BEST PRACTICES – TARGETING & PRIORITIZATION

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This is the second of five articles about fixing what is broken with the sales efforts inside many companies today.

Targeting & prioritization is a systematic way to evaluate the opportunities in your customer and potential customer base and methodically allocate the sales, marketing, culinary and R&D resources to best capitalize on the opportunities presented. It is also a simple enough and fast enough process that your sales people can adjust the priorities of their accounts in an ongoing process. As the customer changes priorities, you can adapt.

Setting Priorities
You can't sell every customer, and not all customer opportunities are the same. The biggest challenge is in selecting the best opportunities to work on, and the most difficult part is not investing as much in or even completely letting go of poorly qualified opportunities. This can be difficult to do, especially when there is political pressure or a history with a customer or an individual. Things change, frequently!

Start by asking yourself (or encouraging your sales team to ask) these questions:

- Given our capabilities, go-to-market strategies, and positioning in the marketplace, where can we win?
    - What are the characteristics and traits of the customers with whom we have the best chance to win? What do they “look” like? (*Who* they are comes later.)
- With what type of customers can we build a growing, profitable business?
    - Recap their characteristics and traits and any other applicable facets of their business.

At this initial stage of setting priorities, keep the discussion at the strategic level — at 40,000 feet so you don’t get hung up in the details before you have clarified and defined the criteria.

The process of deciding where to focus is not complex. It is, however, extremely important and necessary — poor targeting will result in wasted resources with accounts where a sales person is not likely to be successful. Furthermore, the organization will not grow with the most strategically qualified customers, which creates revenue problems.

Screening Criteria

The screening process involves the analysis of quantitative, qualitative, and logistical selection criteria regarding the opportunities customers might present. By following a disciplined process that is reviewed periodically, you increase the chances of success with your target accounts. This comprehensive targeting and prioritization process is intended to create focus and a better chance of success by:

- Identifying prospective customers that match your capabilities and positioning in the marketplace.
- Providing greater value to key customers by targeting what is important to them.
- Identifying prospective customers that have a high potential for growth.

You can use these five elements as a foundation. As you work with your process, you may add elements that make sense at the time.

Each criterion will be assigned a score and will fall within a range. We encourage using a range of 0 – 5 on each, to keep it simple (a score of zero means you don't know — that is ok!). Typical scoring is to assign a low score to the criteria that do not align with your goals and a 5 to those that do.

Strategic Fit

The strategic fit is a measure of how well your company's objectives, needs, and business approach match up with those of each targeted account, or this specific opportunity within the account. Consider the following:

- The current distribution system. Can you leverage logistics or relationships?
- The relative importance of the product category to the customer and the customer’s customers (internal or external)
- The likelihood that this business can drive category innovation or product line extensions — depending upon how much that matters to you
- Compare the demographics and the target users or business-to-business applications for each of the two organizations.
- The business segments in which the customer competes

Accessibility
The essential question is simple — do you know or do you think you know how they make decisions? Consider the following:

- How effectively can someone on our team identify the right players?
- Who are the power players? What level of access do we have with these people?
- How well do we know the political environment of the customer and the change drivers? How fluid is that situation?
- How are decisions involving suppliers and their products made within the organization? How have they decided on these issues in the past?
- What decision-making patterns and trends have you seen previously with this organization?
- How well defined is the customer's decision-making process? Who in the customer organization has the veto vote?
- How well do we understand how these decisions are actually made?

Size of the Prize
Many believe size of the prize should be the most important criteria. However, it is easy to be blinded by the size of the opportunity and miss critical elements of the customer's business model that may or may not make your company's go-to-market strategy a success. Consider the following fundamental quantitative metrics when evaluating the size of the prize:

- Overall profitability
- Operating efficiencies
- Margin contribution
- Volume
- Impact on the distribution system

Transactional /Relational
Is the customer focused on simply transacting business or do they value a relationship with the vendor in your categories? This depends greatly on how this customer views your category and this specific opportunity.

Transactional customers and opportunities are those driven by operational excellence and primarily focus on price. They view most products as commodities and the supplier relationship is typically limited to the purchasing department.

