



## Sales Master Class

**Tested learnings and best practices for quick wins.**

A new financial year ... Opportunity to begin afresh ... Set new ambitious goals ... And forecast your pipeline

### A fail-safe approach to forecasting your pipeline right



*As Sales Director of ZYX Consumer*

*Products, Jagdish had to share his sales forecasts each quarter with Finance. But he was growing tired of getting called out by ZYX's CFO, every time his actual sales numbers wouldn't sync with the forecasts. He had had enough.*

*Turning to Vinod, his Country Head, he sighed "Vinod, you should get your Sales Pipeline fixed. Else it's seen as a sales gripe line?"*

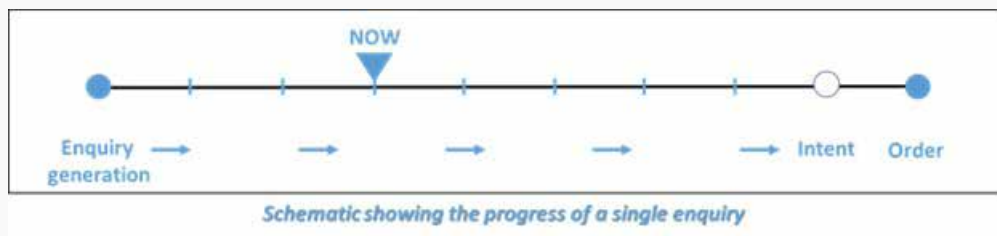
*"I have a thought, Jagdish" said Vinod "There is this Charles, one of our new Key Account Managers, who gets his forecasts close to 100 percent. He brings 5 years with a global aircraft maker. Maybe I can check with him on any best practices?" Jagdish closed the conversation with "Do that and please make it quick".*

*What could have been the best practices that Charles may have used?*

## Why Pipeline? Because that's your balance sheet's start line

For your company, the sales pipeline is more than just a forecast number. It's where the balance sheet begins.

Tall claim? Consider this. If you have no idea how much you will sell next year, how would you fix your production targets, how much cash you will need and what other resources to line up? That granted, what can you do to get better at forecasting your sales pipeline?



## What goes into a dependable pipeline forecast?

Three things make up the sales pipeline: 1) Enquiries generated, 2) Enquiries received and 3) Offers made.

But that isn't quite the whole story. All sales enquiries are not equal. Each of them is at a different milestone on the roller coaster journey from being a lead to becoming a converted deal.

Crossing each milestone would increase the probability of conversion. So, simply adding up the money values of all enquiries will not give you a dependable forecast.

On the other hand, your sales pipeline should be the aggregation of potential probable total value of all enquiries, allowing for some inevitable conversion failures. That is where your sales forecast should start.

## Putting it to practice – The How

### 3 Forecasting strategies for different types of pipelines

Sales pipelines can typically be one of three types. For each of them a different approach will work as shown below:

a. Pipeline of several small sized enquiries – The purchase journeys of small sized deals being relatively short, milestones can be assigned to each enquiry based on the probability of winning the order. You could have, say, 4 milestones defined to mean 60%, 70%, 80% and 90% chances of conversion. Multiplying each potential order value by the % factor at that milestone and aggregating for all enquiries on hand, should give you the probable total value sales forecast for the pipeline

b. Pipeline of a few large sized enquiries – The purchase journeys are longer in large sized enquiries. So, you need a different approach here. You will need to monitor the probability of success at almost every

point of the journey and not just on 4 milestones. Large value enquiries are more complex as they involve decisions on where you should invest your efforts to accomplish the desired outcomes. For this to happen, you should have a good idea on the relative probability of success for each deal. This is where the *Tactical Checklist* method can help you.

c. Pipeline combines both (A) & (B) – This would call for an enquiry specific approach applying both milestone and continuous assessments depending upon the enquiry size

## Master Class Takeaway

***Working diligently towards getting your pipeline forecasts right will push you to monitor your pipeline consciously. You will then choose actions necessary to nudge the leads along their journey towards closure. You will also review your progress frequently, all of which will add up to better sales results***

“The great aim of education is not knowledge  
but action”

– Herbert Spencer –

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## Skill Up

Brings you snackable bites of a larger skill, you can quickly learn and put to use at work

**To become a dependable forecaster, learn to spot these 4 non-linear trends**

**Data orientation is a valuable skill for sales professionals**



The start of a financial year is when data orientation skills are needed the most. Reason? That's when the sales team pauses to take a close look at the many trends that will influence sales in the year ahead.

