



S#*! Happens in Sales

Know your numbers and grow your business

In business-to-business sales, expect the unexpected. When projecting your business, you want to know what you did right and wrong to tweak your sales model moving forward. One effective way to gauge your past and future performance is to look at your numbers. If you examine four key B2B metrics: customer defection rate, number of relationships established/built, conversion rate and number of leads generated, you will be able to determine how to best adjust your approach to increase your business.

Customer defection rate. How many customers stopped doing business with your firm last year? Why should that matter to you? The average business loses about 20-40 percent of customers annually, according to Jill Griffin and Michael Lowenstein in the book, “Customer Winback.” Former customers present a great opportunity to boost sales. Former customers are already familiar with your products/services and can provide great insight to not only retain current customers, but attract new ones as well.

Reducing your defection rate can bring about increased profitability in the long run. According to Bain and Co., a 5 percent reduction in the defection rate can increase profits between 5 percent and 95 percent¹. And considering it costs less to retain a customer than to acquire a new one, why not focus on reducing your defection rate?

Number of relationships established/built. It’s one thing to generate leads, and another to establish or build relationships by nurturing those leads. Between 75 percent and 80 percent of leads are ignored² instead of nurtured, presenting another opportunity for increased sales. When following up with prospective customers, don’t contact them too much. A McKinsey study³ showed that too much contact from sales reps was a “deal breaker” for customers – 35 percent reported that too much contact was considered a destructive sales activity, versus 3 percent of customers reporting they were not contacted enough. The report recommended sales reps deter-



Numbers to Know

1. Customer Defection Rate
2. Number of Relationships Established/Built
3. Conversion Rate
4. Number of Leads Generate

mine when to reach out to customers based on needs and profit potential.

Also keep in mind the challenge of building relationships with the savvy Customer 2.0. Salespeople must not only determine how to bring value and address the needs of customers with access to a lot of information, but encourage two-sided conversation at the right time during the customer’s buying cycle.

Using social media not only serves as a venue for conversation, but also a way to measure conversations. Use a metric known as “Share of Conversation,”

which measures the degree a brand is associated with a need.⁴

Conversion rate. Knowing how many prospects turn into customers may give you an idea of the attractiveness of your offering, the prospect's interest in your product/service and the ease of doing business with you. To calculate your conversion rate, take the number of prospects and divide them by the number of actual sales, and then multiply by 100 (prospects/actual sales X 100 = conversion rate as a percentage).⁵ Conversion rates help indicate where you need to focus your efforts.

Number of leads generated. How many new leads did your business generate last year? Lead generation is the top B2B marketing priority for 2011, according to a FUSION b2b study. The study showed that 26 percent of marketers find lead generation to be most important.⁶ How do you go about increasing the number of leads? Consider using the "Rule of 45" as part of your lead generation strategy: 45 percent of inquiries will buy from someone, though not necessarily all at once; it takes about 12 months on average to reach 45 percent.⁷

Being aware of customer defection rates, conversion rates, leads generated and relationships established or built can provide you with very relevant and useful intelligence that can affect your sales. If you have monitored your metrics and used that information to adjust your approach to sales, you can grow your business. You won't be surprised by increased sales if you know your own marketing and industry numbers.



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