



THOUGHTS OF THE ALCHEMIST

The moving hockey stick of sales

This may sound familiar. Q4 is our biggest sales quarter. I know instances where we secure 40% of contract revenue within the last quarter of the year and sometimes 25% in the last month. It is crazy, but I get assurances that this is the natural biorhythms of sales. Hokum, only if you allow it!

I worked for an organisation that ran to the calendar year. Q4 was by far the busiest. That is the quarter with Christmas and New year in it, so the short quarter. *"This is how sales works, Martin"*. Well, that company moved its year to the business year and the hockey stick affect moved with it. Q4 may have moved 3 months, but so had the busiest time of the year.

So, this cannot have anything to do with the customer or to the nature of sales, it must be us and the way we think.

Q4 is our last opportunity to get to target, if the gap is large, we need to do more. We get desperate and make special offers, if the customer signs the deal by 31 March. We relax our commercials, to get the contract done. We give away margin and elements of good business to get to target.

I know someone who went around customer offices delivering an empty box into goods inwards. The customer signed for it, so the company could invoice, and the customer could use up its annual budget. Good for everyone? They had robbed Peter to pay Paul. That was Q1 deals that they had stolen, so next business year, they will start with a weaker Q1 and by Q4 they would be back in the hockey stick effect.

We set Sales Professionals with annual targets, so it is in their benefit to close as much as they can this year. We even motivate them with higher commission on over achievement. A Smart Sales Profession will pillage a territory and close as much in-year and then move onto the next territory. That is the characteristics of a hunter.

The Executives should be thinking further ahead. The focus of the Executives should be as much on next year's performance as this. Certainly, they should not be encouraging this behaviour with special discounts for closing this year. I worked for a Japanese company and we over-performed one year. They were not happy. It was not a natural over-performance; it was not that the pipeline showed it. We had gone belly-busters in Q4 and pulled forward deals. We had wrecked Q1 and Q2 of the following year. They had a right to be disappointed in us.

I say, if you want a hockey stick effect, just turn it around. Make Q1 your big quarter, the focus of the in-year effect of lower margins or weaker contract terms, will be with you.

You then have 3 more quarters to make a sensible and timely plan to overachieve. Yes, sounds easy. What it means is that you should spend Q4 planning for next year, ensuring that all Sales Professionals have targets in place before day 1, territories and sales plans agreed.

Not easy, but it is just a mindset.