Big Data For Sales

Some sales analytics lessons from the coal face

Data and analytics can play a much more prominent roles in sales – both B2B and B2C, than they currently do. Sales organisations who want to go to the next level in terms of pipeline yield and sales productivity need to embrace it. But they'll need help to extract full value.

You don't have to search very far or for very long for stories about the transformative powers of analytics. And there are case studies from the sales world of analytics delivering significant improvements in growth, efficiency, and effectiveness. But there could be more.

In our latest Revenue Performance Index across more than 500 sales organizations around the world, we found that 64 percent of those that are "high performing" rate themselves as effective users of analytics (See Graphic 1 on page 5).

Yet for all the obvious tangible benefits, analytics is still either a sideshow or in the "too hard" box when it comes to sales. The Index shows that nearly half sales organisations today (47 percent) barely use analytics and those that do don't do so effectively. Many companies struggle to benefit from even basic analytics, while quite a few are still yet to try at all.

Analytics programs can deliver significant top-line and margin growth by guiding marketing and sales teams to better investments and decisions. But that only happens when companies can do two things well: identify the areas where the most value can be created, and implement effectively.

Forward-thinking companies are using the growth of data analytics and artificial intelligence to expand the frontier of value creation for B2B sales and are generating remarkable results in lead generation, people management, cross-selling, and pricing (Graphic 2 on page 5).

1. Improved lead generation and nurturing

Analytics is already a proven way for improving the accuracy and effectiveness of lead generation and nurturing, and for automating presales and resales processes. With the right Technology the data sets can help pinpoint the right customer at the right time and even calibrate their positions in their purchasing journeys.

The use of historical market information for developing detailed views of sales prospects within a territory or region, or for a particular product or service is well established. But leaders are now pushing this further by introducing lead-scoring algorithms based on detailed and granular data sets on each of their prospects. Internal data sources on the customer's previous history are combined with external data such as news reports or social media to generate a "360 degree" view of the customer. These algorithms can then predict which factors truly matter in lead conversion and guide marketing communications and sales strategy accordingly. We have seen clients lift their pipeline conversion yields by as much as 30% by using numbers to inform their tactical marketing and sales decisions.

When greater predictive insights are complemented with intelligent automation, we have seen organisations quite literally leap ahead in their ability to identify, prioritise and convert opportunities. Several companies are experimenting with AI-enabled agents that use predictive analytics and natural-language processing to automate early lead-generation and nurturing activities such as handling basic customer questions and automating initial presales questions.

Aside from being much more efficient than traditional approaches, these algorithms can identify the most promising prospects and pinpoint the most opportune time to target them and the tactics to do so.

2. Sales resource allocation; opportunity prioritisation and routing

In Moneyball, Billy Beane and the Oakland Athletics used analytics to revolutionise baseball by revealing what truly mattered to winning baseball games. Leading sales organisations are using analytics to understand what really drives sales success and using those learnings to inform everything from coverage, recruitment, and training to tactical execution.

Even today, most sales planning relies on customer segmentation, usually based more on gut feel and historical local knowledge than up-to-date facts. This model has proven time and again to be less effective and dangerously inconsistent, and to allocate resources poorly to accounts that require different strategic and tactical approaches (e.g., acquire versus grow versus retain).

But the introduction into sales planning of even the most basic analytics to sales planning can drive almost overnight improvements in resource allocation and opportunity routing. A client of ours in insurance used a granular account and product-level approach to realign its national coverage model. Conversion and velocity through the bottom half of their pipeline rose by 8 and 11 percent respectively, while planning time was cut by more than 60%.

Analytics is also revolutionising our understanding of sales talent and field behavior. In the quest for the highest-performing salespeople, clients are combining sales, customer, and HR data to understand the intrinsic factors driving revenue success. They now know who their best salespeople are, what makes them good, and when to rout their most important opportunities and accounts to them.

Analysis also unveil the statistically important traits of high-performing salespeople, not only improving recruitment but training and development as well.

Some companies are also integrating telephone, email, calendar, and CRM data to identify which actions in the field correlate highly with effective buyer progression, especially for sellers whose value is harder to assess owing to the nature of what they sell. One client has combined our Telemetry data with behavioral analysis from Prova Profiling to discover which behaviors of their reps correlate with productivity, pipeline yield and wins. Using those findings, we've specifically coached those reps accordingly and deployed them to optimise their value. Together with driver-based forecasting and predictive pipeline management, revenue grew by 3%, but cost of acquisition and retention fell by 12% at the same time.

