider has muscle—the muscle of experienced and skilled people, proven processes, advanced technology, and a keen understanding of metrics. A virtual service provider is the ideal solution for a small and growing organization because they provide:

- **The people.** They will have seasoned program managers, supervisors, inside sales and service representatives on staff and located at their facility. This frees you from the headaches of hiring, firing, training, coaching, motivating, scheduling and managing staff, as well as the costs associated with running the operation
- **The processes.** They will employ business processes that are proven to achieve the performance goals that you require.
- **The technology.** They will have call center applications—and if the service provider is using web-based call center technology, you can tap into the applications in real-time. This eliminates capital investments, maintenance, and upgrade costs because the solution provider manages all of the critical information technology requirements.

When backboned with an experienced business development service provider, a small and growing organization is more likely to achieve predictable and sustainable performance goals—à la growth—as well as more accurate metrics

for informed decision making. Virtual solutions are widely accepted today as a strategic tool to realize process enhancements and operational efficiencies.

### **CONCLUSION**

A healthy opportunity pipeline is the desire of every organization, whether you are small and growing, medium-sized, or a large enterprise.

This paper presents an alternative view to drive business growth using the EVM approach that is used by successful project management departments.

An EVM approach is used by sales and marketing professionals to:

- Concentrate proven business processes on ten levels of the opportunity pipeline—from unknown prospect (Level 0) to customer win (Level 9)
- Calculate the value and number of opportunities needed at each level each month to drive consistent revenue
- Deliver visibility into the opportunity pipeline to enable informed decision making
- Drive predictable and sustainable business growth

Virtual business development service providers that follow the EVM approach are ideal partners for small and growing organizations. Not only do they employ phone savvy inside sales and service representatives and state-of-the-art call center applications, they employ proven processes to deliver an accountable opportunity pipeline that achieves predictable and sustainable business growth over the long haul.

### **SPONSORED BY CIRCUMFERENCE TECHNOLOGY SERVICES, INC.**

For small- and mid-size organizations looking to grow their business, *Circumference Virtual Inside Sales Assistance (VISA)* may be the answer. Circumference VISA is a ready-made inside sales department consisting of skilled people, proven prospect-nurturing processes, and state-of-the-art call center and workforce management technology. By working with you, we can deploy a program customized to achieve your unique business growth goals. Similar to how partnering with a value added reseller puts more feet on the street to close sales, partnering with Circumference optimizes the prospect-nurturing process to deliver a larger volume of sales-ready opportunities. Your organization reaps the benefits of an inside sales department—minus the typical challenges: you need not hire additional headcount, or purchase expensive call center technology, or fit-up additional office space.

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