

Sales Funnel Calculator Template User Guide

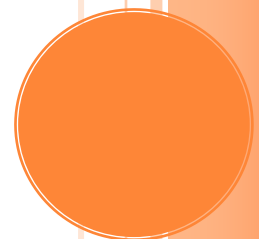
Excel Spreadsheet

This Excel-based template is a convenient application for Sales Funnel/Pipeline management. You can use the sales pipeline management tool to provide metrics and visibility on all stages of the Sales Pipeline/Funnel. It calculates the value and number of New Business Opportunities and Leads required at each Stage of the Pipeline, each month, to achieve the Revenue budget target. It helps to provide key metrics for successful sales funnel management.

The shape of the Sales Funnel resulting from the planned pipeline stages and estimated leakage at each stage is also shown graphically. This facilitates a review of the existing sales process and where leakage is occurring as a first step in identifying where changes can have the greatest impact on improving sales productivity.

sales@businesstoolsstore.com

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INTRODUCTION

Sales Revenue is the lifeblood of every commercial organisation.

The receipt of Clean Sales Orders is an essential prerequisite for revenue generation.

Management tend to focus attention and reporting/forecasting on order receipt or order bookings. However, this is the final stage of a sales process, which is dependent on all the other stages in the process and the resources allocated to each of these stages.

Most organisations have their own distinct sales cycle. The sales cycle is frequently referred to as the Sales Pipeline. The Sales Pipeline flows from New Unqualified Leads, through a number of stages, to finally exiting from the Pipeline in the form of Clean Sales Orders. The Sales Pipeline is also characterised by the number of leads/prospects dropping out at each stage.

Sales pipeline management starts by clearing understanding the key metrics.

Starting with the sales revenue budget one needs to understand basic parameters of the sales pipeline. Such as:

- *How many leads do you need to meet your revenue budget in 3 months or 6 months time?*
- *What timeframe do you need these in if you are to achieve the revenue goals?*
- *How many sales proposals/quotations do you need to submit this month, next month, etc?*
- *How many qualified leads do you need now to be able to generate the required number of sales proposals/quotations in, say, three month time?*
- *What would be the outcome if you increased the number of new leads by 20% or if you increased the ratios of written proposals being shortlisted by 25%?*

These are all questions that the Excel-based Sales Pipeline or Sales Funnel Calculator template helps you to answer.

You can use the sales pipeline management tool to provide metrics and visibility on all stages of the Sales Pipeline/Funnel.

It calculates the value and number of New Business Opportunities and Leads required at each Stage of the Pipeline, each month, to achieve the Revenue budget target.

- *What would be the outcome if you increased the number of new leads by 20% or if you increased the ratios of written proposals being shortlisted by 25%?*

The shape of the Sales Funnel resulting from the planned pipeline stages and estimated leakage at each stage is also show graphically. This facilitates a review of the existing sales process and where leakage is occurring as a first step in identifying where changes can have the greatest impact on improving sales productivity. If a picture is worth a 1,000 words one can quickly see from the shape of the funnel where the most leakage is occurring. What if analysis allows one to quickly graphically see the impact of a particular scenario, like “if we increased the number of new leads each month by 20%” or “if we improve the ratio of proposals to shortlisted by 10%”

KEY FEATURES

Key features of the system allows you to:

- Take contracted recurring revenue, e.g. maintenance contracts, subscriptions, etc. into account to calculate the New Business revenue portion of the Total Revenue Plan.
- Use the duration of the sales cycle to translate the Revenue Plan (outflow from the sales pipeline/funnel) into the required Sales Leads Intake value (inflow into the sales pipeline/funnel).
- Customize your own Sales Pipeline/Funnel with up to ten individual stages or milestones.
- Specify the timeline between each Stage in the Sales Pipeline/Funnel.
- Specify the Leakage or drop-out rate for each Sales Pipeline/Funnel Stage, as prospects move through the Sales Pipeline/Funnel from Unqualified Leads to Clean Firm Orders, e.g. the % of Unqualified Leads that become Qualified Leads, the % of quotations that turn to firm orders..
- Calculate the Value and Number of Business Opportunities required at each Stage of the Sales Pipeline/Funnel for each month, allowing you to identify potential problems, that will impact future revenue streams, in time to take corrective action.
- Calculate the number of New Leads that should be put into the Sales Pipeline/Funnel each month to achieve future months' Revenue Plan.
- Graphic image of the shape of the funnel and the number of leads at each stage is automatically calculated and displayed.
- Use a planning cycle of up to 24 months to take account of longer sales cycles.
- The Sales Pipeline/Funnel can be fully customized.

USER INSTRUCTIONS

The EXCEL model has a simple Push Button Menu system (Pencil icons) at the top of the Workbook in cell A2.

The following general guidelines should be followed.

- Cells in Green are intended for User Input.
- Cells in Black are calculated and should not be altered by the user.

On first use it is recommended that the Menu Options be used in the sequence in which they are numbered, 1, 2, 3, etc. On subsequent use the options can be selected as required to make amendments to the data originally entered. It may be useful to print out, for reference, The Pipeline Flow Parameters (Option 8).

Prior to entering data the user should select which currency s/he wishes to use in formatting reports. This can be done by clicking on the chosen currency symbol in the dialog box to the immediate right of the Title Graphic (cell F1). Note this refers only to the currency symbol used and is NOT a currency conversion routine.



Enter the **Company Name** and **Start Month/Year**. These are used to format reports.

Fill-in the **Average Order Size**, in the same units as the Revenue plan, i.e. \$ or K\$, this is used to relate the number of orders/leads to the revenue plan.

