

The 80-20 Rule of Prospecting

Introduction

In 1897, Italian economist Vilfredo Pareto stumbled across a pattern when measuring wealth in England. What he found was that most of the wealth was concentrated in a very small percentage of the population. And, much to his surprise, this disparity could be modeled in a predictable, mathematical model. In country after country, he found the same pattern. Then he began to look for the pattern in other data sets. Again and again, the mathematical model held true. Of course, we know Pareto's predictable model by a more popular name today...the 80-20 rule or sometimes the Principle of Least Effort. Simply stated, the 80-20 rule asserts that a small proportion of causes or efforts lead to a large proportion of results or rewards. In this article, we will explore the underpinnings of the 80-20 rule, as it applies to prospecting, and we'll uncover the reasons this simple rule could be holding back your sales...113 years after its discovery.

Not All Prospects Are Equal

We all know that not all customers are equal...both in terms of profitability to your firm and in terms of loyalty to your products and services. It then follows logically that not all prospects are equal. Putting this assertion in terms of the 80-20 rule, some small percentage of prospects will actually convert to customers. And, the actual percentages are probably even more skewed than 80 – 20. It's probably more like 97 – 3, where only about 3% of your entire prospect pool will convert into customers. So the real question is - why are you spending hard-earned dollars chasing the other 97%? Probably because it's very difficult, if not impossible, to identify the right 3% to chase, using conventional prospecting tools. So, you do what everybody else has been doing for years...you dilute your effort in going after the entire prospect pool, and are satisfied when your success rate comes close to accepted industry standard return rates.

Leveraging Pareto

If there were a way to flip the 80-20 rule on its head and leverage the power of this proven mathematical phenomenon to actually boost your prospecting efforts, it would be a game changer. The problem in leveraging Pareto this way is in the identification of the small proportion of prospects that will convert to customers before expending any effort. Much like living the 80-20 lifestyle would be a dramatic boost to your happiness and fulfillment...if only you could identify the 20% of activities that would make you happy and fulfilled, and do only those things. Fortunately, in prospecting, there is a way to identify those prospects that will actually convert at a higher rate than others...and then to target only those prospects.

Targeted Prospecting

What is needed is a way to identify the prospects to target, before you even begin your prospecting process. The accepted targeting process might be as simplistic as pulling out the Yellow Pages, and although simple, it's like a flashlight when you need a laser. You need a way to categorize prospects that goes beyond logistics like type of business, location, etc. You are missing a compelling piece of information that identifies a prospect in that 3% group versus all of those in that 97% group.

Timing is Your Key to Success

A prospect is more likely to buy when the marketer gets the timing right. As a matter of fact, timing of the message is the key to increasing the ROI of prospecting efforts, according to Gartner Research. The problem is not, however, in understanding the role of timing in the prospecting effort. It's fairly straightforward to understand that a prospect will not be in the position to switch if they just renewed their policies last week. The real problem is in understanding *how* to leverage timing in your favor. How can you get the right information at the right time, so that your efforts can be more successful? Well, it all starts with knowing the key timing element for your prospect.

Identifying the Key Timing Trigger

If we're going to leverage timing, the obvious question is – timing of what? We need to first identify an event that can act as a timing trigger for our prospect that would automatically increase the demand for our products or services. For example, when a child turns sixteen, the timing is right to approach the family for additional insurance coverage or when a couple has a baby or when a commercial policy is sixty days from renewal...etc.

Tracking and Acting on the Trigger

Timing triggers are conceptually simple, as we have pointed out, but leveraging triggers in the real world is extremely complex. You need to find a source of data, you need a way to track the desired events and you need a mechanism to target the prospects, as they move into the desired timing area. This is not a simple task, and doing it manually is simply out of the question. If you sell commercial insurance policies to businesses, for example, your timing trigger would be based on when businesses policies were expiring. Then you could time your message to match their decision cycle and help create a product that serves their needs at a time when switching is very painless. Did you know that 70% of all businesses renew all of their business insurance when their worker's compensation policy expires? This worker's compensation policy expiration date is a great timing trigger for your marketing message. Knowing this date, you could time your message to have the greatest impact...and generate much more premium as a result. If you sell personal lines insurance, look for events in your prospect's lives that could trigger an opportunity for your marketing message. These events could be the sale of a home or the purchase of an automobile. It only takes an understanding of your product/services and an

understanding of events that would impact the timing of your message to create an amazing process that can yield results that no ordinary prospecting could ever match.

Prospecting Systems That Leverage Timing

There are prospecting platforms that can take some of the manual work out of this process, but very few combine all of the necessary steps together in one platform. Here's a short list of what to look for in a prospecting system that will help you to leverage timing triggers:

1. Prospects Included – does the system include the prospects with the timing trigger data identified?
2. Timing Trigger – does the timing trigger make sense to your product/service?
3. Tracking – does the system track the prospects based on the timing trigger and alert you that the prospect has moved into the “target zone”?
4. Follow-Up/Calendar – does the system enable you to schedule prospect outreach communication and follow-up with notes for future reference?
5. Campaigns/Analytics – does the system have a way for you to run large campaigns with little effort, leveraging the timing trigger? Does the system easily produce reports that can help you to identify the sticky points in your prospecting process?

In general, leveraging timing is simple...it's just not easy. Find a prospecting system that enables you to leverage the inherent value in timing your message to your prospect's buying cycle, and you will be pleased with the dramatic difference in results. Just because you are working hard at prospecting today does not mean that you need to work harder to improve your results. Remember the 80-20 rule, and apply your effort for the greatest return. Wilfredo would be proud of you!

Summary

We hope that you have found our advice practical and useful. We are always interested in your feedback and are here to help you along in your journey. Our number one goal is to help you grow your book of business. We'd love to hear from you, anytime! Please contact Bill Kossack at ClearData at (724) 387-1713 or request more information via email to: bkossack@cleardataint.com. Or visit us at www.myRelEvent.com