While doing this, all linear variables are duly considered. For example, it's assumed that if we add new territories, sales numbers will move up.

But what's often overlooked in forecasting are the non-linear variables that could potentially impact sales.

### **Relationships between data variables are not always linear**

A Harvard Business Review (HBR) article published in June 2017 on *Linear Thinking in a Non Linear World* by Bart de Langhe, Stefano Puntoni, and Richard Larrick lists, among other things, 4 non-linear trends that are not often noticed while making decisions or solving business problems.

“The human brain likes simple straight lines” say the authors “As a result, people tend to expect that relationships between variables and outcomes will be linear ... But frequently relationships are not linear”

Going back to our example, simply adding more territories may not bring in the expected quantum of additional sales if some of the new territories are starting to experience saturation. In such a case, sales will climb initially and then taper off.

This is among the reasons why many European and US companies, choose to invest in emerging markets rather than expand in their own neighbourhood.

**Below is a short summary of the 4 commonly occurring non-linear trends and how learning to spot them could be useful in making better forecasts**

### **1. Increasing gradually, then rising more steeply**

TLanghe, Putoni and Larrick illustrate this trend with the example of Customer Life Time Value (CLV). When Customer retention rates increase, CLV rises gradually. But as retention improves the CLV goes up steeply.

Applying this to forecasting:

Sales of a newly introduced model of car or any other product follows this trend. If the product portfolio has a good number of recently launched models or offerings, that are gaining market acceptance, the forecast can be robustly optimistic as the sales are likely rise steeply after the initial gradual increase

### **2. Decreasing gradually, then dropping quickly**

We may not be observant all the time but anyone who has availed a mortgage loan experiences this. The outstanding balance to be paid in a mortgage decreases very gradually at first, but as the end of mortgage nears, the balance appears to drop quickly. The slow ebbing of Covid and its seemingly sudden disappearance is another example of this trend.

Applying this to forecasting:

Sales of products in decline follows this trend. What this means is that we should be modest while projecting growth in the sales of products that are in the tail end of their life cycle. The gradual decline in their sales is a precursor to a sudden and sharp drop in growth

### **3. Climbing quickly, then tapering off**

Economies of scale demonstrate this non-linear behaviour, say the authors. When a business starts off, more sales bring more profits. But this doesn't mean that profits will go on increasing with sales. Profits climb quickly and then taper off beyond a sales threshold.

Applying this to forecasting:

Festival offers and discount sales work this way. If you have had a bonanza year when your company penetrated the market with a slew of offerings at special introductory prices and terms, forecasts for the next year must keep in mind the likely 'taper tantrum' the sales of those products are likely to experience.

#### **4. Falling sharply, then gradually**

Recovery of average fixed costs follows this non-linear behaviour, according to the HBR article. In the years following an investment, the average fixed costs fall sharply when divided by contribution. In subsequent years, this recovery slows down

Applying this to forecasting:

If your company has a range of variants of a single product offering and plans to introduce a new variant next year, you may have to factor this trend into your forecasts. You can expect sales of older variants to fall sharply as the new model or product basks in the limelight. As its sales stabilizes, the older models may continue to experience fall in sales but perhaps at a slower rate than initially

You can read the Harvard Business Review article [\*here\*](#)

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## Spotlight

Shining a light on how sales works in emerging and new business models and across different industries.

## 5 Science Backed Steps to Make the Most of Your 1:1 Meetings

When was the last time you had a structured one on one meeting with your manager or your direct report?



According to research by people analytics company, Humu reported in MIT Sloan Management Review's Jan 2023 issue, 1 in 4 people surveyed don't have regular one-on-one meetings. The number could be much more with people in sales, as the sales function is typically so rushed, quota focused and deadline driven that individual meetings feel like a luxury.

But one set of such meetings is certainly guaranteed. Those are the appraisal and goal setting meetings towards the close and start of a financial year.

