

NAVIGATING THE ECONOMIC BOTTOM

Re-starting growth for
business-to-business companies

The world is now many months into the COVID-19 pandemic, with attendant shelter-in-place directives and widespread business closures. Although detrimental to most, but not all, companies across the business-to-consumer (B2C) and business-to-business (B2B) spectrums, the consumer-led nature of the demand crash means B2C companies have been able to look to primary information for demand signals. B2B companies, on the other hand, face the additional challenge of relying on secondary demand signals to obtain a firm grasp on future demand.

Because the current economic bottom won't last forever, forward-looking B2B companies are preparing to move decisively when the economy begins to emerge from its trough. This article provides B2B companies a roadmap for moving nimbly as the economy continues to flatten out at the bottom—and for pivoting aggressively from surviving the crisis to restarting growth.

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The natural B2B instinct in a crash is to defend share everywhere. No commercial leader wants to compound the company's revenue decline by losing share as well.

However, that instinct often leads down the wrong path because commercial leaders end up spending time defending accounts they cannot fix. Instead, at the economic bottom, B2B firms must defend selectively—focused on their most important customers, where post-pandemic account growth and profitability will be attractive. Priority should be given to the most-profitable services and offerings. Noncritical go-to-market (GTM) activity should be minimized until the economy rebounds. And businesses should relieve decision paralysis and confusion by centralizing decision making in critical areas.

1. MINIMIZE NONCRITICAL GTM ACTIVITY

- Cut back on selling in sales channels or services with low returns on investment (ROIs).
- Reduce low-ROI marketing spend on niche offerings and long-term goals, and focus on essentials instead.
- Redirect investment into lower-cost delivery channels, such as digital.

2. AVOID DISTRACTION

- Prioritize solutions that boost short-term revenue.
- Limit attention paid to low-profit customers or long-term strategic prospects that have yet to ripen.
- Develop crisis-specific marketing messages that project empathy, loyalty, and community.

3. CENTRALIZE CRITICAL DECISION MAKING

- Revisit and revise processes for pricing and promotion decisions.
- Make adjustments to development spend.

SUCCEEDING IN THE RESTART

The timing of the eventual recovery is unknown, of course, and it's likely to be unevenly distributed. Clients will understandably cast wary eyes toward growth, given health and economic uncertainties.

Strategically, however, we believe B2B companies should prepare to come charging out of the gate as much as possible. Smart commercial leaders should be ready to rapidly reset post-pandemic offerings so as to reflect new customer behaviors and desires, recognizing the likely requirement that, for example, office workers will have to integrate their remote and office working environments more seamlessly. Companies should rebuild GTM approaches from the ground up by taking advantage of advanced technologies and the right approaches to pricing, selling, and marketing. The restart will offer opportunities to transform the sales organization and impose discipline where none existed before on every component of the sales cycle: from lead generation to conversion, from pricing and discounts to service-level agreements, and much more. Businesses should position themselves to grow profitable customer segments—and quickly—so they can rapidly exploit competitor weaknesses and recovery-driven discontinuities.

1. COME OUT SWINGING: ATTACK COMPETITOR WEAKNESS

- Identify segments, product lines, and support levels where competitors have lost the ability to meet clients' needs.
- Consider M&A opportunities to enjoy at value prices the benefits of scale or to access adjacencies by combining competitors that haven't fared as well.

2. REBUILD GTM FROM THE GROUND UP

- Develop strategies for segmented price realization and improved discount management by using advanced revenue analytics and digital visualization tools.
- Focus on your strongest prospects: When demand sags, sales organizations can't afford to spray and pray. Learn to segment leads by their likelihood of buying and potential profitability. And mobilize the sales team to work as a true team, sharing best practices and learning from one another.
- Consider modernized GTM approaches—such as inside sales—and technologies such as predictive analytics. With site visits out of the question, sales reps must learn new, virtual-touch approaches and apply technologies such as predictive analytics rather than gut instinct and homemade heuristics.

