

WINNING TACTICS FOR REVENUE AND PROFITABILITY WITH A REVENUE WIN ROOM



In these challenging times, companies have an imperative to regain revenues and achieve profitable growth. While sales organizations could pursue large-scale transformations, these projects usually require large budgets, with long payback periods. The key to winning in the current environment is the ability to quickly pivot between evolving priorities in product sets, geographies, and customer segments. **What organizations need now more than ever is a model to identify and address their most pressing needs to regain growth and focus on active opportunities while still driving programmatic commercial initiatives.**

THE REVENUE CHALLENGE

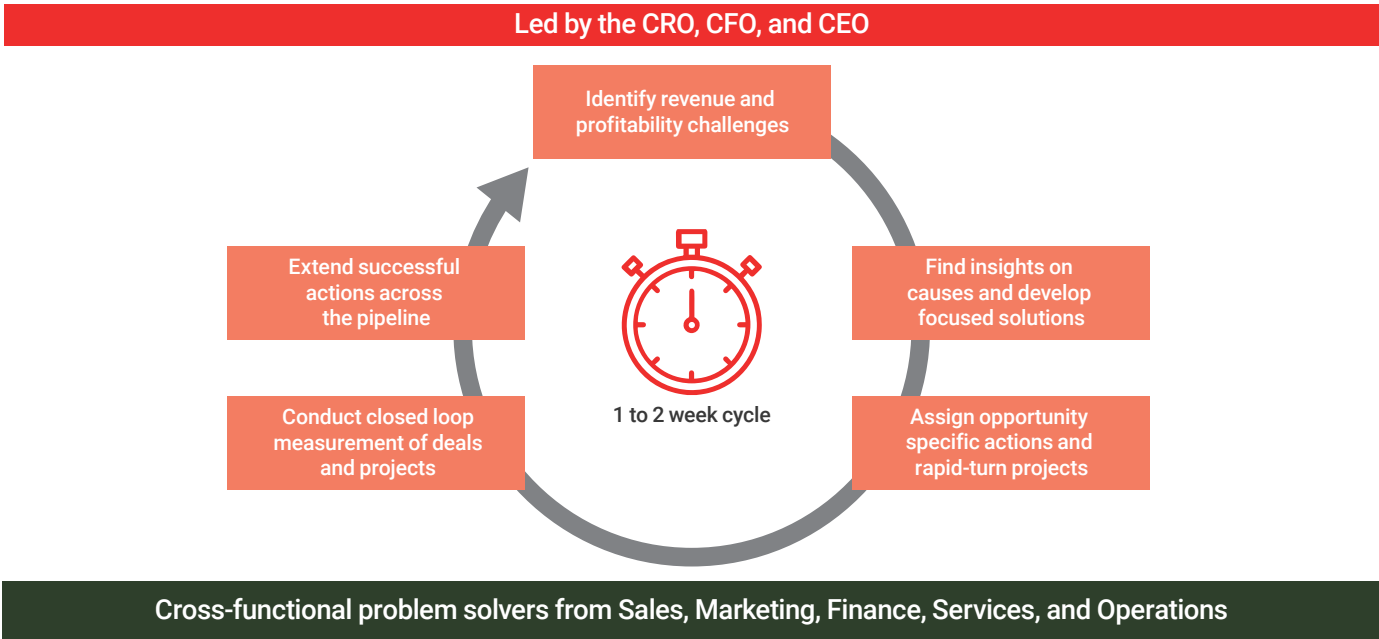
Senior sales leaders face several challenges as they try to galvanize all of the functions in their company around revenue growth, including the need for:

- An integrated view of their business even as they disaggregate commercial teams’ performance, constantly changing market conditions, and internal operating performance,
- A predictive system to enable them to quickly focus on removing the specific roadblocks to meet their targets and maximize performance,
- Alignment among the broader team organizationally and individually, to ‘row in the same direction.’

These efforts typically result in well-intentioned groups supporting the sales team, working towards different goals and timelines, all frustrated that the other groups do not share their insights. The status quo approach of pipeline management focused on report cards and top ten lists, and deals desk reviews of risk management and pricing thresholds will not be enough to solve this problem.

A practical, fast solution in these constantly changing market conditions is implementing what we call a Revenue Win Room (figure 1). This revenue management program combines traditional pipeline management with deal-by-deal commercial improvement actions and growth initiatives. A Revenue Win Room comprises a highly accountable team, both process and results-oriented metrics and goals, and a rapid action cycle, all working in conjunction to identify and capitalize on the most important revenue-driving opportunities.

FIGURE 1: REVENUE WIN ROOM DESIGN



Source: AlixPartners

ACCOUNTABILITY, METRICS, AND RAPID ACTION

Revenue Win Rooms can deliver a wide range of improvements, including revenue acceleration, sales coverage optimization, pricing, services attach rate, renewals capture, capacity utilization, and lead conversion.

The Win Rooms achieve improved results by integrating five specific views of commercial performance:

- 1 Current revenue/margin performance
- 2 Pipeline
- 3 Improvement initiatives
- 4 Market conditions
- 5 Operational performance affecting customers (CSAT, NPS, etc.)