Sales leaders often wonder as to what could be some ways to make these meetings more effective for the managers and their teams. *Writing for MIT Sloan Management Review, Jessica Wisdom*, co-founder and People Science leader of Humu, offers 5 research based suggestions for making the most of 1:1 meetings:

## **1. Meet more often**

Humu's research found that individual contributors who had regularly weekly meetings with their managers reported

feeling 20% less anxious,  
dreading them 17% less, and  
feeling 12% more successful at their jobs, on average,

compared with those who met with their managers less often

Action Insight: Calendarise meetings and ensure a regular cadence. Meetings can be short but must be sufficiently frequent. Achieving sales targets in a constantly changing environment calls for regular course corrections and tactical changes. So, quality of meetings alone is not enough. Quantity matters too

## **2. Set clear expectations on outcomes**

Managers must make a conscious effort to tailor their relationship with each direct report suggests Jessica Wisdom. The benefit of such an individualized approach is a building of "a meaningful connection based on trust".

Research by Humu established that employees with highly rated managers were more than three times as likely than those with poorly rated managers to say that their supervisors show that they care and take the time to get to know them

Action Insight: In crafting individualized relationships managers must take into account 3 essential factors of every direct report:

Unique needs  
Interests  
Feedback preferences

Mercuri approach of 'managing by support' also calls for a similar individualisation. Each Salesperson has varying needs in terms of (a) Quality of sales work capable (b) Self-management capabilities on quantum of efforts (iii) Current conditions of individual's market or territory: Favourable/ Not so favourable/Adverse. Successful sales managers tailor their meeting messages keeping these unique needs in mind

## **3. Encourage two-way agenda**

Meetings must address the needs of both the manager and the reports. To achieve this, Jessica Wisdom recommends 5 key questions managers can focus on with varying amounts of time for each, depending upon individual team member needs:

What's going well? (Encourage self-reflection, offer recognition)

Where can I help? (Clarify directions, Help work through any roadblocks)

What are your top priorities these days? (Get a clearer line of sight into employees' work, clarify any misaligned priorities)

Is there anything new or upcoming you'd like to put on my radar? (Pre-empt potential issues)

How are you feeling outside of work? (Build personal rapport, Know the individual more fully)

These questions aside, Wisdom is of the view that team members should be empowered to add more bullets if needed

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#### **4. Empower rather than micromanage**

As the MITSR article highlights, an empowering approach allows managers to lead with trust while providing direct reports with a safe space to experiment, fail, and improve. It sows the seeds for professional growth

Action Insight: Sales stars promoted as team leaders are likely to be tempted to ask a lot of "What" and "How" questions in 1:1 conversations with their reports. But in their eagerness to help they may unwittingly block opportunities for their people to make mistakes and learn. It is only when a team member is seen struggling should a sales manager extend support by identifying issues and brainstorming collaboratively for solutions

#### **5. Follow through**

When a manager is seen to follow through on something the employee asked for in a meeting, it builds trust, that's crucial for a rewarding long term relationship between the manager and his team. Follow-on communication via mails or phone calls can reframe difficult conversations in positive light

Action Insight: Taking notes is a best practice used by successful sales professionals, that both sides can adopt. Meeting summaries and action items in bullets can be used to review and complete whatever was agreed upon to get the best out of 1:1 meetings

Jessica Wisdom sums it all up when she says: "Meeting just for the sake of it won't move the needle, but when one-on-one conversations are useful, consistent, and human, they can become something that both managers and employees actually look forward to" Read the research details [here](#)

The beginning is the most important part of  
the work”

- Plato -

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NEW BEGINNINGS... PROMISING PERSPECTIVES... POTENTIAL POSSIBILITIES

How to  
forecast your  
sales pipeline  
right?

SALES MASTER CLASS



Learn to spot  
these  
4 non-linear  
trends

SKILL UP



What  
makes a  
Convincing  
Narrative?

