

USING ADVANCED ANALYTICS TO GAIN INSIGHTS INTO YOUR REVENUE STREAM



INTRODUCTION

“Why is it becoming increasingly difficult to predict our revenue stream?”
“What can we do to increase top line revenue?” Among all the questions that are asked within sales organizations of all sizes, these are the most frequent. And the implications of knowing or not knowing the answers will have huge impact on the future success of the business. The ability to answer both questions – and act upon the responses - can come down to how well a company is leveraging the right combination of people, processes, and information.

LEVERAGING PEOPLE

For example, a typical company might find that their sales force is made up of 10-20% of salespeople who sell more intuitively without a conscious understanding of why and how they are successful, and yet they seem to meet quota often enough for management to put up with their unpredictable behavior as long as they bring in the results. These salespeople can be valuable because they typically self-train within 90 days and are especially adept at impacting the market with new product offerings no one has yet seen or sold. The other 80-90% of the sales force sells differently, they prefer to be “consciously competent” and function best when provided with tools and processes to execute in a consistent, predictable way.

Some might think, “I’ll hire intuitive sellers and my job will be easy.” Unfortunately, because many intuitive sellers’ are not conscious of what they do well, they also may not know why they are not performing, and their unpredictability can sometimes outweigh their contribution. If they do provide consistent results, it is tempting to promote these sellers to sales management positions because they have proven they can meet quota. However, when one of the 80-90% of non-intuitive sellers report to an intuitive manager and asks them for help, the intuitive manager can’t articulate how or why they themselves performed well, let alone analyze the performance of another and provide advice to help them improve.

LEVERAGING PROCESS

This is not to say that the intuitive sellers and managers should be replaced by the more process-oriented sellers and managers – each serves a purpose. The goal is to provide a process so that the process-oriented people have a roadmap to the high level of productivity yielded from the intuitive sellers, and the intuitive sellers are enabled with a path to become more consistent and communicate more effectively with the rest of the organization about sales activity. According to a recent study by Harvard Business Review, “[A division of General Electric run by Michael Pilot] added \$300 million in new business (about 10% organic growth) in 2005 alone, an improvement [Pilot] attributes specifically to a reinvention of the operation’s sales process.”⁽¹⁾

Leveraging a defined, repeatable sales process enables both sales and marketing organizations to drive consistent, and therefore more predictable, behavior and results. If an organization has a defined sales process in place, they can track the ability of the organization to successfully execute that process, and also identify early indicators of where the process or adherence to it might be breaking down. If management knows where the process is working and/or not working, they can then leverage this information to make business decisions that will ultimately improve results.

LEVERAGING INFORMATION

The methods for collecting information on sales and marketing activities have evolved in recent years, as organizations have sought to optimize their efforts and generate a competitive advantage. Top performing organizations have learned to discard the outdated practices of manual calculations within static spreadsheets, in exchange for advanced analytics that allow key decision makers to view information in real-time, and then take the appropriate action.

These advanced methods provide business users an intuitive way to move from analysis, to insight, to decision-making more quickly. Additionally, when these tools are deployed via the web, such as within software-as-a-service (“SaaS”) or On-Demand models, the business user can receive value faster – without the need to engage IT.

IMPLEMENTING ANALYTICS TO ACCELERATE BUSINESS PERFORMANCE

Sales and marketing teams within companies of any size or complexity can accelerate their performance via analytics combined with their business logic. This CustomerCentric Selling® research brief examines how Software as a Service (SaaS) or on-demand analytic solutions - such as those by Business Objects - can help organizations analyze their sales and marketing processes to gain insights more quickly and accelerate business performance. In the same study referenced earlier, the Harvard Business Review revealed that by increasing the effectiveness of their existing sales force, one financial services provider increased their weekly sales volume by over 149% - without adding any additional reps.⁽²⁾

Provided that each segment in the sales cycle has some identifier representing specific progress points, then analytics can be utilized to measure quality and efficiency of its execution. Consider the following scenarios:

ANALYTICS APPLIED TO SALES: PIPELINE HEALTH

Scenario #1. Sales management has difficulty determining if there is enough potential revenue moving through the pipeline – and if it is moving quickly enough - to meet quarterly targets. **This results in the manager’s inability to take pre-emptive actions that drive revenue, and ensure the quarter closes on plan.**

Analytics Solution: The ability to create a view into the sales pipeline that reveals not only the volume of revenue in the pipeline, but the individual deals that comprise the number, the account managers working the deals, and what actions must be taken to move the deal through the funnel. **This enables sales management to learn earlier that revenue will or will not come out the back end of the pipeline, and what steps are needed to ensure their team will meet plan.**

Scenario #2. Salespeople are directed to “overfill” their pipeline because the manager sees risk in meeting quarterly targets, but does not know how much prospecting activity to assign in order to help the seller make up the shortfall. **This will result in salespeople being spread too thin to meet their targets.**

Analytics Solution: The ability to view an “ideal” pipeline model and compare it with the actual pipeline, determine the revenue shortfall, and apply math to determine how many more new opportunities of a certain average sale amount must be added to the pipeline in what timeframe in order to meet shortfalls. **This enables salespeople to “right-size” their pipeline and work more efficiently.**

Scenario #3. When pipeline problems are identified, sales management defaults to telling the salesperson to add more opportunities to the pipeline to make up for the shortfall. **However, if you are at the end of the year, adding more opportunities to the pipeline will not help meeting the annual targets.**

Analytics Solution A: The ability to create “what if” scenarios that leverage other variables to pipeline health, such as shortening the sale cycle, increasing the deal size, and/or increasing the close percentages of opportunities already in the pipeline. **This enables sales managers more options to leverage the individual strengths of their salespeople to increase revenue production.**

