TOP NINE MYTHS OF REVENUE AND GROWTH

Myth five: More data equals more sales

In the **Top Nine Myths of Revenue and Growth,** a nine-part series, AlixPartners spotlights the changing calculus of top-line revenue strategies and suggests ways companies can overcome commonly held revenue and growth myths as they pursue—and achieve—profitable growth.

FOR COMPANIES SEEKING TOPLINE REVENUE GROWTH, THE RULES OF THE GAME HAVE CHANGED.

Across industries, market dynamics are evolving at an ever-increasing pace as companies derive data-driven insights and apply digital strategies to move quickly and decisively in order to adapt and grow.

WITH THOSE NEW RULES COME NEW STRATEGIES.

Now more than ever, speed to results and rapid execution in sales, marketing, pricing, and profitability are becoming fundamental to remaining competitive. Many commonly held assumptions have been rendered obsolete, yet many companies still fall prey to the myths as they struggle to respond to the competition.

AVOIDING THE MYTHS AND ACHIEVING TANGIBLE GROWTH.

With the changing rules of the game, how can investors and managers overcome myths and maintain or enhance profitable growth? More important, how can they execute while staying strategically nimble enough to remain responsive to the market and not only survive but also thrive?

MYTH FIVE: MORE DATA EQUALS MORE SALES

To the great frustration of corporate executives, heavy investments in advanced sales-force management and information technology often have little measurable effect on revenue or return on investment. It's not a matter of power or functionality; today's customer relationship management (CRM) systems can deliver massive amounts of sales-related data and sophisticated analytics. The problem is that many sales forces make only minimal use of the analytical capabilities and insights available to them and thus can't turn data into executable information that supports decision-making and revenue-enhancing actions. In some cases,

the systems even have devolved into little more than reporting applications for the finance function and, from the sales team's perspective, administrative burdens.

Facing stubbornly low adoption and user participation rates, software developers have published myriad guides to successfully implement their wares. Many consulting firms, for their part, have built CRM implementation into sizable businesses, but based on our experience with clients during the past two decades, as many as 90% of implementations fail to generate the desired results[1].

That's typically because sales leaders focus too much on their CRM systems' data-processing and analytical capabilities instead of on the area of revenue and profit improvement. More-successful CRM adopters differentiate themselves by setting aside IT considerations and instead building management's ability to translate data into actionable information that supports smarter decision making and promotes more-effective sales behaviors. And they are firm in their insistence that their CRM infrastructure be the system of record. In other words, if it's not in the system, it didn't happen.

1. AlixPartners analysis

MORE INFORMATION VERSUS THE *RIGHT* INFORMATION

The true objective of any sales analytics system is to deliver a well-defined set of information and insights that directly support the development of (1) powerful sales strategies and (2) effective tactical execution. Such a system should support the construction of metrics that pinpoint the activities that correlate with increased sales and that help sales managers execute the most-relevant, most-effective tasks. The system should also enable the sales force to identify opportunities and offer meaningful execution support. For sales leaders, the challenge lies in determining which kinds of data will produce analytics that support those objectives.

That's not the same as putting more data into the hands of more salespeople. Salespeople don't need more data; they need the right data. Too often, a proliferation of data simply leads to requests for ever more reports and analytics. The result: yet another pointless and incremental administrative task, with additional data collection and record-keeping activities that undermine organizational support rather than improve performance.

BARRIERS TO CRM ADOPTION

The Achilles' heel of CRM systems is that they require sales professionals to record data and information that generate insights into their behaviors and performance. Most sales professionals dislike that aspect of their jobs, preferring to stick with their own ways of managing opportunities, pipelines, and customers and then shielding their methods, contacts, and data from the prying eyes of rival salespeople.

It doesn't help that many sales managers, who hear constantly from their teams that administrative tasks and system maintenance distract from selling, don't hold their people accountable for anything but sales. They tacitly accept a soft solution that allows salespeople to follow their own idiosyncratic processes and report only high-level activities. That approach immediately degrades the system, causing it to become a tool that delivers impressive reports but doesn't produce the information that management needs to drive behavioral changes and improvements in sales force effectiveness.

PULLING THE RIGHT DATA—AND LEAVING THE REST BEHIND

The onus, then, is on management to determine which data can feed the analytics that will serve to meet the organization's true challenges. Rather than wrestle with that question, it's tempting to simply ask for more data, more reports, and ever-more-complex analytics. Before long, the mounting pile of information lulls management into complacency.