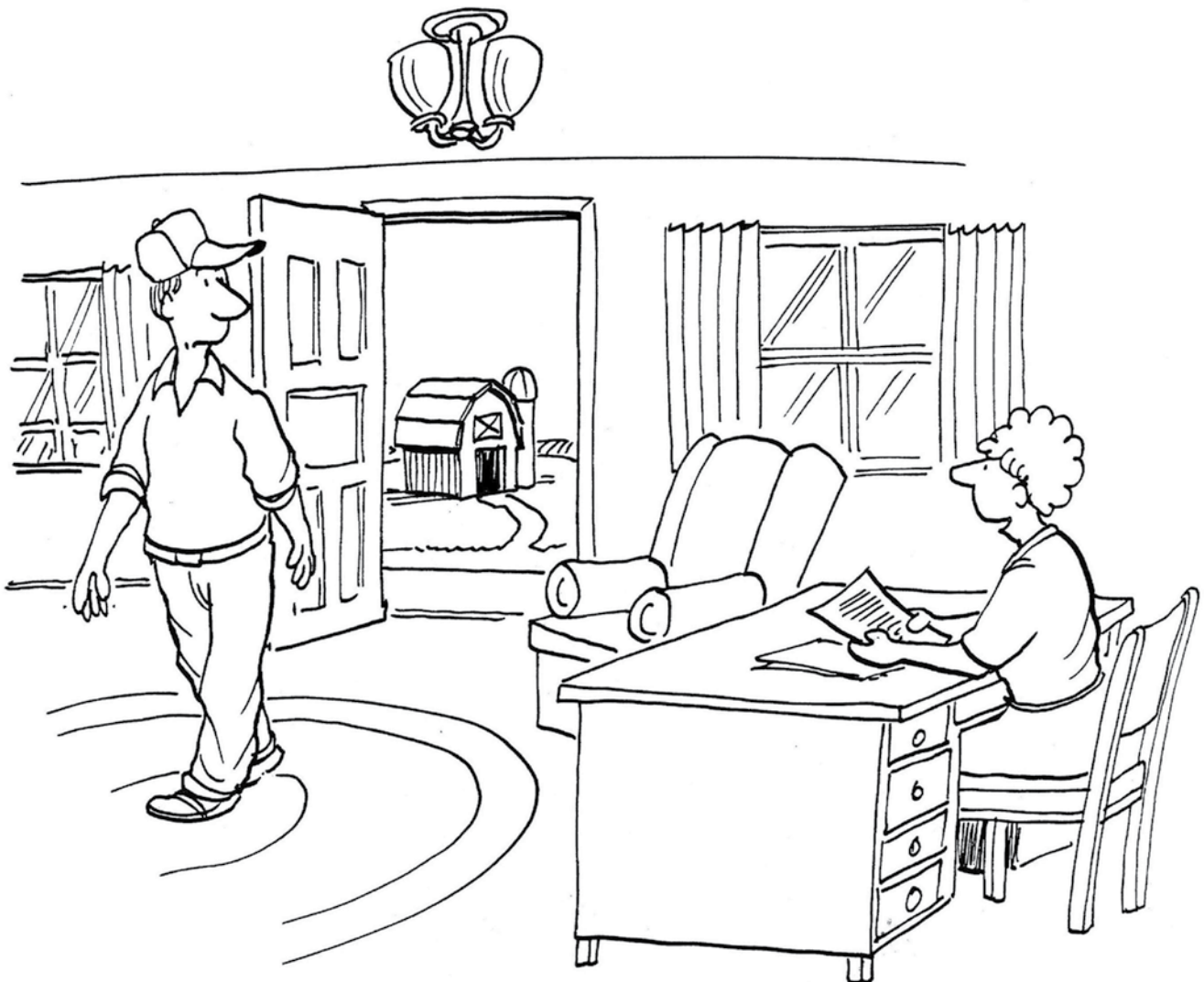
MUST READ



How can you  
build  
Sales  
Resilience?

SALESPARATION

## Have a Laugh



"We made \$30,000 more last year  
and it only cost us \$60,000."



**“We need to do something different, but  
in the same way as usual.”**

“A company surrenders tomorrow’s businesses  
when it gets better without getting different”

– Gary Hamel –

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## Must Read

Annotated ideas from insightful books

### Rigour of Numbers + Power of Stories = Convincing Narrative

#### Which tribe are you from?

What impresses you more? Numbers?

