

Daniel Shefer  
Director, Product Marketing  
Interwise  
[DS\\_PM@spamex.com](mailto:DS_PM@spamex.com)

## Shortening the Sales Cycle - How PMs can Impact the Bottom Line

A shorter sales cycle has a direct impact on the bottom line. Shortening the sales cycle can help grow revenue because sales reps will be able to reach more prospects. An additional advantage to a shorter sales cycle is the reduced chances of things going awry during the process.

This article discusses techniques for PMs to impact the sales cycle. By implementing them, they can show strong ROI for the PM role.

### Where do you start?

- Make an effort to understand the intricacies of your sales cycle. Interview the VP of sales as well as the reps in the field. Participate in as many sales meetings as possible and sample multiple sales cycles.
- Map out your company's sales cycle. Describe each stage of the process and identify all the actions that were taken by each side and find the areas that your help will have the most impact and start there. Make sure to measure the current sales cycle so you have a reference point.

### Positioning

Positioning is too large a subject for a single article (or book<sup>1</sup> for that matter). This article will simply describe a tactical step that can be taken within the company's positioning framework to shorten the sales cycle.

### How the Prospect's Mindset Impacts the Sales Cycle

Noting where the prospect places your product within their mindset is critical. That location will determine the lens through which the prospect will examine your product. If the product is positioned as different than anything they are familiar with, the prospect will struggle to place it in the right position and will default for one they are familiar and comfortable with. This place may not be conducive to the sale.

Each of the personas in the purchasing process has different expectations and needs. The budget person needs to see ROI and a low price, the IT manager needs to feel comfortable that he will stay in control of his domain etc. In a complex sale, it will be beneficial to position the product slightly differently for the various personas in the sales process. Therefore consider providing the sales reps with a set of sales materials for each of the stakeholders in the buying process.

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<sup>1</sup> See J. Trout's books on positioning – [Differentiate or Die](#) and [Positioning: The Battle for Your Mind](#).

## Pricing

### How Pricing Affects the Sales Cycle

Pricing<sup>2</sup> affects the length of the sales cycle in several ways. Prospects facing a high price tag may be forced to refer the buying decision to a committee (or up to the next purchasing power level). This will inherently complicate and lengthen the sales cycle. The ideal price point is just below the "committee requirement" threshold.

A lower price usually means a quicker sell. Lower prices fit into existing budgets and buyers do not have to seek out additional approvals. There is an exception to this rule. If the price point is too low, it may adversely position your product and raise questions as to why it is so cheap. In addition to the product's positioning, a low price point cannot sustain complex sales cycles.

PMs should be involved in the decision processes that lead to pricing decisions - participate in the pricing committee, conduct market research, perform cost/benefits analysis and help position the product (which includes pricing). All this needs to be done as a prelude before the pricing decisions are made.

### Pricing Models

If your pricing model is complex, the sales reps will have to spend a lot of time explaining it to the prospect. The rep will need to explain it to the prospect and also to educate them well enough for her to sell the pricing model internally. The lack of understanding of the pricing model can cause discomfort within the prospect's mind and educating her can take time. This problem can be avoided with a simple pricing model.

Pricing model flexibility is a plus when it comes to the speed of the sales cycle as the rep can change it to respond to the prospect's needs. On the other hand, pricing model flexibility is a drawback from a management and consistency point of view.



#### Tip

If the pricing cannot be presented on a single slide, it is too complex.

## Sales Tools

### General

The purpose of sales tools from the point of view of shortening the sales cycle is to:

- Enhance the prospect's confidence in the company.
- Position the product for an easier sell.
- Explain the product's benefits.
- Prevent and minimize objections.
- Standardize the sales force on a behind a consistent, tested message.

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<sup>2</sup> For a broader review of pricing see my article [Product and Pricing Strategies](#)

## Competitive Reviews

Many times prospects will ask the sales rep for a document comparing your product to that of your competitors. When there is rapport between the prospect and the sales rep, many times, whatever the rep provides the prospect will be the majority of the comparison work she will do. This requires that the document be an even-handed comparison devoid of marketing fluff. Also, make sure all of your claims can be substantiated.

For each competitor, I recommend creating 4 documents<sup>3</sup>:

- “A Competitive Matrix” – A feature-by-feature comparison. It is to be used after a prospect has been introduced to the specific competitor and would like to understand the differences between the product offerings
- “Differentiator Document” - This document starts with an elevator pitch on why you are better, usually 2 – 3 points and then details the most important differentiators.
- “Questions to Ask” – This is the FUD document (Fear Uncertainty and Doubt). It is a list of questions that prospects should ask your competitor so they can get an accurate picture of what your competitors are really offering and, more importantly, what you want them to know about how the competitor's product really works.
- “Facing Off” - This document addresses competitor's claims. It should cover each claim they make with an appropriate response in a simple straightforward manner.

## The RFI / RFP <sup>4</sup>

Many enterprise applications are purchased after a process of investigation, piloting and comparison. Part of this process is and RFI/RFP (Request For Information / Request For Proposal). The RFI, when taken at face value, expresses the selection criteria of the prospect and is sent to vendors after the prospect has a general idea of what they want. Many prospects are not sure of the details of what they want or how to evaluate a product. By offering them a comparison tool, you can educate them about your advantages, and of course set the field for a faster and easier win.