Relational customers value the supplier relationship as well as price and service. These customers encourage broad interaction among multiple departments within their own organization and that of their suppliers and actively seek innovative ideas and suggestions. Note that some customers can be both types — relational in high-impact categories and transactional in low-impact categories.

To begin to understand if an account is transactional or relational in nature, start by asking yourself:

- Where are your relationships with this customer today?
    - Do you have access to senior management? Middle management? Or just purchasing?
- For this account, what type of relationship is best for your company? (This helps avoid the trap of providing a high level of service when the customer is actually transactional)

Financial Health
It is fairly easy today to obtain financial data about prospective or even existing customers. Yet, surprisingly, companies often neglect this step.

If the company is publicly-traded or has high industry visibility, it is quite simple to get a sense of their financial health, whether they pay their bills on time and how they treat their vendors. If it is a private firm, your industry network can provide pretty good insight on this point.

Then score these in a simple Excel format, scoring each element from 0-5. Here are some tips to remember:

- After the initial setup, which usually take about 30 minutes; spend no more than 10-15 minutes every two weeks (or whenever something changes) going over the scores.

- The real value is in tracking the scores over time. What you thought was a strong lead one day might not be in 30-60 days. Conversely, some opportunities you originally scored rather low might turn out to be better qualified after further work and investigation or when something changes in the market or with the customer.

- The purpose of this tool is to audit individual and the organizational thinking — this is not an inspection tool to be used by a manager.

- These scores come from the gut feelings about how a prospective opportunity ranks in comparison — and nothing else — to the rest of the pipeline. It is important to score opportunities across segments – regional chains vs. schools etc. The goal is to identify the greatest overall opportunities for the sales person to spend their time.

- The scores are based on what else is going on in the individual or organizational pipeline — again these will change over time.

Scores Ebb and Flow
Think of customer organizations and sales opportunities as living beings — they change with time — sometimes for the better and sometimes for the worse. To the sales person, that means these organizations and opportunities are subject to:

- Changes in an organization's political climate
- Power brokers and struggles
- Changes in the market
- Adjustments as a company shrinks or expands
- The individuals in management positions and how or when that changes
- Shifts in consumer markets
- Economic factors
- Numerous other factors

As such, these scores are only a snapshot in time — they are very fluid. They can, and will change, so expect that.

This means keeping an eye out for changes in how decisions are made — who has the power, how they use that power, and what their priorities are. Admittedly, customers' organizational cultures will display a range of behaviors and patterns, from those that never seem to change to those that never seem to stop changing. Our experience has been that three things seem to always ring true:

- Fundamentally, few of these cultures change drastically over time. They may ebb and flow but most remain fairly consistent at their core

- The least challenging to understand are those that never seem to change at all. The may be frustrating, but at least you know what to expect

- These decisions are now mostly made at the "C" level — our chain restaurant clients tell us that consistently

As your team and organization get comfortable with this approach, you will come up with your own additional criteria as you fine-tune the tool to your world and customers. For example, many of our clients often evolve to including one or both of these elements:

- **Innovation Index:** How likely is this customer to innovate or push the envelope in your category? If you do a lot of custom product work, this could be a strong consideration — especially if your value add is that you are really good at innovation!

- **Portfolio Index**: What is the upside potential across multiple SKUs or categories in your portfolio? For example, if you are a juice company, how many potential applications or distribution point opportunities are there?

- **Category importance:** How important are your priority categories to the growth or profitability strategies of your current and potential customers. It is important to look at this from their perspective, not just yours.

Our clients have been able to significantly improve their sales performance immediately after we have worked with them using our sales process. Most report an improvement in sales effectiveness of at least 25-30%. To learn more about how we can help enhance your overall sales effectiveness, just give us a call.

Summary

Three additional articles will follow this one, each fashioned around the principles in "Silent Selling, Listening For the Sounds of Success". These subsequent articles will cover needs assessment, account penetration, and talent evaluation in great detail.

Founded in 2007, Bellwether Food Group is best known for our Restaurant Brand Architecture work for Chain Restaurants, growth strategy and professional sales skill development work for manufacturers, and pre-acquisition due diligence work for private equity firms who invest in those industries.

"Silent Selling, Listening for The Sounds of Success", is Mac Brand's book describing our unique approach to sales. See more on our website: www.bellwetherfoodgroup.com

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