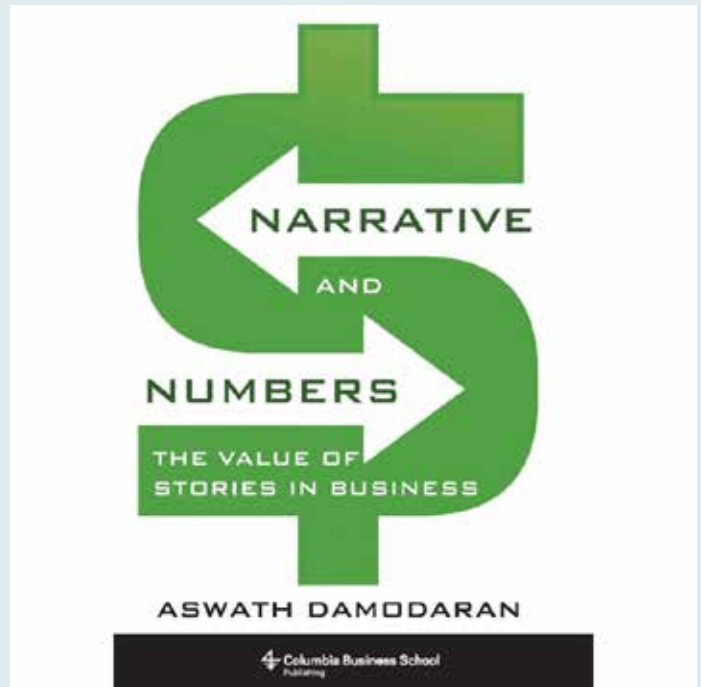
Or a story? To figure that one out, con-

sider the following example paraphrased from Prof Aswath Damodaran's book *Narrative and Numbers*:

Imagine an investment banker trying to persuade you to invest in Ferrari, the legendary luxury auto company, when the company started off.

**Option A** – The numbers: The i-banker makes a rational pitch. A valuation is shown in a spreadsheet with forecasted revenues, operating income, cash flows and key assumptions, all in numbers. You are told revenues will grow at 4 percent annually in the next five years, the pre-tax operating margin number, revenue generated per unit of currency. The impact: If you are not a numbers person, you would possibly feel lost and the data doesn't register at all

**Option B** – The story: The pitch is emotional. The presenter introduces Ferrari as a luxury automobile maker that appeals to the 'exclusivity' of the super-rich celebrity. Hence, can charge astronomically high prices, and can earn huge profit margins. The impact: You are of



course more likely remember the story, but without specifics, will it influence you to invest in the company?

**Option C** – The Narrative: The i-banker ties the low revenue growth (4 percent) to Ferrari's strength in maintaining its exclusivity. He tells you how that same exclusivity will allow it to generate its huge profit margins and maintain stable earnings over time, since the wealthy who buy are unaffected by the ebbs and flows of the economy that affect other automakers. The impact: Most convincing because it blends the rational and the emotional, tying numbers to a story.

"That, in a nutshell, is the endgame for this book" says Aswath Damodaran, who is Professor of corporate finance and valuation at the Stern School of Business in New York University

## **Power of stories**

Every profession attracts talent from diverse backgrounds. Not all professionals are wizards with numbers. Neither is every pro a spell binding story teller! Prof Damodaran's book sets out to integrate the best of these two worlds to uncover the value of data-driven stories in business.

## **Insights for sales and selling**

The book details insights on building convincing narratives drawing on the rigour of numbers and power of stories. Below is a curated selection of insights and quotes from the book valuable for sales and selling:

**a. Why Stories are powerful** – Stories are powerful because (i) Stories connect (ii) Stories are remembered (iii) Stories spur action

**b. Data overload has made storytelling highly valued** – "Assaulted by data overload, our brains stop processing the data .... and, storytelling gets us to pay attention and remember"

**c. Christopher Booker's list of 7 story types** – (a) Overcoming the monster (or any adversity) (b) Rebirth (or story of renewal) (c) Quest (or search for a perfect solution) (d) Rags to riches (or positive transformation) (e) Voyage and return (or emerging wiser, happier or richer from an experience) (f) Comedy (or humour through shared experiences of stumbling through challenges) (g) Tragedy (or humanising stories of unsurmountable difficulties)

**d. 6 Steps to tell a better story** – (i) Understand your business and know yourself (ii) Understand your audience (and their interests) (iii) Marshall the facts (Use journalism's 5Ws – Who, What, When, Where & Why) (iv) Talk in specifics (v) Show, don't tell (Show how your product or service work and solve problems for your Customers) (vi) Have a good ending (Leave listeners excited and eager to act)

**e. 4 Ingredients of a good story** – A good story is – (1) Simple (Core message delivered without dis-

traction) (2) Credible (Meets the reality test) (3) Authentic (Reflects who you are as a person and what your business is truly about) (4) Emotional (Comes from the heart and resonates with audience)