A “How to Evaluate” document should include explanations on why each criterion is important. This document is most effective when it is presented early – like in a first meeting or even before the first meeting. This way, prospects are thinking about what you feel is important before they see the competition. When a customer works with the document some of it always “sticks” and appears as selection criteria in the final evaluation process.

A complete set of evaluation materials should reside on your web site, along with infomercials and product demos to ensure that the buyer has the right tools for a successful evaluation.

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<sup>3</sup> For more details on competitor review documents see my article posted on [Creating Effective Competitive Sales Tools For Your Sales Reps](#)

<sup>4</sup> For more details on RFPs see my article on [The RFI as a Measurement of Product Marketing and Sales Reps Effectiveness](#)



**Tip**

If you didn't write the RFP, your competitor probably did.

### Creating an RFI/RFP Database

An RFP database is important even though its impact on the length of the sales cycle is limited. Creating a central knowledge repository will shorten the turn around time for sales reps to get back to prospects with the answers they need. An optimal solution is to have an Intranet portal where this information is posted and that has the capability to email users when material is updated.

### Demos

#### Remote Demos

Remote demos are great for saving travel, time and costs. They won't replace face-to-face meetings completely but are worth looking into for at least part of the sales cycle. Set up a system for the sales reps where they can start an online demo for the prospect with the click of a mouse. The environment should support whatever tools you use in the demo as well as the demo script and be as idiot proof as technologically feasible. The ability to play back pre-recorded demo segments is a plus as this way you can control the content of the demo and it makes your reps lives easier.

Create a demo script for your sales reps. This is one of the first encounters they will have with the prospect and you have to make sure that they use the correct positioning. Sales reps will create their own demos if they do not receive one from the Marketing department.



**Tip**

Don't expect reps to know how to position your product or company without your guidance.

#### Hands-On Demos

Depending on who the prospect is, some will want to get their hands dirty. Create a "sandbox" environment for them to work on. Give them simple tasks that will guarantee immediate satisfaction.

Better that the prospect succeed doing a little bit during the pilot stage than being faced with a myriad of options they have trouble with.



#### Tip

Don't expect prospects to make the leap of faith. They want to see *their* logos with sample data from *their* business, industry, etc. during the demo. Most companies don't have the technical manpower to create a customized demo for every prospect early in the sales cycle, so the custom demos get postponed until much later in the cycle -- perhaps even until the pilot. A savvy PM will make sure the look-and-feel of the demo is quickly and easily modifiable, even by the sales rep. It's amazingly powerful to be able to walk into the first demo with a customized presentation. The prospect either thinks you're prepared to work hard for their business, or the product is really, really easy to customize. Either way, you come across as having done your homework, and every prospect likes that.

*Scott Allen - [About.com](#) Entrepreneurs Guide and former VP of Product Management, [Mongoose Technology](#)*

## Presentations

When involved in a complex sale, the reps will be meeting with various stake owners. Each of these stake owners has their own perspective and agenda. When creating sales tools in general and presentations specifically, this should be taken into consideration. You will do well to provide the sales reps with separate presentations for each of the following stake owners: the consumer (the person that will be using the application), the "Seymour"<sup>5</sup> or techie, the buyer, manager and the "Vito"<sup>6</sup> - the senior manager. Before creating presentations for each of these, I recommend that you familiarize yourself with their personas and expectations<sup>7</sup>.



#### Tip

One way to support multiple presentations in one easy package is use the "Custom Show" feature in PowerPoint. By using this feature, a single PPT file can hold multiple presentations, each geared at different audiences from within the same set of slides.

## The Pilot

Try to avoid pilots as they consume resources. If one must be run, get agreement that the prospect will provide a reference and or a case study based on the pilot project or initial implementation, assuming success.

## The Pilot Contract

Pilots should begin only after the prospect has agreed to well-defined conditions. A written document is best. It must be kept as simple as possible to minimize the chances that the prospect will send the document to her legal department. This could result in objections and delays. The terms of the pilot should include:

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<sup>5</sup> See A. Parinello's excellent description of the "Seymor" and "Vito" personas in [Selling to Vito](#)

<sup>6</sup> Ibid.

<sup>7</sup> I also recommend the chapter on "Giving Benefits in Major Sales" in N. Rackman's [Spin Selling](#).

- The end point of the pilot
- Success criteria
- The resources the prospect will devote
- The testing she will do on your product.
- If possible, a commitment to buy if the success criteria are met. This item is probably the trickiest one. Such a clause is always desirable but not always be applicable.

### Pilot Timeline

Never give the prospect an unlimited trial period. When setting up an agreement to hold a pilot, it's important to define its length. Unless the prospect has a pain to alleviate, they tend to drag their feet with the testing. You should enforce the deadline by disabling the product after the allotted time or soon thereafter. The deadline can always be extended but this should be done after sitting down with the prospect and making sure that the testing proceed along an agreed upon schedule.

