

How to Identify a Sales Bottleneck in 30 Minutes (Or Less)

When problems arise to the lifeblood of your company, they must quickly be fixed.

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You can read every article in the world about “how to grow your business,” but if you’re not able to quickly identify your company’s most significant bottlenecks, don’t expect to grow as fast as you’d hoped. The fact is, most people don’t know how to identify the sales-centric areas of their business that are slowing things down. As a result, they’re unable to determine why they’re not scaling adequately.

More often than not, entrepreneurs that experience sales-bottleneck issues usually end up hiring mentors to help them solve the problem quickly and efficiently. In fact, in a global study released in 2015 by the International Coach Federation (ICF) estimated that around 53,000 active professional coaches worldwide generated more than \$2.365 billion in annual revenue, a 19 percent increase over the 2011 study.

Clearly, if you have the income at your disposal, hiring a mentor is a great idea. That said, if you can learn how to identify sales bottlenecks on your own, you’ll be well equipped to solve your business’s own problems just as quickly (and for a fraction of the cost) as they appeared in the first

place. Here's some tips on how.

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Create Sales Sections

Entrepreneur contributor Nick Candito recently made the case that if business owners don't have an understanding of all components, executives often lose the ability to identify critical weaknesses and plan for predictable growth. From there, the lack of process visibility leads to the assumption of greater risk. Based on personal experience, the easiest way to avoid this slippery slope is to break your business down into five simple sections:

- 1. Sales:** Think of how you convert new leads into customers.
- 2. Team:** You can't do it all; your team helps out, allowing you to focus on growth.
- 3. Marketing:** The process of ensuring that new, "warm" leads are always present.
- 4. Fulfillment:** Ensuring that your clients (or customers) are getting what they pay for.
- 5. Systems and Operations:** Repeatable (and teachable) processes for the above items.

The above may seem obvious, but laying things out on paper allows you to analyze them from a bird's-eye view. Most entrepreneurs are stuck in the day-to-day grind of their business. Once you've identified the ins and outs of each section of your business, you're ready to pinpoint the problem, and this exercise shouldn't take you more than five or 10 minutes to complete.

Simplify Each Section

According to research by Harvard Business Review, companies that define a formal sales process generate 18 percent higher revenue growth than companies that do not. Truth be told, that's because sales shouldn't just be looked at as one section, but rather a series of smaller, more intricate steps (action items, really) that comprise the whole. In the below breakdown, you'll see a simplified version of how a bonafide sales process could look:

Example A

Working from Example A, you'll find that for every 15 discovery calls you have, you'll onboard one new client. So, if you have 30 discovery calls, it's safe to assume you'll generate two new sales. Below, you'll find another example to try on for size:

Example B

Here, you'll find that instead of the 10 discovery calls leading to six proposals, Example B shows that only two scheduled proposals were the result of 10 completed discovery calls. This means your bottleneck in Example B is getting people from discovery calls to a scheduled proposal. In this example, ultimately, your prospects aren't interested enough to know more about your services if they never request a formal proposal.

As luck would have it, the proposal call is where the sales "magic" happens, so to speak. Why? Well, in short, it's where the close happens. Grant Cardone, known for having purchased and sold over \$750 million-worth of real estate in his career, said in a recent YouTube video, "Every deal you have ever closed in your entire life time, guaranteed you wrote it up. You didn't talk about it to close it. On a contract, on a

proposal – somebody had to sign something to buy it.”

Think of all the entrepreneurs that don't have this single skill, that struggle with sales because they aren't able to identify what's keeping them stagnant. Fortunately, once you're past being able to locate your most significant bottlenecks, the rest is all about solving those problems as quick as possible.

Use Bottlenecks as Growth Indicators

Knowing the raw numbers of your business is crucial to its success; it's how you determine where you can scale. As first reported by Influencive, Austin Netzley, the founder and CEO of 2X, was able to help REPS & Co. quickly increase its annual revenue from \$6.5 million to \$70 million – all this from dissecting the seemingly insignificant numbers behind its sales process, after an in-depth bottleneck audit and overhaul.

Related: Writing the Marketing Section of Your Business Plan

Once you understand how to identify sales bottlenecks (or any kind, for that matter) in your business, actively use them as indicators for growth, e.g. as signs of where your business stands in need of a timely revamp. It's a concept I was first introduced to by SNOW founder Josh F. Elizetxe, who grew his beauty-tech company to a nine-figure valuation in its first 18 months. During that time, he's negotiated large, million-dollar agreements with celebrities and big-box retailers like QVC and Costco by using this single strategy in his company. During an email exchange, Elizetxe wrote, “Think of what your business would look like if it were five times the size it is right now; how about 15 times the size? Start preparing to scale on paper and lining up the resources and systems on the sidelines so you don't drown when growth occurs. Scaling too

fast can put you out of business; scaling too slowly can leave millions on the table.”

As your business begins to expand, identifying future bottlenecks might become more difficult, as there are more moving parts to keep track of. However, by keeping a close, ever-present eye on things, not only will you better understand your business’s own numbers, but you’ll confidently identify future sales bottlenecks and create systems to quickly eliminate them.

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