

ExpertAnswers: Planning for Sales Cycles

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You've heard of starting a successful business on a shoestring? **Mike Michalowicz** has done it with just three sheets of toilet paper. At least, that's how he sums up his approach to starting a business with a minimum of resources, yet using them to maximum advantage.

Having done so with three multi-million-dollar businesses, Michalowicz now shares his philosophy via books such as **The Toilet Paper Entrepreneur** and **The Pumpkin Plan**, appearances on CNBC's *Small Business*, his small-business column in the Wall Street Journal, and as a consultant.

SCORE invited Mike to discuss one of the most challenging issues for many small business owners—planning for and adjusting to sales cycles.



Q: What was the most important thing about sales you learned while building your first two businesses?

I discovered that it's important to ask questions and listen. Let people be heard, lead them through the problem so that they can identify the solution on their own, and then use you and your business as the conduit for doing it. I found that the more questions I asked, the more sales I made.

Q: Do you feel most entrepreneurs pay enough attention to sales when laying the groundwork for their businesses?

Entrepreneurs are often in "panic mode." They go after everyone rather than pursuing a consistent customer profile. They don't ask the right questions because they don't know what those questions are.

Q: So what is the best way to approach sales?

- **Recognize that there is a cycle.** This applies to every business.
- **Identify the best customers you have.** See what factors make them appealing, and prepare for them. Companies that assess the practices of their worst customers often end up attracting more of them.
- **Track buying trends for good customers.** Find what times are busy, what times are slow, and prepare/act accordingly. When they're ready to buy, you'll be ready too.
- **Document your sales process.** This will serve as valuable guidance for you and your sales staff.
- **Reverse-engineer the process.** Rather than starting with how to fill the sales funnel, determine the desired end-result of your sales process, then work backwards to find what it takes to get there.

Q: Similarly, what can an entrepreneur do to stay ready to act on any potential sales opportunity?

It goes back to filtering. If you already know the characteristics of the clients you want, and the filters for determining them, you can filter in the right people more quickly. When I get a call inquiring about my services, for example, there are about six or seven key questions that I ask to get a sense of whether they're a good fit. If so, I can act quickly on the opportunity.

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Q: In your book, *The Pumpkin Plan*, you talk about focusing on the best customers and “weeding out the losers.” Can a small business just starting out really afford to do that?

The irony is you can't afford *not* to do that. But remember that there are two phases to “just starting out.” There's Day 1 and right afterward when you have no clients and need to take on whoever you can to get started. But once you're gaining experience with them and starting to make money, you need to start filtering out the bad clients and clear out space for the right ones.

Q: There's a fine line between making timely contact with customers, and being a nuisance. How can small businesses find the right balance?

The best way is to ask the customer up front. Find out how they generally do things, then ask what's appropriate. Maybe something like, “Is it OK if I follow up with you once a week?” If they say yes, then do it. And don't contact them solely for reasons related to the sale. If they've appeared in the news, compliment them on the good news. If you know a birthday's coming up, call to offer your best wishes.

Q: Not all entrepreneurs are comfortable with managing sales. What can they do to make it fun, or at least less of a chore?

Entrepreneurs may say they're sales managers, but they're really sales advocates. Too often, they tell someone else to go out and make sales, but don't provide the right tools to do it. When not happy with results, they wind up having to figure out how to get things done for not-so-attractive customers. That's why the sales process is so important—how to do it, what questions to ask, good questions to ask, and how to follow-up.

A “dashboard” can also be helpful. As a business grows, you can't do sales simply by gut instinct. You need to regularly look at numbers, such as the number of calls, how many of them led to proposals, and how many of those proposals were converted to new customers.

Q: Even the best-laid plans can be disrupted by outside events. Lacking a crystal ball or tarot cards, what can an entrepreneur do to remain flexible when customers' needs change?

Once again, ask. As you engage a customer, ask about challenges they're facing, how you can improve on services, and so forth. Customers will share these things with you. And if you ask frequently enough, you'll find these are the same issues your prospective customers are facing. So you can apply responses across the board.

Q: Books like yours are a great way for entrepreneurs to get ideas about starting and running successful small businesses. But can they also benefit from working with a SCORE mentor?

A book gives concepts and ideas, but you also need someone with an outside vantage point, who sees the trees as well as the forest. A SCORE mentor can be that person—someone who's qualified to know what's going on, yet is outside the business and has no emotional bias.

Q: While readers of *The Toilet Paper Entrepreneur* and *The Pumpkin Plan* now look to you for advice, what's the best, most enduring bit of business wisdom you received during your career?

A business coach once told me that there's the point where you are— the *struggle*—and the point where you want to be— the *goal*. Normally, these points are connected by a straight line, but there's often the temptation to go in a different direction just to get away from the struggle. You may have some temporary success, but you're no closer to the goal. So you need to make sure everything you do aligns with your goal, and keeps you on the path to achieving it.