Analytics Solution B: The ability to associate a selling skill with a pipeline problem, and receive a prompt from the system which explains the most common reasons for the problem and some recommended activities to address the problem, based on pre-loaded best-practices. **This provides a roadmap for managers to coach and improve the skills of their salespeople, and therefore improve pipeline health.**

Scenario #4. Sales managers are managing primarily to meet the current quarter’s target, not to pipeline health. **This causes the average deal size to decrease because managers are constantly pushing salespeople to close business prematurely.**

Analytics Solution: The ability to view the entire sales pipeline, and move inspection activities to earlier in the sales process. The earlier inspection takes place, the more advanced in time the manager is managing. **This enables better judgment to be used allowing a larger sale to grow, or understanding that an opportunity could close at a higher margin if the seller was not pressuring with discounts to close it this quarter, in essence “buying the business.”**

Scenario #5. Pipeline discussions are actually only detailed discussions of all the individual opportunities in the pipeline, or they are disguised as forecasting discussions targeted to answer the question, “What is coming in, by when?” **This results in a manager missing the bigger picture, or creates an atmosphere where the salesperson may be less willing to provide the visibility the manager needs.**

Analytics Solution: Leverage a view of the ideal pipeline model to first keep the conversation at a high level focused on the total revenue in progress. Managers can then ask forward looking questions about how the existing pipeline is shaping up to help the salesperson meet targets 2-3 quarters out, and keep the pressure of meeting the current quarter’s target to a separate forecasting discussion. If the manager identifies an issue at the pipeline level and then wants to drill down into viewing/discussing individual opportunities, they also have the option to do so. **This enables both the manager and the seller to have a more relaxed discussion about what can be done now to positively affect future results.**

ANALYTICS APPLIED TO SALES: FORECASTING ACCURACY

Scenario #6: Sales management relies on the opinions of salespeople and a “gut feel” to determine how qualified opportunities in the pipeline are, and if/when opportunities should be forecast. **This results in using overly-optimistic or overly-conservative viewpoints to influence the forecast.**

Analytics Solution: The ability to drill down into the forecast to insure that the

1, 2: “The New Science of Sales Productivity”, Harvard Business Review, 2006

forecasted number is made up of individual opportunities in the pipeline that have reached a pre-determined milestone in the sales process which qualifies it to be considered closable for the quarter. This data should be served inside a dashboard or report that is updated automatically as information is entered into the organization's CRM system. **This enables more objective discussions on how the forecast is validated, and more accurate predictions of potential revenue for the quarter.**

ANALYTICS APPLIED TO MARKETING PROCESSES: LEAD GENERATION

Scenario #7. Marketing campaigns may be targeting the wrong audience. **This results in poor quality leads entering the sales pipeline, wasting precious marketing dollars and sales' time.**

Analytics Solution: By combining existing customer data with external market and industry information lets marketers quickly identify their top performing industries and territories. Next, by integrating lead generation tools combined with data from leading providers such as Dun&Bradstreet, marketers can instantly generate leads within a target audience that has already been pre-screened and vetted based on pre-determined criteria known to yield predictably successful results. **This enables marketing to more quickly design campaigns that will motivate the right audience and provide more qualified leads.**

Scenario #7. Visibility into the effectiveness of marketing campaigns is delayed due to an imbalanced use of lagging indicators of success. **This causes precious resources to continue to be invested in areas which are not yielding results.**

Analytics Solution: The ability to access and integrate information from both internal and external sources which have been proven to be leading indicators of success – such as lead and opportunity information from one's CRM system to measure true influence of marketing on sales pipeline. **This enables marketing to achieve a true ROI analysis on their lead generation programs, and make the decision to either continue investing or change course to improve effectiveness with confidence.**

ANALYTICS APPLIED TO MARKETING PROCESSES: COMPETITIVE ANALYSIS OR MARKET RESEARCH

Scenario #8. Different marketing sources of information must be manually compiled and compared for analysis. **This results in uncertainty and delays in investing marketing resources into the right opportunities that will generate sales.**

Analytics Solution: The ability to unify disparate sources of consumer, economic, government and market data into a single view, and validate the accuracy and relevance of this information. **This enables marketing to more quickly decide to invest resources to create leads with confidence.**

CONCLUSION

One of the most common complaints I hear from sales and marketing managers is that they have very little time to accomplish many of the things that are required of them in this fast-moving business environment. Analytics, in effect, can help give people back time. Leveraging analytics tends to remove the pre-work required to gain insights away from people, and assign it to a business solution, so that the people can focus on the insights revealed, and ultimately turn insights into actions and business results more quickly.

About Business Objects

As an independent business unit within SAP, Business Objects transforms the way the world works by connecting people, information and businesses. Together with one of the industry's strongest and most diverse partner networks, the company delivers business performance optimization to customers worldwide across all major industries. Business Objects is also the clear leader in on-demand business intelligence with its full suite of SaaS offerings, including crystalreports.com and Business Intelligence OnDemand – advanced reporting, dashboard, and quote management solutions that provide greater visibility into your sales data, driving faster decisions that increase bottom-line revenues.

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Dan Ahrens is a sales process consultant and a licensed CustomerCentric Selling[®] Business Partner. His practice is focused on helping companies leverage a defined, repeatable, and measurable sales process to increase top line revenue, improve forecasting accuracy, and enable disparate organizations to work in concert and to better align with the needs of their customers. He has worked with over 60 companies, including IBM, PriceWaterhouse Coopers, Sybase, and Farmers Insurance.

Prior to his sales process management career, Dan held corporate sales and sales management positions in a variety of industries where, in addition to achieving individual awards as top revenue producer and sales manager, he managed special projects such as implementing sales measurement & reporting systems, designing incentive & compensation programs and opening new sales regions.

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