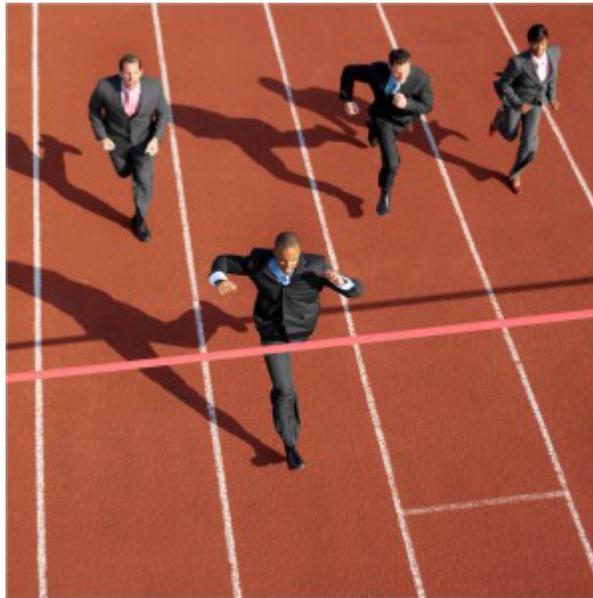




Achieving radical and sustainable improvement in top line performance

Q. What is the definition of posting a good sales quarter?



A. It is more than just making the top line number.

September, 2011

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The Challenge:

Every KappaEast client (including non-profits) is continually faced with the challenge of making the revenue and/or bookings target for each quarter. Whether you work for a publically traded or privately held business, consistent and predictable performance of the top line is usually the first item of discussion after unveiling the earnings. While top line growth is the leading indicator of long term success; coupled with a watchful eye on expenses, there are some fundamentals that must be tracked on a frequent basis (1 to 2 times each month), or more often, if appropriate.

We call these fundamentals leading indicators and they are based on Kappa's proprietary funnel math model. We suggest the use of a funnel construct rather than a pipeline because it is a more accurate description of the sales process, taking into account the wash-out or hit rate associated with the



"There are three types of sales executives; those who make things happen; those who watch things happen; those who wonder what happened."
 ...Anonymous

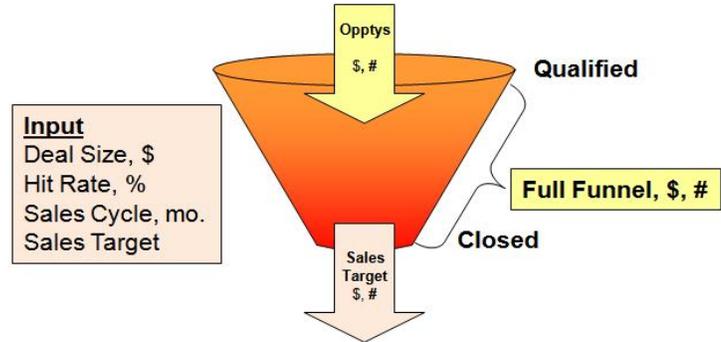


"What have I done today to generate business for the next two quarters?"
 ... Anonymous

movement of opportunities through the sales cycle. You logically need more in the top to close one out of the bottom, unless the organization believes in the 100% hit rate myth.

While making the number typically represents a sigh of relief, it is insufficient to predict future success for upcoming quarters.

What works is taking a big picture perspective of the entire portfolio of opportunities at the corporate, division, region, district and rep level.



What Works:

We suggest a disciplined focus on 3 things:

1. Is your CRM system able to summarize the average deal size, sales cycle and hit rate? If the data is not readily available, make some assumptions and begin tracking these over time. (See funnel access below.)

2. Is the funnel full and flowing? What is the distribution of the opportunities? Are the deals all at the top (stuck at qualified) or unevenly distributed? In general, there should be a proportional distribution of opportunities from qualified to selected. Lumpy revenue results can typically be tracked back to the uneven distribution of deals in the funnel.

3. How many new qualified opportunities actually entered the funnel this month/quarter? This is the best predictor of future success. If the funnel has been drained/emptied (typically with an inducement of deep discounts) to make the sales target and the number of qualified opportunities is below the required amount per the funnel math model, it is easy to predict the results for the next and subsequent quarters.

Just Try It:

And remember, if the sales cycle is more than 3 months (which is typical with most high tech clients), you need to start qualifying new opportunities at the rate for the new sales target, **ONE SALES CYCLE AHEAD** of the start of the quarter for that new target.

If you would like to calculate how much (the total dollar value and number of deals) should be in your full funnel, and the number of qualified opportunities that must cross the qualified phase line each month/quarter, [click here](#) and receive complimentary access to the model. It is simple to use.

What's Next:

If you would like to find out how we can help define a good sales quarter for you, we would welcome a call. If you have



additional best practices we would welcome hearing those as well. You can reach us at kappainfo@kappaeast.com.

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"Looking at your funnel is like looking in the mirror. There is no hiding the truth."

... KappaEast