WHO'S IN AND WHO'S OUT:

THE PRACTICE OF USING AN IDEAL CUSTOMER PROFILE

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We spent a lot of time during a recent ParkerGale book club talking about Predictable Revenue's idea of "Nailing a Niche," which is just is just a prettier way of saying "Use an Ideal Customer Profile (ICP)." We also talked a lot about how to make the ICP stick inside our companies.

We've all seen this done poorly. Either the ICP isn't specific enough ("we only sell to industrial companies with more than $5M in revenue"), it feels divorced from whom the team is actually trying to sell to, or it's just a document that's created to pacify the investors so the team can get back to chasing the random set of deals they need to hit their number for the quarter.

When it's done wrong, the Ideal Customer Profile exists separate from the sales team's day-to-day. **Salespeople don't think of it as a standard.** Often they don't think about it at all. They don't compare prospects against it, they don't use it to disqualify bad deals, and they don't update it based on what they learn from talking to more customers and winning + losing new opportunities.

This happens all the time. **But there are ways around it - practices we can use to make it stick.**

First, a little more on the idea of practices. Ten years ago, Steven Pressfield, one of my favorite authors, wrote an amazing book called "Turning Pro." It's short - only 130 pages or so. The book is mostly about the differences in the work ethic and habits of amateurs and professionals across professions: writing, athletics, sales, whatever. It's not another self-help book. It's a book about the journey: "The passage through the amateur life into a professional practice."

My favorite quote from the book:

"A PRACTICE IMPLIES ENGAGEMENT IN A RITUAL."

I love that. I wish I wrote it.

But why is it relevant?

Here's why: Writing down your Ideal Customer Profile isn't worth much - not on its own at least. What matters are **the practices that the ICP supports.**

When we talk about an ICP, what we're _really_ talking about the practice of finding and selling only to good-fit customers. These are the customers who are most likely to buy - quickly, lucratively, and happily. And conversely, we're also talking about the practice of quickly identifying - and then ignoring - those who won't.

We're talking about deciding "who's in and who's out."

It's really hard to decide who's in and who's out, especially in a team environment, without a standard to compare against. **The Ideal Customer Profile is that standard.** It provides the coherent, intelligible guidelines that guide who we should sell to, and who we shouldn't.

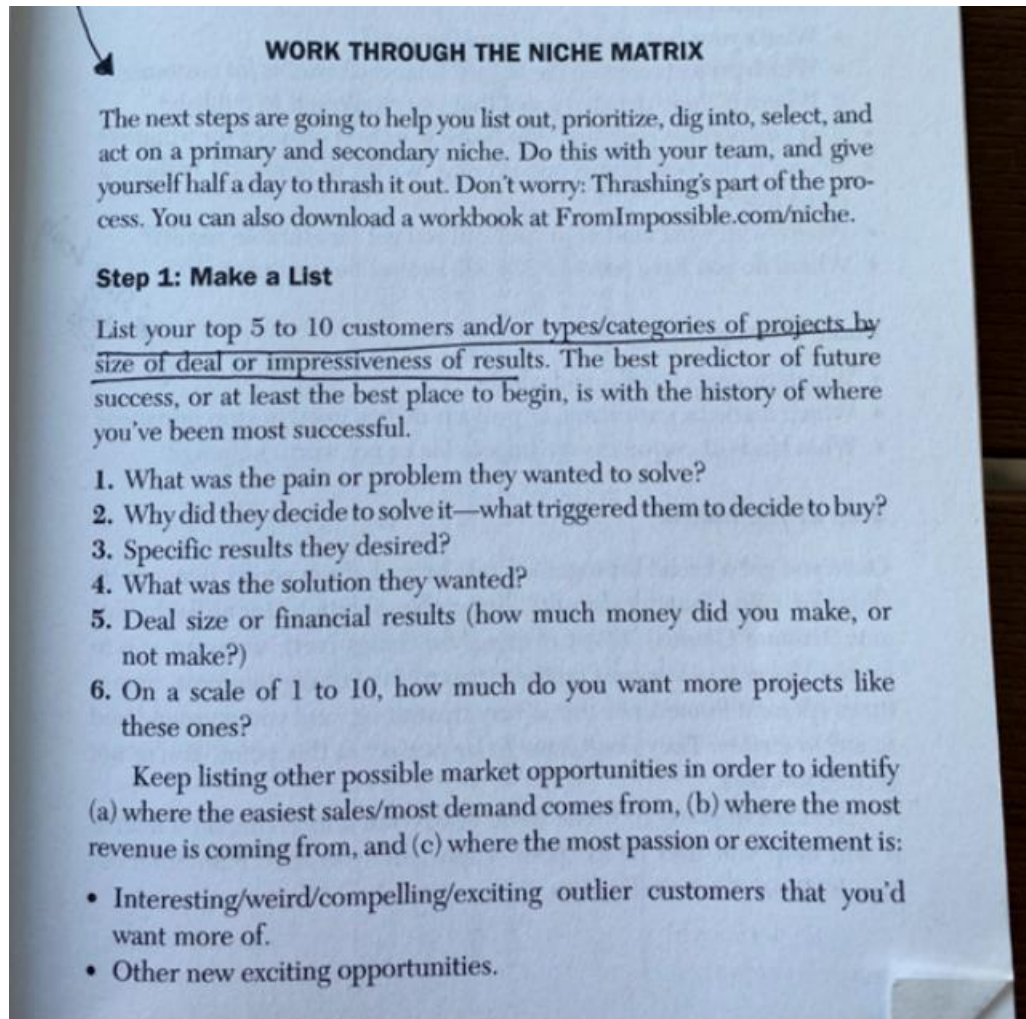_That's_ the practice: Sorting our opportunities, using the ICP, "into" and "out of" of our pipeline.

