

The Pipeline Myth

Why most distribution pipelines in financial services are a work of fiction and what a credible, activity-driven pipeline actually looks like.

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Ask the head of distribution at most Australian fund managers how confident they are in their pipeline, and they will say: reasonably confident. Ask them what that pipeline would look like if you stripped out every deal where the BDM hasn't had a structured conversation about the client's decision criteria - and the number changes significantly.

This is the pipeline myth. The number exists. It looks real. It gets reported upwards. But it isn't a forecast, it's a feeling, dressed up in a spreadsheet.

After twenty years of working exclusively with financial services distribution teams, Taylor Healey has found that pipeline credibility is the single most common gap between what a distribution team believes about its performance and what is actually happening. The consequences are significant: poor forecast accuracy, misallocated resources, missed targets, and, perhaps most damagingly, a gradual erosion of leadership trust in the sales function.

This paper sets out why the problem exists, what a credible pipeline actually requires, and the specific changes that world-class distribution organisations make to fix it.

THE PROBLEM

Five ways a pipeline stops being a pipeline

decides which opportunities are worth pursuing and therefore where to deploy its finite resources. Without it, the pipeline is a list. With it, it's a plan.

2. Superficial understanding of client needs and decision criteria

The second failure mode follows closely. Even when an opportunity is genuine, many BDMs progress it. A pipeline is meant to do two things: tell you where deals are and tell you where they're going. When it can't do either reliably, it has stopped being a management tool and has become a morale exercise. The five failure modes below are not hypothetical they appear, in combination, in the majority of distribution teams Taylor Healey works with on entry.

1. Insufficient qualification at entry

The most consequential mistake happens before the pipeline even starts. Opportunities enter the funnel before the BDM has established whether a genuine opportunity exists. Whether there is a real need, a budget, a decision-maker, and a timeframe. Without a structured pre-qualification gate, BDMs add deals to maintain the appearance of activity. The pipeline grows yet the forecast doesn't improve.

A pre-qualification gate is not a bureaucratic hurdle. It is the mechanism by which an organisation through the pipeline on the basis of a superficial understanding of the client's actual situation. They know the adviser wants to diversify. They don't know which allocation it would come from, what the performance hurdle is, who else is being considered, or what the adviser's previous experience with similar products has been.

This matters because pipeline stages should be determined not by a subjective 'perspective' but by what the BDM knows about the client's buying process and what agreed actions have taken place. Not by how many meetings have occurred. A BDM who has had four meetings but can't answer the key qualification questions is not at Stage 3. They are at Stage 1 with a warm relationship.

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3. Proposing too early

In the pressure to show progress, BDMs frequently move to solution presentation before the discovery phase is complete. The result is a proposal built around what the BDM wants to present, not what the client needs to hear. Objections emerge that could have been anticipated. The proposal goes quiet. The BDM marks it 'under consideration' and moves on.

Premature proposals don't just fail, they actively damage the relationship by signalling that the BDM wasn't listening carefully enough to understand what was actually required (or worse, not asking the right questions). The cost is measured not just in that lost opportunity but in the relationship capital spent on a conversation that shouldn't have happened yet.

4. Misreading where the client is in their buying cycle

The BDM's selling cycle and the client's buying cycle are not the same thing and confusing them is a persistent source of pipeline distortion. A client who has just had a negative experience with a similar product is not at the same buying stage as one who has been approved to allocate to a new asset class. A licensee in the middle of a platform review is not in a position to add a new manager, regardless of how interested they seem.

World-class distribution organisations train their BDMs to diagnose where the client is in their buying journey before determining what the appropriate next action is. The selling strategy follows from the buying stage - not from the BDM's target.

5. Taking shortcuts and making assumptions

The fifth failure mode is the most human one. Sales cycles in financial services are long. Maintaining rigour across a multi-month or multi-year process is genuinely difficult. BDMs take shortcuts, they assume the budget is still there, that the decision-maker hasn't changed, that the competitor hasn't moved. They stop asking questions because the relationship feels secure. They mark the deal as progressed because the last meeting went well.

Assumptions are the enemy of forecast accuracy. A pipeline built on assumptions is not a pipeline; it is optimism formatted as data.

WHAT GOOD LOOKS LIKE

The anatomy of a credible pipeline

A credible pipeline has four properties that most distribution pipelines lack: 1) it is activity-driven, 2) it distinguishes between leading and lagging indicators, 3) it functions as a genuine revenue or AUM forecast mechanism, not just a record of conversations and 4) it is a coaching tool for sales leaders to boost velocity with their team.