3. SET NEW OFFERS TAILORED TO THE POST- PANDEMIC WORLD

- Prioritize and invest in strategic segments and solutions that reflect new behavioral and buying patterns.
- Revisit long-term top-line investments or development projects. The pandemic may have drained spare resources or reduced clarity for the future. So, game out the business and portfolio implications of making big bets, taking into account the effects of the pandemic and the business implications of the new normal—whatever shape it may take.

TACTICAL PRIORITIES: FROM ADVICE TO ACTION

If you are a commercial sales or GTM leader, you want to know what to do specifically against such unusual economic conditions. Times like these, hopefully, do not occur very often, so it can be difficult to find the right action path. We've provided a checklist (figure 1) that B2B organizations can use as a starting point to drive optimal top-line outcomes as the economy restarts.

Frontline sales and commercial teams should do the following to effectively navigate the economic bottom and restart growth.

FIGURE 1: RESTART CHECKLIST

	ECONOMIC BOTTOM	RESTART
GROWTH STRATEGY	<ul style="list-style-type: none"> • Focus on core business • Prepare top-line growth scenarios 	<ul style="list-style-type: none"> • Begin multiperiod strategic planning • Leverage competitor weakness and take share in key channels • Explore opportunistic M&A
CUSTOMER AND PRODUCT PROFITABILITY	<ul style="list-style-type: none"> • Establish short-term cash forecasting • Focus on most-profitable areas 	<ul style="list-style-type: none"> • Move to steady-state profitability policies, focusing on growth and profitable products and customers • Act on permanently damaged accounts and products
SALES FORCE EFFECTIVENESS	<ul style="list-style-type: none"> • Create online customer interface • Alter commission pay structures • Keep reps motivated 	<ul style="list-style-type: none"> • Accelerate new digital channel efforts • Resize and rebuild sales to reflect modern techniques and coverage lessons learned during the pandemic • Improve sales capabilities in the rebuild by upskilling talent and recruiting high performers • Continue improved forecast approach
PRODUCT	<ul style="list-style-type: none"> • Focus on driving short-term profitability or cash flow • Refocus product development on the short term and retention 	<ul style="list-style-type: none"> • Find innovation partners to build new capabilities • Relaunch product portfolio prioritization work. What is required post-pandemic?

	ECONOMIC BOTTOM	RESTART
PRICING	<ul style="list-style-type: none"> • Review pricing levels and cost structures • Adjust contract terms • Manage sources of price leakage • Tighten control of price discounting • Offer key accounts nonprice incentives to increase loyalty 	<ul style="list-style-type: none"> • Reverse temporary price policies • Retain newfound pricing discipline • Adjust discount and leakage policies • Target accounts with distressed competitors
MARKETING EFFECTIVENESS	<ul style="list-style-type: none"> • Refocus customer communications on crisis-specific messaging • Suspend marketing activities with low ROIs 	<ul style="list-style-type: none"> • Update the plan, brand, and messaging for post-pandemic customer sentiment and buying behaviors • Use customer analytics to prioritize marketing investments
SERVICE EFFECTIVENESS	<ul style="list-style-type: none"> • Adjust service tiers and discounts • Create capacity flexibility on services • Repurpose service resources—for instance, for retention 	<ul style="list-style-type: none"> • Revert to steady-state service policies • Explore permanent low-cost options • Maintain flex capacity as economy climbs back to normal
REVENUE WAR ROOM	<ul style="list-style-type: none"> • Create a revenue war room • Focus on short-term pipeline needs • Monitor impact of new policies on pricing and discounting • Pay close attention to the competition 	<ul style="list-style-type: none"> • Solidify revenue war room practices. Lean into digital capabilities and business processes • Continue to monitor competition closely

The pandemic's black swan nature has many B2B companies looking to survive and, having survived, return to normal. Such a mindset is understandable, but executing on it would miss a unique opportunity to reset product and customer portfolios, reinvent go-to-market approaches, and take share from weaker competitors. The tactics to do so are generally known, though they must be tailored to individual situations. The larger question a commercial leader has to answer involves vision and courage: can the leader see the potential for the organization to emerge stronger after the pandemic-driven economic crisis? Companies with such insightful leaders are best positioned to uniquely and positively reposition themselves commercially as soon as the economy reawakens.

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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.

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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.

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