**When are Sales Won or Lost?**

A notable function a sales manager must master is understanding why sales are won or lost. This is particularly true for large, complex sales opportunities where there may never be another opportunity or, if so, it may be years in the future. In all likelihood, this opportunity had a high profile within the company and there will be more than passing curiosity about why the company lost or why the company won! The proximate reasons may not make sense (too much money, missing capability) when these apparent issues were known and dismissed during the sales cycle (“we know your offering costs more, but it is worth more” or “we will never need that capability so it doesn’t matter to us”).

WHY is this important to discover? The sales manager can determine if there are salesperson deficiencies, salesperson effectiveness, Competitor strategies, product limitations, etc.

When the decision between two vendors is extremely close, small differences maybe be the stated reason for selecting one vendor over another. However, these are unlikely to be actual reasons, just the rationale. In most cases the sale is won or lost much earlier in the sales cycle. The most common reasons are: (1) failure to differentiate your offering from the competition and/or (2) failure to differentiate the buying experience from the competition. Let us dig deeper into each of these. For many sales people, meeting the prospect’s stated requirements are what they believe is their sales function.

This is particularly true for newer sales people who do not understand why the prospect needs what they state they need or are incapable of expanding what the customer’s requirements should be. An expert sales person will not simply accept what the prospect thinks they want but will engage with the prospect to understand the context of the requirements and attempt to explore unstated additional requirements the prospect did not consider, but should.

The sales person who can do this effectively elevates the prospect’s trust and credibility in the salesperson and their company. Even should another vendor be able to demonstrate similar functionality, the initiator has already “won”. For most sales opportunities, this differentiation occurred weeks or months before the decision during the discovery and presentation phase.

Differentiation of the buying cycle can have multiple elements:

• How responsive was marketing and/or the sales person to initial requests?

• If the prospect did not have a clear decision process (true in many cases) how did the sales person help them to understand why they should have one and what it should include.

• How did the sales person/company help the prospect with their internal selling challenges?

As an example, a sales person who recognizes a justification is likely required by the prospect, helps the prospect think through what is needed and can provide supporting materials (PowerPoint template, justification calculators, pro/con tables of options) will be perceived as a partner instead of an adversary. Again, in many sales cycles the presentation of options to an internal capital approval committee or an informal management group will occur before the final vendor decision.

A sales person who can assist a prospect through this process will yield increased confidence that this vendor can help them succeed once the project begins.

Successful selling organizations understand these points and invest a significant amount of training, role playing and account strategizing during these phases of the sales cycle. Actions In the regular sales strategy sessions with your salesperson:

(1) Focus on the stated reasons the prospect is buying and what else they should be considering,

(2) Who the likely competitors could be and how they will respond,

(3) What and how your salesperson can expand the requirements and who else it impacts within the prospect’s company,

(4) How your capabilities can differentiate your offering from the competition,

(5) Whether the prospect knows how to buy and what advice & aids your salesperson can provide,

(6) Institute a formal Win/Loss analysis, ideally with a trained non-salesperson conducting the interview within a week of a decision.

Summary

An effective sales leader will build a culture that embraces the need for constant, regular opportunity reviews and helps their sales team members answer, for each opportunity, the key questions of “Why do anything and Why do it with us”. They will also recognize the value of understanding wins and losses when they occur and establish a routine process to learn why.

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