PRECISION PLAYBOOK

HOW TO PREVENT SLIPPED DEALS

Get practical, battle-tested advice from the experts on how to prevent slipped deals, save your pipeline, and meet your revenue goals.

Clari

WHAT YOU WILL LEARN

1. What is a slipped deal
2. Why do deals slip
3. How to measure slipped deals
4. How to prevent slipped deals

WHAT IS A SLIPPED DEAL?

A slipped deal is a deal in a committed stage, which is expected to close. But then the deal slips into the next fiscal period. If that doesn't sound like a big deal, think again—and read on.

WHAT ARE THE REPERCUSSIONS OF SLIPPED DEALS?

Missing your close dates has massive impact on your business:

- **You do not meet your revenue targets**, which is definitely your #1 KPI.
- **Your sales forecasting is inaccurate**, which means you're effectively running a house of cards. It's just a matter of time before the whole thing falls apart.
- **Your strategic planning is derailed.** If you don't bring in the expected revenue, your company won't be able to invest in growth.
- **Your credibility takes a hit.** Selling is hard enough as it is. You don't want poor pipeline hygiene and practices killing your street cred among your team and seniors.

Here's the thing: Slipped deals aren't "just the way it is". Slipped deals are actually revenue leak or breakdowns in your revenue process that stop you from capturing revenue. Our research shows that you can lose up to 14.9 percent of your revenue to revenue leak every year.

Slipped deals mean you're leaving money on the table. And that's a crying shame in any type of economy.

Check out the Revenue Leak Assessment here to see how much revenue your company is leaking.

WHY DO DEALS SLIP?

TOO MUCH GUESSWORK

Even the best sellers in the world typically set initial close dates based on a combination of gut and intuition. They base it on when they'd hope to see the revenue come in and how easy it is to set an arbitrary closing date in their internal systems.

NON-MUTUAL ACTION PLANS

Most companies base their deal stages on their selling process, not the buyer's buying process. This misalignment adds time (and risk) to your deal timeline. The antidote is to create mutual action plans that put your buyer first. More on that later.

INEFFECTIVE PIPELINE REVIEWS

Most sales teams spend sufficient time reviewing their pipeline. Unfortunately, most of these pipeline reviews aren't getting leaders the visibility they need early enough to spot and mitigate potential deal slippage. The outcome is lots of reporting, and not enough strategic coaching.

BLIND SPOTS

Slipped deals aren't bad deals; they're incomplete deals. Are the reps engaged with the right personas? Do they know the scope of the legal requirements and the time needed to review security? Better yet—can leaders spot this risk across your entire pipeline?

If any of this sounds familiar and has you itching to fix deal slippage—you're in the right place. But first, let's see how to measure slipped deals.

HOW TO MEASURE SLIPPED DEALS

You can't improve what you don't measure. That's why calculating your slip rate is the best way to truly understand how much revenue you're leaking every quarter from deal slippage.

WHAT IS SLIP RATE?

Slip rate is the percentage of deals, or revenue, that slip from one fiscal period into a later period.

To calculate your slip rate, take the total amount (number of deals or revenue) slipped in a period (month/quarter/etc.) and divide that slipped amount by the total amount (number of deals or revenue) initially set to close in that period. Multiply that number by 100 to calculate your slip rate percentage.

SLIP RATE

$$\frac{\text{\# of deals pushed to next period}}{\text{\# of deals committed to the business (*100)}}$$

As we know, not all deals expected to close will close. (Imagine if they did though!) And that's why it's important to know how much you can actually expect to close and when.

In general, if slip rates are 0-5%, you're probably being too conservative on the deals. However, if you're slipping over 20% of late-in-quarter committed deals, you likely need to get your house in order—or else you're going to have some tough internal conversations come end of quarter.

Anthony Cessario
VP, Industries & Market Expansion at Clari

HOW TO PREVENT SLIPPED DEALS

Slipped deals can happen for a variety of reasons and not all of them can be controlled. But the good news is that everyone in a sales team has a role to play in preventing slipped deals. Let's dig in.

HOW TO PREVENT SLIPPED DEALS AS A SALES REP

As a rep, you have to check in regularly on the health of your deals by asking certain questions. We got Kevin "KD" Dorsey to spill his secret questions sauce with us.

