

Increase Growth with Critical Lead Measures

Joe is CEO of a mid-sized software company that sells enterprise software to financial institutions. The sales cycles are typically 18 months and there are a lot of decision makers to convince.

Joe is one of those CEOs that staff love most of the time. He runs a good business. There is a pace to it. The financials are always produced on the seventh day of the month. Products are always shipped four weeks after the product software goes to the quality assurance department. Joe is a doer and he expects others to do what they say they will do.

I met Joe in a bad mood one morning in his office, huddled over his laptop with his brown suited accountant. *“No matter what I do with these sales guys, we can’t get our sales forecasts right. I am going to get grief again from the Board. This failure is undermining my credibility,”* he complained. The brown suit nodded with a ‘numbers don’t lie’ kind of nod.

In conversation, it was clear that the measures Joe was using to tell him whether he would achieve his forecasts or not were all financial **lag** measures (e.g. the sales closed or didn’t). The information came too late. Month-end and quarter-end crunch were becoming a nightmare.

The challenge for Joe was to figure out what milestone activity to measure his sales team on consistently in order to make sales forecasts more reliable. These **lead** measures needed to be easily understood and



 [Follow on Twitter](#)



[Forward to a Friend](#)



Insight in brief

Companies measure lots of activities, like sales, customer support and performance but rely too much on lag measures (often financial) after the event. These lag measures are often too late. Figuring out the critical **lead measures** that help predict the future can have powerful affects on growth.

Insight in Action

1. Figure out your critical few results areas.
2. Brainstorm with your team the possible **lead** measures (just one per critical result area) that could have

influenceable by the team. They should predict whether targets would be met or not.

Finding the right lead measures would allow Joe and his team monitor progress jointly, rather than waiting for month-end post mortems.

Joe's question was simple – *what actions can our sales team focus on making happen to improve our sales forecasting?* This was both a great and a tricky question. There were lots of choices – better demos, more sales tools, customer visits earlier in the sales cycle and so on.

Three steps to getting a sales lead measure that would work

After some discussion, Joe tried the following:

1. Brainstorm the sales lead measure options to improve forecasting

He had a sales team brainstorm to understand possible options, using questions like: *What do our best sales guys do? What is sales best practice? What new behaviours, actions or questions do we need to introduce in the sales cycle?*

2. Select a short list

Joe agreed a short list of three options – (i) radically changing the sales process, (ii) offering discounts to get a committed PO date and (iii) seeking higher level prospect meetings before a forecast. He only entertained **lead measures**, which were easy to measure and had a direct impact on sales forecasting.

3. Test rigorously

After much debate and false starts, the team agreed a **lead measure**. It was simplicity itself. Their top sales guy (and best forecaster of deals closure) had always invited decision makers of well-qualified prospects to a '**One Day Results Offsite**'.

As well as this being a very professional day, which confirmed fit for the prospects needs, this had two key features:

- 1) Ensuring clear commitment to a customer 'go-live' date, where a very polished joint plan was prepared.
- 2) An enjoyable and late social event in Dublin's Docklands, where pricing guidelines were aired.

a big impact e.g. customer visit to your offices.

Work at getting the team involved. Make your **lead** measure visible weekly or monthly. Hold yourself and the team accountable.

The good news is this approach had a significant impact. Joe and the whole company have really got behind making these '**One Day Results Offsites**' truly world-class.

Joe now has evidence that 57% of customers who attend a '**One Day Results Offsite**', sign a deal within eight months of their visit to Dublin. His sales forecasting has dramatically improved!