



FROM OPPORTUNITY TO ORDER

WHY OPPORTUNITY MANAGEMENT IS IMPORTANT

A Mercuri International White Paper

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Opportunities a Key Priority

Many organizations today want to improve the success rate in converting large opportunities into orders. Opportunities are where big volumes or margin are at stake, or when there is a strategic client or product involved. In the current market situation, key opportunities must be managed properly.



Good Opportunity Management leads to:

- Increased success in winning large opportunities
- Measurable result and quick ROI
- More systematic opportunity planning, efficiently duplicated throughout the organization
- Improved business result
- Increased revenue and profit on large opportunities

The Sales Manager struggles

We asked our world-wide panel of sales managers and managing directors four questions concerning opportunity management, with 329 replies.

www.mercuri.net

For more information contact: Robert Franklin Box, partner Mercuri International
Tel: +420 604 220 409 Email: robert.box@mercuri.cz

The results show that an average sales representative comes across 5-10 large sales opportunities per year and has a success rate of 1:3. We looked further to differentiate the high performers from the laggards.

Not surprisingly high performers have both fewer opportunities and a higher success rate than middle and low performers. Being able to focus with correct priorities on the right opportunities is one of the key success factors which make high performers successful.

2 out of 3

big sales opportunities are on average lost

When asked; what are the main reasons you lose these opportunities, the vast majority said: they were lost because the competition offered a cheaper solution and because lack of alignment with the decision makers.

Our experience tells us that losing opportunities to lower priced solutions can be for several reasons:

1. The opportunity priorities were not established properly



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2. The opportunity was not real
3. The clients' problem was not fully understood
4. The value proposition was not clearly defined and presented in a convincing way.
5. The sales representative did not know the selling situation.

70% stated they lost because the competition offered a cheaper solution.

However, it is important to keep in mind that top profit performers tended to state price as a reason for losing, much less often, than the laggards and focus more on the value proposition.

Often proper opportunity assessments are not performed and resources are placed in unprofitable activities. The key is how to set up the proper opportunity priorities and to assure the sales efficiency. The data clearly shows that the top performers use structured tools in the opportunity process. Therefore, using simple opportunity assessments which are often technology enabled, improves the overall efficiency in gaining opportunities.

High performers have a clearly documented process for winning deals, and tools for each step of the process.

Another common pitfall is the misjudgement of the selling situation. Do the sales representatives have a profound understanding of the selling situation? Do they know the attitudes and power of the decision-makers or in some cases; do they even know all of the decision-makers? Unfortunately, we find this lack of knowledge of the selling situation to be fairly common and it has a very negative impact on the ability to convert opportunities.

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Top performers invest

Given a list of possible initiatives to increase the win-ratio, 62% state they have regular status and update meetings to work on the opportunity.

However, high performers instead are more likely to have a clear-cut documented process and have tools for each step of the process compared with low and middle performers.

Many organizations want to improve the success rate in converting large opportunities into orders. Top performers invest resources in proper prioritization, processes and tools to improve success.

40% of lost opportunities could be attributed to poor alignment of the decision-makers.

Conclusion

Many organizations want to improve the success rate in converting large opportunities into orders. High performers have a clearly documented process and have tools for each step of the process. They align the decision making process with their internal resources and perform proper assessment and prioritization of the opportunities. In essence, they are using technology enabled tools and fundamental opportunity management to improve win rates and ultimately improve profitability.