Coming back to the Pressfield quote - if deciding who's in + who's out is the practice we want people to adopt, **what is the ritual we need our teams to engage in?** What are the actions, in sequence, that support that practice of USING the ICP? How we can design an environment that makes performing this ritual easy, simple, fast, and rewarding?

In other words, how do you make it really, _really_ hard to do this wrong?

Here are a couple of ideas.

- DON'T BEGIN WITHOUT A "REAL" IDEAL CUSTOMER PROFILE: This seems to be step #1 in almost any good sales how-to manual [1]. An example snip from Predictable Revenue is below, but the recommended steps are basically the same wherever you look:

    - Make a list of "good-fit" customers using your historical deal data: Investigate your deals: the customers that bought the most, bought the quickest, and are the happiest. Write those down. Ignore the rest of your customers for now.

    - Involve the right people: This is not a sales-only, leadership-only, or marketing-only exercise. You need the people who touch these customers before, during, and after the sale in the room and bought into the conversation.

    - Create a list of "yes" factors: What's true about those "good-fit customers?" What are their sources of pain? What was the "trigger" for them to buy? What results did they want? Which ones would we happily do a deal with again?

    - Sanity-check the results: Does this profile, this list of factors, enable you to build a list of prospects you could go and call tomorrow? Does it create clear guardrails

about who you shouldn't sell to? If not, how do you make the factors real, usable, and something that can help you generate a new list of prospects?

WORK THROUGH THE NICHE MATRIX

The next steps are going to help you list out, prioritize, dig into, select, and act on a primary and secondary niche. Do this with your team, and give yourself half a day to thrash it out. Don't worry: Thrashing's part of the process. You can also download a workbook at FromImpossible.com/niche.

Step 1: Make a List

List your top 5 to 10 customers and/or types/categories of projects by size of deal or impressiveness of results. The best predictor of future success, or at least the best place to begin, is with the history of where you've been most successful.

1. What was the pain or problem they wanted to solve?
2. Why did they decide to solve it—what triggered them to decide to buy?
3. Specific results they desired?
4. What was the solution they wanted?
5. Deal size or financial results (how much money did you make, or not make?)
6. On a scale of 1 to 10, how much do you want more projects like these ones?

Keep listing other possible market opportunities in order to identify (a) where the easiest sales/most demand comes from, (b) where the most revenue is coming from, and (c) where the most passion or excitement is:

- Interesting/weird/compelling/exciting outlier customers that you'd want more of.
- Other new exciting opportunities.

Aaron Ross's guidelines on "Nailing a Niche" from Impossible to Inevitable, his follow-up book to Predictable Revenue

- BUILD THE ICP INTO HOW TEAMS TRACK THEIR ACTIVITY: The ClozeLoop guys have a simple suggestion for what to do with your CRM: "Use it to capture actionable intelligence." The structure of the team's CRM should align with - and encourage the team to think about- the ICP. We've also heard from multiple other sales leaders (including Dave Kellogg) that the fields in the CRM need to align with your ideal customer. Is industry important? Make it a drop down field and include your three target industries and "other." Is size of company important? Same idea. How about specific pain types? You should also have dropdowns for those. When reps know that they'll have to enter data about the ICP factors, they'll start asking about them in customer conversations. And when they start asking about them, they'll start deciding who's in and

who's out quicker and more accurately. **As someone once said - "Get to Yes or No. It's the maybes that kill you."**

- REVIEW AND REFLECT ON "WHO'S IN AND WHO'S OUT OF" OUR PIPELINE - PUBLICLY AND REGULARLY: Cici and Jim on our team have done amazing things rolling out the Product Strategy Review process to our portfolio. **That meeting works because it's a forcing function.** It forces us to revisit a standard (who we say our customer should be) and identify the gaps in our product that those customers would value. Then we compare what we say we're going to build with what our customers need and arrive at a clear picture of "in vs. out" - the features our customers need next, and those that can wait or be discarded. **That "in vs. out" conversation could also be very powerful for a sales team - not focused on features but focused on** <u>deals</u>. Which opportunities match up against our Ideal Customer Profile? Which don't? Why are we chasing the ones that don't? Occasionally it may make sense to stretch for something, but the foreboding knowledge that a sales leader (or the investor team) is going to inspect the pipeline every quarter and compare it against a standard like the ICP will surely nudge people to have more discipline in the deals they chase vs. those they don't. That comparison of the pipeline against a standard, IMO, is the cornerstone of the Sales Strategy Review we're starting to pilot within our portfolio.

- IDENTIFY AND USE CUSTOMER RED FLAGS: ClozeLoop is great at helping our reps identify the deals we **shouldn't** chase. As part of their sales training, we create a matrix of bad, good, and better customer factors. Most teams skip the process of writing down the "bad deal" factors and find themselves quagmired in deals that don't make sense or that take too long to close. **Salespeople need explicit permission and unmistakable clarity on when they should walk away.** That starts with clarifying the red flags that indicate a bad fit, making sure everyone understands them, and recognizing reps when they actually use the criteria appropriately, even when it means saying "no thanks" to a deal.

A company's Ideal Customer Profile doesn't have to be perfect – **it just has to be THEIRS.** Creating the document is only the beginning. It's the rituals and practices that make the magic happen.

Set a standard by analyzing who buys quickly, happily, and lucratively – the customers you would love to work with again.

Then evaluate every opportunity against that standard.

That's the practice that will help your team focus, close more deals, and create enduring customer relationships.