

The Sales Funnel and why it Matters to Lead Generation

Your business is important to you. That goes without saying. It provides you with a creative outlet. It provides you with pride of ownership. Most of all, it provides you with the means to keep a roof over your head, food on your table and money in your bank account. Because your business is important to you, it is vitally important that you understand how a sales funnel works. It is equally important to understand why sales funnels matter when it comes to generating leads that may lead to sales.

Your business is based on the idea of profit. These profits come from the money that is generated when an individual purchases a product or service that your business has offered for sale. This individual made the decision to purchase this product or service from your business due to the sales funnel you have in place to direct potential customers towards your products or services. This funnel, even if you aren't aware of it, is most likely one of the most important elements of your business plan. It is as important as the nature of the products and services you offer, their prices and their quality in relation to other products and services competing with you on the open market.

The way your sales funnel is constructed determines how many sales leads are generated from a given promotion. It determines how many of those leads are converted into sales prospects. It also determines how many of those prospects are converted into customers. At each step of this conversion process, some percentage of each group does not go forward into the next stage. This reduction in numbers is where the term "sales funnel" comes from. It is a visual representation of the winnowing that occurs during every promotion. The narrowing of the funnel represents the lowering percentages as leads convert to prospects to customers.

Obviously, your goal as a business owner is to keep the aforementioned reduction in numbers as low as possible. The more people you can convert in each stage of your sales funnel, the higher the number of customers at the bottom of the funnel will be. It goes without saying that the higher the number of customers at the bottom of the funnel the more sales you will have generated through your

promotional efforts. Of course, sales equal profits, so keeping these numbers high is the number one goal of any business owner.