## **Rigour of Numbers –**

**a. Numbers inspire trust and confidence because** (i) Numbers are precise (Notion that numbers are scientific and more precise than stories is deeply held”) (ii) Numbers are objective (Fair or unfair, numbers are unbiased and agenda free. Data doesn’t lie) (iii) Numbers indicate control (Measuring followed by analysis is the way to manage)

## **b. Dangers with numbers –**

There are risks associated with numbers (1) Illusion of precision (Precision does not guarantee accuracy of results if the most relevant numbers are not chosen. Also results can be framed negatively or positively) (2) Illusion of objectivity (Data sets selected with biases will yield results that reflect the biases) (3) Illusion of control (Measuring something doesn’t mean you are controlling it, no matter how sophisticated your measuring tool is) (4) Intimidation factor (Numbers intimidate, cut off debate and prevent probing questions especially when the audience isn’t trained for uncovering weaknesses in the numbers/analysis) (5) Imitation problem (Purely number driven decision process is easy to imitate by machines but will be devoid of intuitive judgments that can spot non-quantifiable risks and benefits) (6) Herding problem (Widening availability of data and computing power, means many of us will work with the same humungous data sets, and possibly arrive at similar conclusions (herding). Leading to collective errors, which when taken together, can have serious implications.

## **Convincing Narrative**

### **4 Building Blocks of a Good Narrative –**

(i) Must be simple (simple stories leave a more lasting impression than a complex story) (ii) Has to be credible (there must be no loose ends) (iii) Should inspire (Audience must buy into your story) (iv) Should lead to action (get audience to act, buy your products and services)

Using a range of case studies, short and detailed, numerous examples and illustrations spread over sixteen chapters, *Narrative and Numbers* aims, like Prof Damodaran’s valuation classes “to teach enough number-crunching to the right-brainers to make them disciplined storytellers, and enough storytelling to number-crunchers, to help them trust their imagination”

“Profit in business comes from repeat Customers, Customers that boast about your product and service and that bring friends with them”

– W Edwards Deming –

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 <p>How to forecast your sales pipeline right?</p> <p><b>SALES MASTER CLASS</b></p>	 <p>Learn to spot these 4 non-linear trends</p> <p><b>SKILL UP</b></p>	 <p>What makes a Convincing Narrative?</p> <p><b>MUST READ</b></p>	 <p>How can you build Sales Resilience?</p> <p><b>SALESPIRATION</b></p>
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## Salespiration

Life lessons and actionable wisdom for becoming an even better sales professional.

### How mental preparedness can make you a happier and more resilient salesperson

**Excerpt from Ryan Holiday's book**

Obstacle is the Way: The Ancient Art of Turning Adversity to Advantage



"Today, the premortem is increasingly popular in business circles, from start-ups to Fortune 500 companies and the Harvard Business Review. But like all great ideas, it is actually nothing new.

The credit goes to the Stoics. They even had a better name: premeditatio malorum (premeditation of evils).

A writer like Seneca would begin by reviewing or rehearsing his plans, say, to take a trip. And then he would go over, in his head (or in writing), the things that could go wrong or prevent it from happening: a storm could arise, the captain could fall ill, the ship could be attacked by pirates.

"Nothing happens to the wise man against his expectation," he wrote to a friend. "... nor do all things turn out for him as he wished but as he reckoned—and above all he reckoned that something could block his plans." Always prepared for disruption, always working that disrupt-

tion into our plans. Fitted, as they say, for defeat or victory. And let's be honest, a pleasant surprise is a lot better than an unpleasant one.

What if...

Then I will...

What if...

Instead, I'll just...

What if...

No problem, we can always...

And in the case where nothing could be done, the Stoics would use it as an important practice to do something the rest of us too often fail to do: manage expectations ....

Your world is ruled by external factors. Promises aren't kept. You don't always get what is rightfully yours, even if you earned it. Not everything is as clean and straightforward as the games they play in business school. Be prepared for this ....

Because the only variable we control completely is ourselves"

(From: The Obstacle is the Way: The Ancient Art of Turning Adversity to Advantage by Ryan Holiday.)

"Good companies will meet needs; great companies will create markets"

- Philip Kotler -

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