To avoid going down the wrong track, we recommend engaging first in a data and analytics design exercise to identify the fundamental questions that have to be answered. In the exercise, only information that points toward more-effective sales behaviors should qualify for collection. In similar fashion, operational sales management should determine the specific processes and set forth related metrics that can improve sales effectiveness. Once senior leaders reach agreement on the insights and data the sales function requires, they can pivot quickly to management of the right metrics and to assessment of the information's impact on effectiveness. That's how sales managers unlock the true value of sales analytics systems. They use them to help salespeople do what salespeople do best: understand customer needs and clearly articulate the value of their solutions.
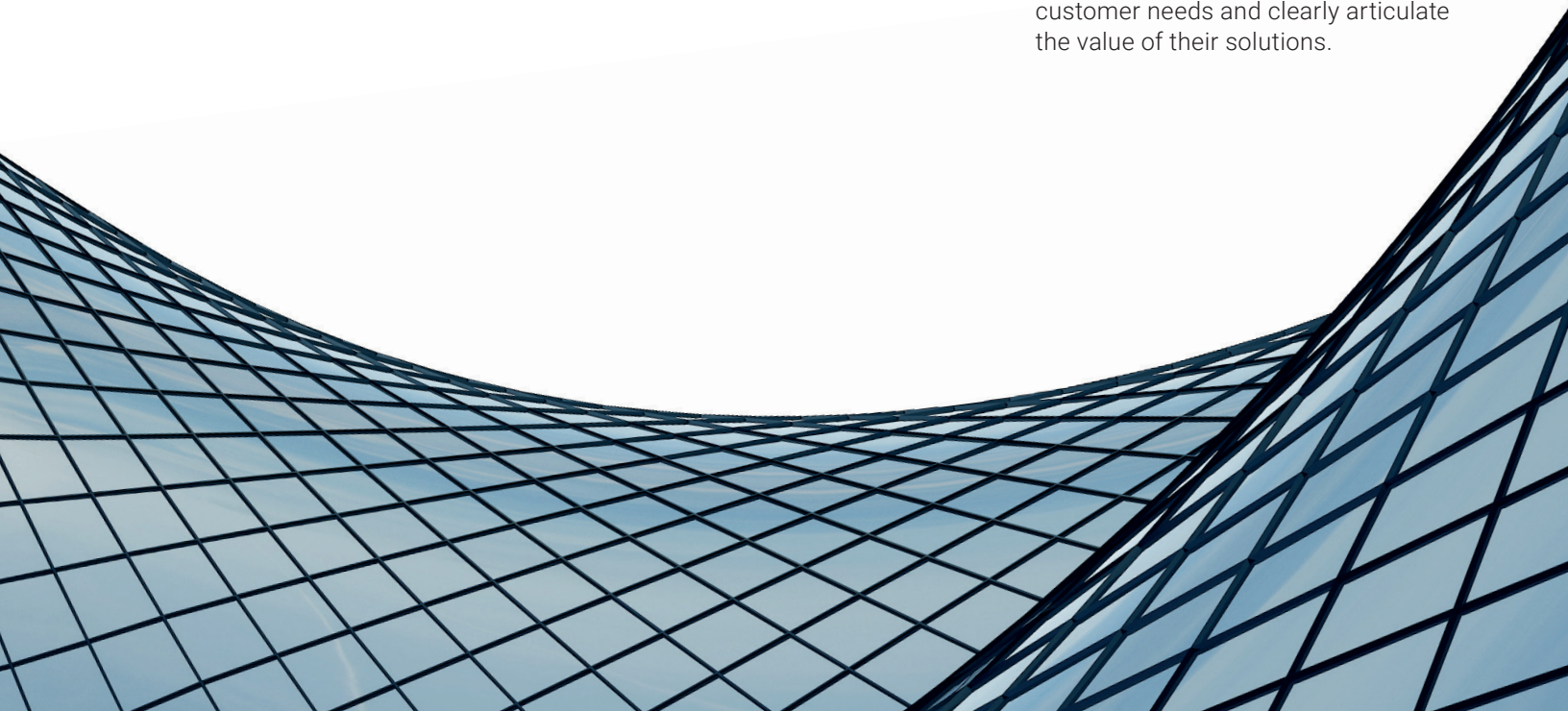
Improved data collection and outputs go hand in hand with process improvements, such as simplified sales meetings, wherein management is accountable not simply for reviewing opportunities but also for embracing each opportunity by taking specific actions. And like sales reps, sales managers must both measure their own performance metrics and analyze how to optimize their time.

HOW REAL COMPANIES DRAW VALUABLE INSIGHTS FROM DATA

To learn how such a system might work in the real world, let's look at a couple of recent sales analytics projects we undertook. One company, a global manufacturer that serves utility customers, was eager to revive revenue growth following an economic downturn. An initial review revealed that the sales team responsible for one product group was hampered—by limited targeting, prioritization, and engagement with other internal sales teams—from pursuing joint opportunities, which is a crucial shortcoming in a business with a long sales cycle. CRM adoption was incomplete at best, and most of the system's users were assistants and a handful of analysts who drew on the system to produce standard management reports.

