CHAPTER 6.

PROSPECTING
THE LIFEBLOOD OF SELLING
Learning Objective

After studying this Chapter, you should be able:

- Define and describe 10 steps in the sales process
- Explain why prospecting can be considered the lifeblood of selling
- Defend the importance of prospecting
- Describe the various method of prospecting
- Demonstrate how to properly qualify a prospect
- Describe the importance of referrals to a salesperson’s success
- Explain the concept of sales funnel
The sales process has 10 steps
Steps before the sales presentation
Prospecting-the lifeblood of selling
Prospecting guideline
The prospect pool
The referral cycle
A. THE SALES PROCESS HAS 10 STEPS

1. Prospecting
2. Pre-approach
3. Approach
4. Presentation
5. Trial close
6. Determine Objection
7. Meet Objection
8. Trial close
9. Close
10. Follow up
A successful salesperson is involved in prospecting; this entails obtaining an appointment with the prospect and planning the sales interview before ever actually meeting with the prospect.
C. PROSPECTING – THE LIFELOOD OF SELLING

1. Why prospect?
- If salespeople did not prospect, they would likely have no one to sell to and hence would make very little money, not to mention be little value to their employer.

- Prospecting is the lifeblood of selling. It is necessary to actively prospect for two reasons:

  + Develop new customers and increase sales
  + Replace customers that are lost each year
C. PROSPECTING – THE LIFEBOOD OF SELLING

2. Not all prospects are created equal

Prospecting *(identifies potential customers)* is the 1st step in selling process. Salespeople are usually able to obtain leads, which are simply the name of individual who may have a need for your product.

To be a true prospect, a lead must be qualified. Qualifying a lead means that salesperson must first determine if a person or an organization has the potential to buy your good or services.

To become a qualified prospect, the following must be determined:

MAD = MAN

Does the prospect have the **Money**?
Does the prospect have the **Authority**?
Does the prospect have the **Desire / Need** to buy?
D. HOW TO QUALIFY A PROSPECT

The most effective way of qualifying prospects is by simply asking them:

<table>
<thead>
<tr>
<th>Money</th>
<th>Authority</th>
<th>Desire</th>
</tr>
</thead>
<tbody>
<tr>
<td>- How much your budget?</td>
<td>- Are you the main decision maker?</td>
<td>- How urgent you need this product/service.</td>
</tr>
<tr>
<td>- Price range?</td>
<td>- Buying this product for you or someone else?</td>
<td>- Replacing an older product</td>
</tr>
<tr>
<td>- Paying cash or financing it?</td>
<td>- Who is decision maker for this purchase?</td>
<td>- Is your current product not satisfying you anymore</td>
</tr>
</tbody>
</table>
For efficient time management, it is imperative that salespeople subject their leads to the qualification process.

- Asking the referral for information
- Researching company prospectus
- Keeping your industry knowledge up to date (perhaps you may read about a pending expansion of a local company).
- Speaking with non-competing salespeople
1. Motive, means and opportunities: another way of looking at qualifying

Salespeople need to find out Why someone would buy something and How could they buy it if they wanted to

- Motive
- Means
- Opportunity
2. Where to find prospects

Sources of prospects can be many and varied or few and similar, depending on services and goods sold by the salesperson.

Ex: Directories, present customers, newspapers etc.
# C. PROSPECTING – THE LIFEBLOOD OF SELLING

## EXHIBIT 6-3:
Illustrate the important of prospecting Prospecting method that work

<table>
<thead>
<tr>
<th><strong>Source of leads</strong></th>
<th><strong>Loss of Customers</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cold canvassing</td>
<td>Deaths</td>
</tr>
<tr>
<td>Endless chain referral</td>
<td>Poor services</td>
</tr>
<tr>
<td>Orphaned customers</td>
<td>Bankruptcy</td>
</tr>
<tr>
<td>Sales lead clubs</td>
<td>Mergers</td>
</tr>
<tr>
<td>Prospect lists</td>
<td>Relocation</td>
</tr>
<tr>
<td>Trade shows</td>
<td>Poor economic conditions</td>
</tr>
<tr>
<td>Direct response Advertising</td>
<td>No longer a need for product</td>
</tr>
<tr>
<td>Website</td>
<td>Competition takes over</td>
</tr>
<tr>
<td>Education seminars</td>
<td>New purchasing agent</td>
</tr>
<tr>
<td>Lists and Directories</td>
<td>Technology change</td>
</tr>
<tr>
<td>Centre of influence</td>
<td>No more demand</td>
</tr>
</tbody>
</table>
3. Planning a prospecting strategy

- To be successful, prospecting requires a strategy.
- Prospecting, like other activities, is a skill that can be constantly improved by a dedicated salesperson.
- Finding X number of prospects per week.
- Allocating a portion of each working day to finding and contacting new prospects
D. HOW TO QUALIFY A PROSPECT

4. Prospecting method
   - List and Directories
   - Cold canvassing
   - Endless chain referral
   - Orphaned Customers
   - Sales lead clubs
   - Get list of prospects
   - Become an expert – Get Published
   - Public Exhibitions and Demonstration
   - Centre of Influence
   - Direct mail
   - Telephone and telemarketing
   - Observation
   - Networking
D. HOW TO QUALIFY A PROSPECT

5. Prospecting guidelines

• **Customize** or choose a prospecting method that fits the specific needs of your individual firm.

• Concentrate on **high potential** customer first, leaving the for later prospects of lower potential.

• Always **call back** on prospects who did not buy (new product may be exactly what they need).
D. PROSPECTING GUIDELINE

EXHIBIT 6-6. THE SALES FUNNEL

250 Prospects
100 cold calls and referrals
50 Prospects with identified needs
25 fully qualified Prospects
15 presentations
5 Secondary calls
3 Closes
Follow up for further business

4-6 months
Referral used in most prospecting methods

Referrals can be directly used in:

- Cold canvassing
- Endless chain customer referrals
- Orphaned customers
- Sales lead clubs
- Public exhibitions and demonstration
- Centre of Influence
- Telephone
- Networking
E. REFERRALS

A prospect pool is usually created from 04 main sources:

1. Leads – People and organizations you know nothing, or every little.

2. Referrals – You frequently know very little about these people or organizations other than what you learned from the referral.

3. Orphans – Company records provide you only information about these past customers.

4. Your customers – the most important prospects for future sales
Exhibit 6-7. COMPONENT OF PROSPECT POOL

- Lead
- Customer
- Referral
- Orphan

Prospect pool
F. REFERRAL CYCLE

Exhibit 6-8. THE REFERRAL CYCLE: WHEN TO ASK FOR REFERRALS

Pre-approach

Prospect pool

Service & follow-up

Presentation

Product delivery
F. THE REFERAL CYCLE

Provide guidelines for when a salesperson should ask for referrals

1. The pre-approach
2. The presentation
3. Product delivery
4. Services and follow-up

Do not mistreat the referral

Tracking referrals
The sales process involve a series of action beginning with prospecting. The sales presentation is the major element of this process.

Prospecting involves locating and qualifying the individual and or business that have potential to buy a product. A person or business that may be a prospect is a lead.

**Several of the more popular prospecting methods are:**
- Cold Canvass
- Endless chain method
- Public Exhibitions and Demonstration
- Centre of Influence
- Direct mail
- Telephone
- Observation
THANK YOU