For organisations that do not have a meaningful average order size there are two options. One can work with the pipeline monetary values only and ignore the calculated number of orders/opportunities/leads. Alternatively, one can breakdown the Total Revenue Plan into a number of sub-plans by product or market segment where an Average Order Value can be applied to each sub-plan. One can also work with the number of small, medium and large orders; identifying the amount of the total budget that is anticipated to come from the small order segment, etc.

Sales Pipeline Stages	Sales Pipeline Flow	%
New Leads	% of New Leads that move to Initial Telephone Qualification	90%
Initial Telephone Qualification	% of Initial Telephone Qualification that move to Project Identified	60%
Project Identified	% of Project Identified that move to Timescale & Budget Approved	50%
Timescale & Budget Approved	% of Timescale & Budget Approved that move to Good Fit Establish	60%
Good Fit Established	% of Good Fit Established that move to Request for Proposal	80%
Request for Proposal	% of Request for Proposal that move to Proposal submitted	95%
Proposal submitted	% of Proposal submitted that move to Short listed	70%
Short listed	% of Short listed that move to Verbal Order	60%
Verbal Order	% of Verbal Order that move to Contract Negotiation	95%
Contract Negotiation	% of Contract Negotiation that become Firm Clean Orders	95%
Firm Clean Orders		

Define each **Stage in the Sales Pipeline**. This can be done by editing the sample stages already defined. If your Sales Pipeline has more than 10 stages, review and consolidate some of the less significant stages.

Enter the **Pipeline Flows** for each stage defined in the Pipeline. Enter a % **value** between 1 and 100. A zero is not valid, as zero flow in the pipeline is not possible. If one has less than 10 stages in the pipeline a value of 100% should be used for any of the 10 stages not being used.

Sales Pipeline Timeline	
Elapsed Time, in months, between	Mths
New Leads and Initial Telephone Qualification	0
Initial Telephone Qualification and Project Identified	3
Project Identified and Timescale & Budget Approved	1
Timescale & Budget Approved and Good Fit Established	0
Good Fit Established and Request for Proposal	1
Request for Proposal and Proposal submitted	1
Proposal submitted and Short listed	2
Short listed and Verbal Order	0
Verbal Order and Contract Negotiation	1
Contract Negotiation and Firm Clean Orders	0
Order Intake to Revenue Recognition	3

Enter the **Timeline** for each stage. The elapsed time between stages should be entered in whole months only. If two stages occur in the same month a value of zero should be entered. Similarly a value of zero should be entered for those stages not being used where the Sales Pipeline has less than 10 stages defined.

Pipeline Value	ABC Company Ltd								
	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03
Total Revenue Plan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Contracted Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Business Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Order Intake Value	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Contract Negotiation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Verbal Order	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Short listed	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Proposal submitted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Request for Proposal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Good Fit Established	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Timescale & Budget Approved	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Project Identified	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Initial Telephone Qualification	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Value of New Leads Required	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Enter the monthly **Total Revenue Plan** and any **Contacted Revenue**.

The Planner calculates the following for each month:

- **New Business Revenue**
- **Order Intake Value**
- **No. of Orders**
- **The Value and Quantity of each Stage** of the Pipeline
- **The Value and Number of New Leads** required each month to support the New Business Revenue plan

Note:

If the total sales cycle is three months, New Leads in month 9 is based on the Revenue target for month 12. If there is no Revenue target for month 13, 14 & 15, the New Leads required for month 10, 11, & 12 is assumed to be the run rate calculated for month 9.

Pipeline No. of Leads	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03
Total Revenue Plan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Contracted Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Business Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Order Intake Value	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
No. of Orders	0	0	0	0	0	0	0	0	0
Contract Negotiation	0	0	0	0	0	0	0	0	0
Verbal Order	0	0	0	0	0	0	0	0	0
Short listed	0	0	0	0	0	0	0	0	0
Proposal submitted	0	0	0	0	0	0	0	0	0
Request for Proposal	0	0	0	0	0	0	0	0	0
Good Fit Established	0	0	0	0	0	0	0	0	0
Timescale & Budget Approved	0	0	0	0	0	0	0	0	0
Project Identified	0	0	0	0	0	0	0	0	0
Initial Telephone Qualification	0	0	0	0	0	0	0	0	0
Number of New Leads Required	0	0	0	0	0	0	0	0	0

Sales Funnel Graphic Presentation

The shape of the Sales Funnel is automatically calculated based on the Sales Pipeline Flow and the Sales Pipeline entered as depicted above. (see funnel shape graphic image below).

Go to the Sales Cycle Funnel Chart worksheet. The input data on which the funnel image is based is depicted below.

Number of New Leads		400		
Sales Pipeline Stages	%			
New Leads			400	0
Initial Telephone Qualification	90%		360	20
Project Identified	80%		288	56
Timescale & Budget Approved	80%		230	85
Good Fit Established	80%		184	108
Request for Proposal	80%		147	126
Proposal submitted	80%		118	141
Short listed	80%		94	153
Verbal Order	80%		75	162
Contract Negotiation	80%		60	170
Firm Clean Orders	95%		57	171

The Sales Pipeline Stage and % Leakage are based on the valued entered previously as described above.

Note: Updates to this data should be done where they were originally entered, rather than being updated here.

The user can use this facility to see the outcome of the number of leads being processed at each stage including the final outcome of firm orders for any given number on New Lead entered in cell D3 and the results are presented in the Funnel Shape image as depicted below.