To reinvigorate the sales effort, AlixPartners helped the company set up a revenue war room whose objective was to expand the sales pipeline and achieve higher win rates. Acting as the sales operation's nerve center, the war room team—consisting of sales managers, analytics experts, and a senior management representative—continuously prioritized opportunities so they could determine where sales reps should focus their efforts. Supporting the team was a small group of highly skilled analytical resources whose sole purpose was to analyze CRM data

and feed insights to sales reps and management. The specialized group also generated metrics designed to promote increased collaborations both within the sales function and across product groups.

To ensure that decisions resulted in concrete actions, war room personnel closely tracked sales team activities and assigned clear accountability for outcomes. And to maintain momentum, the war room established a process and a cadence for gathering market and competitor intelligence from the field, for generating insights, and for disseminating the insights to the right people at the right time. The efforts produced tangible improvements: an increase of more than 10% in the global sales pipeline and the establishment of three revenue war rooms for the Americas, Asia, and the EMEA region. The war rooms drove sales analytics, conducted monthly reviews of key opportunities, and supported 20 or more cross-functional deep dives per month so as to focus on large-deal opportunities.

USING ANALYTICS TO HANDLE HOT COMPETITION

In another instance, a global healthcare company was struggling to maintain revenue growth following expirations of patents on core products and the emergence of newcomers competing on pricing. Management had committed to aggressive revenue growth targets for core products and new products, but which could be achieved only if the company could counter the competition with improved sales tactics and strategic approaches. The sales force, however, had little experience in selling in such a hotly competitive environment, and management was unaccustomed to actively managing the sales force to execute against specific performance metrics. Management would have had

a hard time even if it tried to do so, because the sales analytics system did not capture pertinent sales metrics and was used inconsistently by the sales force, when it was used at all.

To rapidly change sales tactics, we helped the client develop and institutionalize a sales management approach based on activity and performance metrics for sales managers and directors. That change required the rapid development of a tool that would operate in parallel with the existing CRM system to generate the required metrics. Weekly sales meetings got restructured to simplify and standardize the approach to sales management. In the early phases of this initiative, AlixPartners coached sales managers in managing to metrics that correlated with higher sales performance. That focused, decisive approach to reviewing and directing sales activities represented a sharp break with the prevailing sales culture. Lower-performing sales reps were some of the most-enthusiastic supporters, who welcomed the metrics-centered input that helped them correct behaviors that had been diminishing their effectiveness.

We also identified ways to optimize critical, high-leverage management resources. At our recommendation, the client developed sales manager guidelines and a management playbook, which helped clarify managers' roles and how they should spend their time.

Within three months of implementation of a pilot program, revenue generation in pilot regions was exceeding revenue generation in nonpilot regions by 1%. Accountability for sales staff and managers increased. And, most important, the client had established management structures and processes capable of creating and sustaining a high-output, performance-based culture.

AlixPartners

A CRM system alone cannot raise a sales organization's performance level. But in the hands of skilled analysts who can translate data into action-oriented insights, a CRM system can dramatically improve the results of sales activities. Accurate measurement of those activities—and the identification of activities that produce positive results—can promote behavioral changes that increase the odds of success.

Such an approach to sales data can challenge sales managers as well as sales professionals. It demands decisive action from managers and, in many cases, changes to long-standing habits and practices. But with commitment, perseverance, and, above all, a focus on producing *results*, not *reports*, sales organizations can buck the odds and unlike so much of the competition, generate conspicuous value from sales analytics and CRM systems.

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ABOUT US

For nearly forty years, AlixPartners has helped businesses around the world respond quickly and decisively to their most critical challenges – circumstances as diverse as urgent performance improvement, accelerated transformation, complex restructuring and risk mitigation.

These are the moments when everything is on the line – a sudden shift in the market, an unexpected performance decline, a time-sensitive deal, a fork-in-the-road decision. But it's not what we do that makes a difference, it's how we do it.

Tackling situations when time is of the essence is part of our DNA – so we adopt an action-oriented approach at all times. We work in small, highly qualified teams with specific industry and functional expertise, and we operate at pace, moving quickly from analysis to implementation. We stand shoulder to shoulder with our clients until the job is done, and only measure our success in terms of the results we deliver.

Our approach enables us to help our clients confront and overcome truly future-defining challenges. We partner with you to make the right decisions and take the right actions. And we are right by your side. When it really matters.