Activity-driven probability: removing the BDM's veto

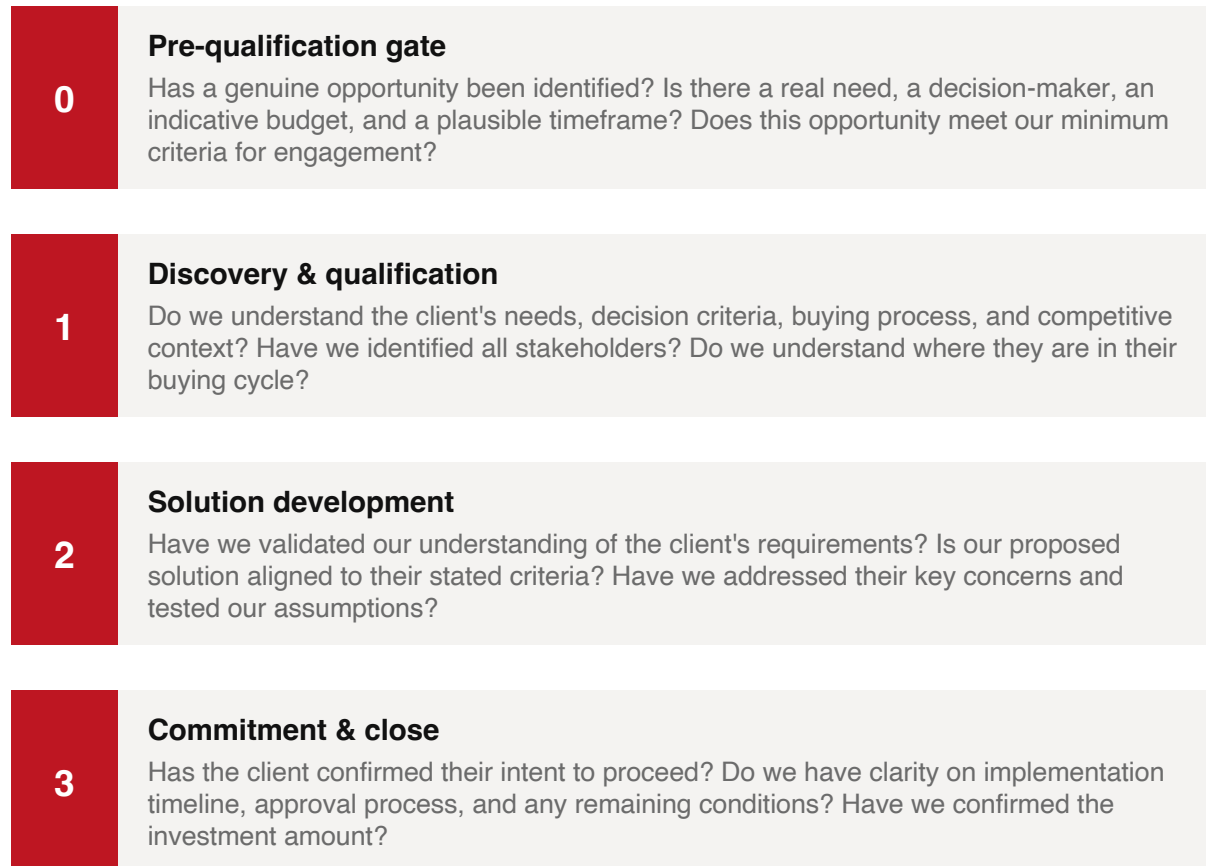
The most important structural change a distribution organisation can make to its pipeline is to remove subjective probability selection from the BDM. When each BDM chooses their own probability weighting, the pipeline reflects personality. An optimist runs a 70% average. A pessimist runs 40%. Neither number tells you anything reliable about the likelihood of conversion.

An activity-driven probability model replaces this with a system-determined framework. The BDM's job is to complete specific, defined activities at each stage. The system determines the probability based on which activities have been completed and verified. The result is a pipeline where the numbers mean the same thing across every BDM and where the forecast reflects actions taken, not feelings held.

