

Fill Your Pipeline

What would you do if you were losing 10% of your blood?

First things first, you would stop the bleeding. That's always a good strategy. Next, seek a transfusion to replace what you lost. This may sound farfetched for most people, but it is happening to your business right now. You are losing customers at a rate of 10% per year, and customers are the lifeblood of your business.

Most businesses bleed customers at this 10% rate every year. I didn't just dream up this number. Fredrick Reichheld, an expert in customer loyalty and retention, wrote in the *Harvard Business Review* that the average U.S. corporation loses half its customer base every five years. More recently, Accenture published that 1.3 trillion dollars' worth of business is up for grabs in the United States every year because of customer defections. Without splitting hairs on the math, this works out to roughly 10% per year. Predictably, commodity industries have higher-than-average churn rates.

Your strategy for your business' financial health is the same as your plan for your personal health. First, stop the bleeding; increase retention. Next, replace what you're losing; fill your pipeline. Prospecting for new business has always been a priority for salespeople. In our *Best Practices Study*, we found that tenured, top-achievers with an established customer base actively prospect for new business. These highly successful salespeople invest 20% of their selling time seeking new sources of business. How do they do this?

Salespeople ranked these four strategies as the most effective ways to identify new business:

1. Referrals from peers, friends, and existing customers
2. Networking events
3. Trade and professional associations
4. Cold calling and canvassing

When asked how they initiate contact with these prospects, they ranked in-person visits and phone calls as the two most effective strategies. Meeting in a social or business setting and an introduction call by the person offering the referral were the next two most effective strategies.

Your business is bleeding. You must stop the bleeding and replace what is lost. Filling your pipeline with prospects will restore financial health to your business.

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