



# The M/WBE Strategic Supplier



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## **HOW TO SHORTEN THE SALES CYCLE**

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*E-MBE.net*

**Introduction** The purpose of this article is to discuss ways you can reduce the time it takes to get a contract with a major corporation and/or government agency. The sales cycle is defined as all the steps between when a customer is introduced to your product and/or service until the time they decide to make a purchase. Knowing how procurement cycles work and identifying niche opportunities can be the difference between success and failure, especially for small, minority and women-owned businesses (MBE / WBEs).

**Procurement Cycle** On average it takes 18 to 24 months to get a contract with a major buying organization. This process is known as procurement lead time. Some of the key steps driving a long sales cycle are:

- **Requirements Definition.** This is the first, and one of the hardest parts, of the procurement cycle. Defining requirements is difficult and can take a lot of time. This step involves writing the Statement of Work or preparing product technical specifications. Even after a RFP is released there can still be changes to requirements. For example, many procurements have a stream of amendments during the bidding process.
- **Budget Cycle.** Funding can take months – even years – to flow through to a project.
- **Administrative.** Many large organization use buying teams. It takes time to select a team, hold meetings, write the RFP / review proposals, coordinate, etc. This step can also involve legal reviews of the RFP.
- **Pre-Qualification.** Some buying organizations pre-qualify their potential suppliers. This steps involves submitting references, plant / office visits, records review, training, etc. This can take months.

**Sales Cycle Reduction Tactics** You can use the following tactics to help reduce the amount of time it takes to close a sale. Each tactic is summarized below.

Tactic	Discussion
<b>Pursue Niche Markets</b>	There are many submarkets or niche business opportunities in a typical corporate supply chain. Knowing when and where to target these markets can reduce the sales cycle. Thoroughly understanding the life cycle of your products / service is one way to help identify niche opportunities. Identifying weakness of your competitors is also an important part in finding niches.
<b>Pursue Emerging Markets</b>	Look for new areas where there is no established supply chain. This usually occurs with new technology. Targeting new areas is much easier – and faster - than going after established (mature) product / service markets.
<b>Offer Customized Products / Services</b>	Offering customized products and/or services is a good way to avoid getting caught in the typical “commodity” procurement cycles / process. As a bonus, you can typically make more profit on customized products / services.
<b>Use Technology</b>	MBE / WBE firms can use technology to reduce the sales cycle. Examples are: <ul style="list-style-type: none"> <li>• Electronically sending information is much faster than mailing it. This reduces the communications time lag and the decision-making cycle.</li> <li>• You can use technology to create “virtual” environments where you show a working 3-dimensional model of a product / process / building interior. Using this type of technology makes it easier for prospects to visual the end product and helps speed along their decision-making process.</li> </ul>

<b>Find Different Buyers</b>	Target different groups of buyers within your industry, preferably in emerging areas. Look at the decision makers and the decision influencers.
<b>Participate in Pre-Sourcing</b>	Some buying organizations identify MBE / WBE suppliers in advance of a procurement. This allows them to have qualified sources when they are ready to start. Getting your company on these lists can help reduce sales time.
<b>Build Strategic Relationship Early (Before the RFP Cycle)</b>	It's a good idea to invite potential customers to your plant / office so they can learn about your company's capabilities. This makes it easier for them to work with you when they have to find a supplier for a particular contract.
<b>Identify an Ideal Customer Profile</b>	Many companies waste time pursuing contracts where they are a poor fit. One way to avoid this is to develop a set of criteria where you determine the ideal type of contract you want for your company, e.g., duration, work locations, dollar value, profit margin, type industry, hassle factor, and growth potential.

**Other Advice** Some other tips on how to reduce the sales cycle involve your management, communications and people skills, to include:

- **Develop a Sales System.** Some MBE / WBE firms fail to develop sales process which does the following:
  - Creates a brand identify for your company (using differentiators avoids you being seen as a commodity)
  - Establishes a regular follow-up process with prospects (to find new work) and clients (to find more work)
  - Develops sales and profit goals (so you can manage and measure your success – and improve)
  - Conducts prospect research to find “pain” and niche areas
  - Understands the prospect's decision-making process and identifies the key decision makers

You may need to hire a consultant to develop / improve your sales and marketing system.

- **Prepare a MBE / WBE Marketing Plan.** Having a plan ties together all the above strategies.
- **Respect Gatekeepers.** Don't try and go around gatekeepers. Follow the corporate protocol for suppliers.

**Summary** You can reduce the sales cycle without slashing prices or cutting profits. However, it takes planning, persistence, and a little luck. Using the above strategies and tactics can help you. Good luck!

**For Assistance** E-MBE.net ([www.e-mbe.net](http://www.e-mbe.net)) offers services to small, minority- and women-owned businesses who need hands-on help on becoming strategic suppliers to major corporations and/or government agencies.

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