

Sales Pipeline Funnel Diagram



Successful new business development requires careful planning and organization. A tried and proven method of organizing this process is called the *prospecting funnel*. The prospecting funnel is a four-stage process, starting from the broad global marketplace and narrowing down through four steps to a new customer.

The first stage entails selecting from the global marketplace a *target market* or list of possible customers, called *suspects* or *suspect accounts*. To determine suspects, we must define and employ various qualifying criteria, such as size, credit worthiness, sales potential, location, and more, depending on the business you are in.

Stage two involves verifying the customer's need or interest in your product/service, thus converting some of these *suspects* into genuine *prospects*.

Stage three requires using various consultative selling techniques, skills, and tools to convert the *prospect accounts* into *hot ones* that are ready to start doing business with you and your organization.

The fourth and final stage involves moving the *hot ones* through further selling efforts towards making a favourable buying decision so that they become *new customers*.

The prospecting funnel achieves three important objectives:

- It organizes all the prospecting activities.
- It causes the salesperson to focus efforts on maintaining a constant flow of new business.
- It provides an objective way of distributing time, as well as a means of avoiding the fear of rejection and resultant procrastination.

MARKETPLACE: This refers to the global marketplace as a whole—all countries, all industries, all organizations—and is located above the funnel. In most cases, of course, this marketplace is too broad a starting point for your business-creation efforts. Therefore, the task is to identify *suspects*.

SUSPECTS: Suspects are those accounts that *may* have a need or interest in your product or service. They are at the top level of the funnel. Suspects *may* become new customers, and are also described as *leads*. Their viability as customers is unconfirmed, however, and the job is to find out which ones qualify as worthwhile *prospects*. Suspects comprise what is commonly known as the target market and are defined based on specific qualifying criteria that you and your organization define.

PROSPECTS: Prospect accounts are those suspects that have a *verified* need or interest in your products and/or services. Prospects are found at the middle level of the funnel, and can only be converted through a conversation with the customer.

HOT ONES: Through effective consultative selling prospect accounts will become *hot ones*. Hot ones are those accounts that are *ready and likely* to do business with you—and where an initial order is *probable*. All buying influences (people who make or influence the buying decision) have been contacted and support your proposition. The next step is clear and should result in the hot one committing to start doing business—that is, becoming a *new customer*.