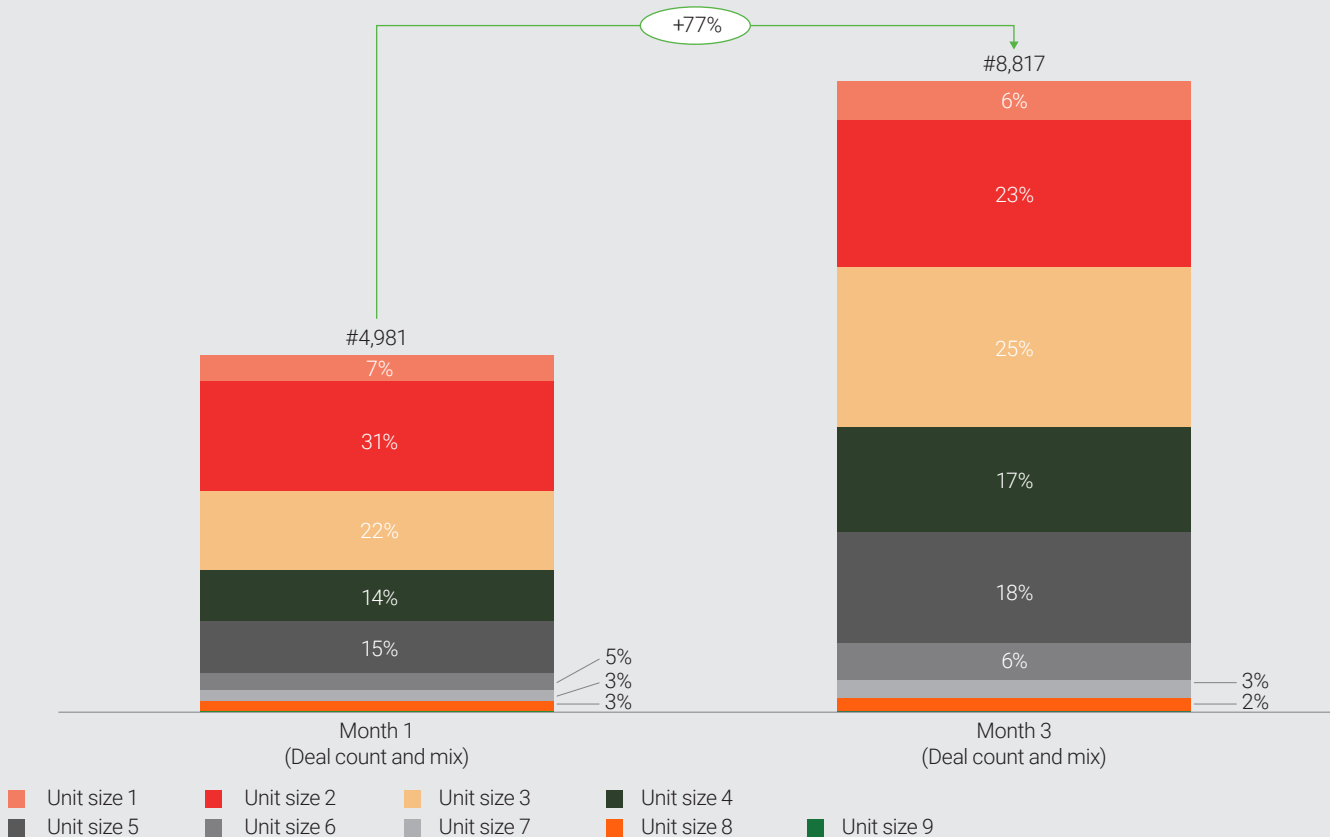
For example, a recent client in the gas distribution industry with short cycle transactional sales wanted to improve its new customer acquisition and sales. The client was operating with only high level financial goals related to new customer sales and experienced suboptimal sales performance against goals.

The company quickly set up a Revenue Win Room by pulling together a **cross-functional team** from their Sales, Marketing, and Finance functions. The team then established **new goals and metrics** to reflect financial performance and underlying operational performance. In this case, those operational metrics included the number of deals in the pipeline, deal size mix, and win rate by sales rep.

The next step was to establish weekly Revenue Win Room sessions to actively solve underperformance. The team identified that one contributing problem was a lack of focus on deal size mix (figure 2). With the marketing team's help, they then put tools in place to help sales representatives identify and target the right deals.

Within six to eight weeks of launching the Revenue Win Room, the company improved all three metrics established and grew new customer sales by ten percent.

FIGURE 2: INCREASED DEALS AND POSITIVE SHIFT IN MIX REALIZED IN THREE MONTHS



Source: AlixPartners

SIMPLIFY COMPLEX INITIATIVES

A critical aspect of creating and running a Revenue Win Room is managing commercial improvement initiatives with a high accountability level.

The Revenue Win Room's pace is far more aggressive than typical transformation initiatives. There are three core operating needs to consider when implementing a Revenue Win Room.

- 1 The team must develop recommendations** and responses that align with sales reps' pursuit timelines.
- 2 Team members must ask what they need to do differently** for this opportunity right now, then later work on what can be embedded in the process.
- 3 The team must agree on specific metrics and analytics** that differentiate leading indicators from post-fact financial results, which often requires using a centralized team to find insights, rather than depending primarily on field managers' pipeline reports.

A Revenue Win Room can also help simplify complex initiatives. In one instance, an industrial manufacturing company in the renewable energy space with year-plus sales cycles suffered significant margin decreases and a 15 percent decline in sales as measured against the previous year.

Our QuickStrike® analysis suggested that the decline in financial performance was related to quarter end price drops and poor prioritization of sales opportunities.

We quickly implemented a Revenue Win Room that included sales, finance, and pricing leads. The team then created a new metric called "Project Expected Value" to combine opportunity size and local market competition factors. Next, the team redesigned sales incentives and assigned sales resources to target the higher expected value opportunities. Establishing key metrics and goals positioned the team to track performance weekly.

Within only three months, the company achieved an impressive eight percent increase in revenue and an eight percent increase in average selling price.

Driving commercial improvement requires tight execution, having the right metrics and analytics for insights, and maintaining cross-functional accountability and participation. But the rigorous management to goals of a Revenue Win Room is a proven approach for commercial teams to generate valuable, rapid results in these challenging times.

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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.

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