First, there's a simple question you can ask to confirm that your prospects are in fact interested and the deals belong in your pipeline:

DO YOU WANT THIS?

It's such a simple question that most sellers don't directly ask buyers. All you need to do is ask and then just wait for a hard yes, soft yes, or a no. Much better to ask and confirm instead of assuming they'll buy just because they keep talking to you.

The second question to ask will answer whether your product or service is indeed the right fit for them.

> Closers, your number one job is not to close deals. Your job is to make as many people as possible want what you have. If you focus on getting people to want what you have, the deals are gonna show up.

Kevin "KD" Dorsey
SVP of Sales
Bench Accounting

WHAT PROBLEM DO YOU THINK THIS WILL SOLVE THE MOST?

Asking this question will make it easier for you to get into discovery mode, ask deeper questions about need, and suggest better next steps.

It also helps to remind the prospect about why they need your product or service in the first place. You're literally getting them to remind themselves—and repetition can be a powerful tool to improve mental clarity.

And here's the second action you can take.

CREATE A "MUTUAL" MUTUAL ACTION PLAN.

Most sales teams have some sort of mutual action plan template. The trouble is, most of these plans are one-sided and focus on you and what you need instead of focusing on what the prospect needs to do.

A good mutual action plan helps your buyers move through the buying process. They include steps such as internal approval, a sign off from legal, CFO approval, talking to reference customers, and so much more.

Grab our "mutual" mutual action plan template here.

HOW TO PREVENT SLIPPED DEALS AS A SALES MANAGER

As a sales manager, the biggest weapon in your arsenal is your weekly coaching / deal review sessions. You can use these sessions to ask questions about your reps' deal health and set them up for success.

But here's the kicker: You're not going to ask the usual "when is this deal closing?"

Here's what KD recommends: Instead, ask them questions about the buying process itself. E.g.

- Have the prospects reviewed the contract yet?
- Is the deal multi-threaded?
- Did we have a sign-off from their legal?

These questions will help to uncover any gaps in the buying process, and hopefully you can plug them in time.

PS: It's best to make sure that the entire sales process is documented. Your reps should have the answers before your deal review. This way you can actually cover more deals and it becomes less of an interrogation.

Another technique shared by KD is: Instead of asking when the deal is going to close, ask why the deal isn't going to close.

You could reframe this as:

- What could get in the way?
- What are the potential blockers?
- What would ruin this deal tomorrow?

And while you do want to get your reps a little uncomfortable, you don't want them to get to the point where they're crippled by anxiety about anything moving forward. Instead, you want to ask just enough questions for them to be healthily paranoid so they can take the right action in time. In effect, create a balance of paranoia and confidence.

HOW TO PREVENT SLIPPED DEALS AS AN EXECUTIVE

One of the most important jobs of any senior leader is to manage processes and develop people. It's also one of the most difficult.

But if you've embarked on this challenging journey, here are three important actions you can take to stop deal slippage.

1. **Build a process for your team**: Think of all the things to be done that would give you confidence in a number and make sure they are documented.
2. **Truly understand the data**: As an executive, you have the unbelievable ability to access aggregated data that describes your sales cycle, such as deal age and velocity. These are the metrics you need to consider to pressure test the bottoms-up forecast that your sellers will provide.
3. **Ensure your individual contributors and revenue team are collaborating**: This is where a combination of governance and collaboration is really key. And it goes back to proper documentation, so you can standardize and scale your sales processes. Governance is also what keeps you away from micromanagement.

With these steps, you can set up the foundation for your team to succeed by keeping deal slippage low. As Anthony Cessario puts it, "Win rates get all the attention when revenue leaders miss their forecasts, but the truth is that slipped deals carry the bulk of the blame."

FOR MORE RESOURCES ON HOW TO STOP DEAL SLIPPAGE, YOU CAN:

1. See how Clari's revenue platform helps you stop deal slippage.
2. Get advice from our CEO Andy Byrne via his weekly RISE UP newsletter.
3. Follow Clari on LinkedIn if you want to stop leaving revenue on the table.

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