### Defining Pilot Success Criteria

Success criteria for the pilot should be agreed upon with the prospect in writing before the pilot begins. It is extremely important to agree on success criteria with the prospect before you start the pilot. There are several reasons for this:

- Prospects tend to look at the product from the perspective of what they think they need and not what they really need.
- Prospects need guidance and well defined success criteria, to be able to go through the pilot process and come out of it ready to make a buying decision.
- Prospects often look for the "solve it all" product. When they don't find it during the pilot stage, they may become frustrated and come back asking for features that are not part of the product. Not knowing how to evaluate the product can hurt the sales cycle and require you to add features that may not be to your benefit.



#### Tip

Defining success criteria as part of the pilot process helps keep prospects focused on what they really need and creates an emotional commitment for them to advance in the sales cycle.

### Pricing the Pilot

Free pilots are helpful only if the product is small, easy to test and does not require any resources from your company. When the sales cycle is complex and requires significant resources from either side, a free pilot will not shorten the purchase process. If there is no pain involved, prospects will tend to drag out their evaluation process. It is up to you to decide if the customer will be reimbursed for the pilot fee should he buy the product.



#### Tip

The ability to pay for a pilot is a good indicator of the prospect's seriousness and budget availability.

## Inbound Product Management

### The Product Roadmap

When creating the product roadmap, evaluate each release for “sellable” features. “Sellable” features are ones that are easy to explain, are tangible to the prospects and directly relevant to their needs. A new user interface is sellable. New backend modules with that offer 10% better performance are probably not. Sit down with a few sales reps and go over the feature list and grade them for their “sellability”. If possible, repeat this with prospects. Each release should have a couple of very sellable features that will highlight the release.

### Revolution vs. Evolution

Every company wants to drive the next technology revolution. The question is, which customers want to be part of that revolution or have the infrastructure to utilize it? “Main Street<sup>8</sup>” customers, all too often prefer the safe, well-trodden paths. For them, facing a revolutionary product will be a threatening experience. It’s product marketing’s job to define the feature set based on the market’s willingness to adopt new technologies.



#### Case in Point

Interwise offers an enterprise communications platform. When the product first came out, its voice delivery mechanism was IP based and was a breakthrough at the time (1997). Users needed a sound card and a headset and IT administrators faced increased bandwidth consumption. Both issues raised objections with many prospects. Some prospects “saw the light” and bought into VoIP, some did not. Had Interwise offered a conference call based solution, these objections could have been avoided.

### “Out of the Box” Experience

For a successful pilot, the product installation should be small and as easy as possible. It’s best if the product doesn’t require dedicated hardware. This is the reason that hosted products (at least in the pilot stage) have a distinct advantage for pilots. You have control over the application and the prospect does not have to install it locally. While some of us have full control of their PC or are used to being able to order a PC and have it added to the network in a matter of days, this is not the case with most large companies. Large companies have tighter controls and their budget approval and hardware procurement processes are so cumbersome that it might take 3 – 6 weeks for a prospect to buy and install hardware for your solution. Requiring prospects to obtain additional hardware can be a significant impediment on the pilot stage.

For a pilot to be successful, the product or the part of the product that is being tested should be trivial to use. Getting it up and running should be very easy and not require a user guide. Instant gratification here is key.

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<sup>8</sup> See G. Moore’s classic [Crossing the Chasm](#).



#### Case in Point

A few years ago, NetManage offered an application-sharing engine for support purposes ("OpSession"). The technology was the best available at the time. The problem that how to use it was not self-evident. The application would open and then nothing happened. Users had to figure out themselves that they had to drag and drop an icon on the application they wanted to share. Clearly this did not work and the bad out of the box experience was one of the reasons that the product went nowhere.

### Resources to Clinch Deals

Complex sales cycles usually include prospects that demand changes to the product for them to close the deal. As a PM, it is your responsibility to guarantee that resources are set-aside in each version for features that are needed to clinch deals.

Adding features this way is a costly approach and willingness to add features at short notice can be a slippery slope but not being able to accommodate these requests can be even worse consequences on the revenue stream.

### Product Releases Timelines

In the context of the sales cycle, a looming future version can be a sales impediment. If prospects know a release is soon to be available, they will ask themselves "why shouldn't we wait?" Sales reps must be equipped with reasons why the prospect should buy "right now" and not wait till the next version when features that are important to them will be available. The reps' reasoning should address the prospects current pain points. Some possible reasons for buying sooner rather than later:

- The current solution addresses enough of the prospects problems to justify an immediate purchase.
- By the time the prospect ramps up, the new version will be available.
- The upgrade will be seamless. Why wait?

### Software Architecture - ASP vs. Installed Software

From the perspective of the length of the sales cycle, an ASP solution is an advantage. When the application is hosted, prospects can start using it immediately. This is especially important for enterprise software where the evaluator will not have to procure servers and IT resources for the pilot.



#### Tip

The faster the prospect is up and running with your application, the more leverage you have on the sales cycle.

### Summary

Good Product Management and Marketing can shorten the sales cycle and thus have a direct impact on revenue. Executed and advertised properly, this can make you into a hero and underline the importance of Marketing to the company's bottom line.

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