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The four-stage gate structure

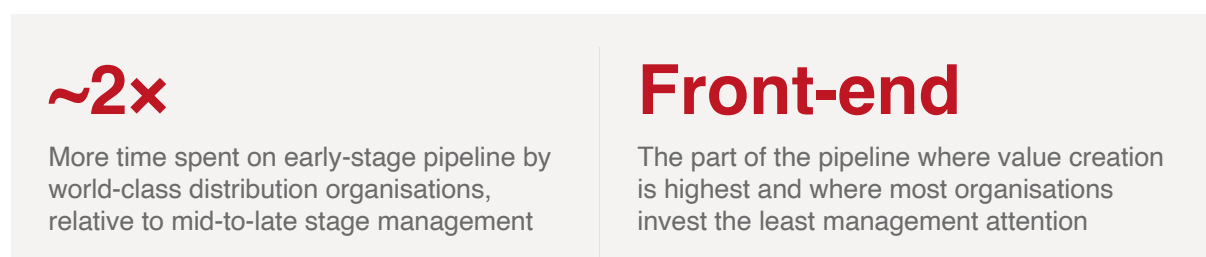
A well-designed pipeline for financial services distribution typically operates across four stages, each requiring specific qualification questions to be answered before progression. The questions are not a checklist they are a discipline. They exist to ensure that the BDM has actually done the discovery work, not just the relationship work.



Leading vs lagging indicators: managing the front end

Most distribution reporting focuses on lagging indicators; what has been done. Meetings held, proposals submitted, mandates won. These are important, but by the time they appear in a report, the outcome is largely determined. The BDM who hasn't been prospecting for three months cannot fix that in the weekly pipeline review.

Leading indicators measure what is happening now that will determine outcomes later. Quality of discovery conversations. Number of opportunities at pre-qualification stage. Depth of stakeholder engagement across key accounts. These are the metrics that allow a sales leader to intervene before the forecast problem appears.



World-class sales organisations in financial services invest nearly twice as much management attention on the front end of the pipeline, where opportunities are wide, qualification decisions are being made, and the potential to shape the client's buying criteria is greatest than on the back end, where deals are either won or lost based on work done months earlier.

This is counterintuitive. The deals closest to closing feel most urgent. But the leverage is in the front end. A BDM who is not filling the top of the funnel with well-qualified opportunities today will have a forecast problem in six months. A BDM with even an average conversion rate will outperform over time when their focus is at the start.

THE COMMERCIAL CASE

What changes when the pipeline is real

The benefits of a credible, activity-driven pipeline are not theoretical. They manifest in four specific commercial improvements that distribution organisations experience consistently once the discipline is in place.

Forecast accuracy

When pipeline stage reflects completed activities rather than BDM optimism, the correlation between pipeline position and actual conversion improves dramatically. Leadership can report to the board with confidence. Resource allocation decisions, which events to attend, which relationships to invest in, where to deploy internal resources etc become defensible rather than intuitive.

Pipeline velocity

A structured qualification process at entry reduces the time deals spend stalled in the funnel. BDMs who have done proper discovery know what the next action needs to be. Managers who can coach to specific qualification questions can identify challenges early and intervene. The pipeline moves faster not because of pressure but because the process removes ambiguity about what needs to happen next.

Win rate on qualified opportunities

Perhaps the most significant commercial impact is on win rate. Not across all opportunities, but across those that pass the pre-qualification gate. Organisations that invest in rigorous front-end qualification consistently win a higher proportion of the opportunities they pursue, because they are pursuing the ones they are best positioned to win and deploying their resources accordingly.

Manager effectiveness

A pipeline built on qualification questions gives managers something concrete to coach to. Instead of asking 'how's the XYZ deal going?' they can ask 'have you established who else is involved in the decision?' The coaching conversation becomes specific, developmental, and tied directly to the outcome. Managers stop being progress-chasers and become genuine performance coaches.

The pipeline tells you what you actually believe

There is a version of this conversation that every distribution leader has had, usually after a forecast has missed badly, or after a deal that was 'virtually certain' has gone to a competitor. The pipeline looked fine. The number was there. But the number reflected what the team hoped would happen, not what they had actually established.

A credible pipeline is not a more pessimistic version of the same exercise. It is a fundamentally different discipline. One that requires investment in the front end, rigour at the qualification gate, honest distinction between buying cycle and selling cycle, and a management framework that coaches to behaviour rather than just tracking outcomes.

The organisations that build this discipline don't just forecast better. They sell better because the process of building a credible pipeline is inseparable from the process of doing high-quality discovery, understanding client needs at depth, and deploying resources where they will generate the highest return.

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About Taylor Healey

Taylor Healey is a specialist sales capability consultancy working exclusively with financial services distribution professionals, BDMs, sales leaders, and distribution teams at fund managers and asset managers in Australia. We design bespoke capability programmes, sales process frameworks, and pipeline disciplines.

Pipeline & process design is one of our four core practice areas. If you would like to discuss what a credible pipeline framework might look like in your organisation, we are happy to have that conversation.

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