3. Measure and Optimise Customer Lifetime Value ("CLV")

Companies that have complex product and service portfolios can find it tough to match solutions to specific customer needs. Sales people rely on simple decision rules but this still requires time-consuming interactions resulting in many missed opportunities to sell up and / or across.

> **"Small improvements over time lead to stunning results. Why? Because consistency is the mother of mastery, and incremental improvements are the father of exceptionalism. "**
>
> **Robin Sharma**

More B2B companies are looking at next-purchase algorithms drawing on data about what similar customers have bought and how they went about buying. A logistics client mined past buying patterns and identified significant up and cross-sell opportunities and built tailored micro-campaigns around those opportunities. Simply identifying small pockets of customers with unmet needs, the client boosted revenues by three percent – nearly all of which cascaded to the margin line.

The same approach also drives retention. Effectively engaging customers designated as flight risks demands the ability to see discontent well before it manifests as action. Such problems are perfectly suited to pattern-matching and machine-learning. A banking client, for example, wanted to reduce its SME customer churn. We helped their marketing team build a predictive model containing 23 variables that identified four key factors that customers disliked and that were prompting them to look elsewhere. What also came out of the analysis was the realisation that customers ranked in top 20% for retention were actually

nearly twice as likely to shift as other customers. Another key finding wasn't just that the more products a customer had, the less likely they were to leave, but exactly what that optimum number of products was. Cross-selling was suddenly a lot more critical and a far stronger determinant of loyalty than price. Sales managers quickly compiled lists of at-risk customers on their desk with guidance on how to best engage each one. Armed with these insights, churn over the following year fell by 19 percent and revenue grew on a customer-year-on-year basis by almost a third.

4. Optimised pricing

Negotiating price in the B2B world is a notoriously vague process. Done well it's a dark art, but few do it well. In this difficult domain, analytics around deals can improve transparency and allow sellers to make better informed trade-offs and counter offers. B2B sellers have always relied heavily on experience and "gut feel" to guide their pricing decisions. Procurement got smart long ago, deployed sophisticated buy-side tools, and have since left sales teams playing catch up. Poorly.

A bit like counting cards at Blackjack, dynamic deal scoring shifts the odds back to sales by providing relevant deal information to sales during the negotiation. Decision-tree analytics can pinpoint similar purchases and comparable deal information to guide positioning. Customers with similar pricing behaviors tend to cluster based on factors such as industry, size, geography or purchase behavior. A client in property recently increased revenue by nearly ten percent in a year simply by providing pricing information based on statistically similar deals.

Setting the price of new products or solutions is another frequent problem, especially when there are no comparable products or market conditions shift rapidly. Companies are implementing dynamic-pricing engines to integrate real-time competitive and market data with sales strategies to generate optimal pricing. An online media provider is using dynamic pricing to generate real-time quotes for advertising space and was able to generate 5 percent more revenue in a seven month period. By embedding the analytics within a test-and-learn approach, they continue to benefit from being able to price higher without negatively affecting volume or customer satisfaction.

A technology startup tested 16 different price and proposition combinations, and to their surprise found that to maximise revenue they should raise their prices. Although sales volume fell by 7 percent, the average size of each sale went up by 21 percent, leading to an overall increase in revenue and margin.

How to move forward

Implementing an effective analytics program is notoriously tricky. While some companies have struggled with execution, others have been deterred from even getting started because of their infrastructure or a lack of the right talent. At the same time, overworked sales leaders can have difficulty evaluating and prioritising various analytics initiatives when confronted with an array of complex options.

Our client experiences and broader research shows that success in the sales arena is mostly likely to come from extracting maximum value from a tightly restricted number of carefully selected use cases rather than trying to implement a broad-based analytics transformation. Successfully identifying the best use cases requires analysis of both financial impact and feasibility and input from parts of the business not always closely involved in sales – namely finance. It's important, however, not to get caught up in endless rounds of analysis. Quick and dirty analysis will often surface the best options to the ball rolling. Deeper investigation necessary for scale and security can come later.

In our experience, successful companies need to do five things to overcome the most significant common obstacles (Graphic 3).

1. Recognise that perfect data never exists. By getting clever abou machine-learning and complementing internal data with external sources, leading companies have been able to extract valuable insights even from very poor data. Over time, data quality improves as positive early results justify greater investment in data infrastructure and quality. But nearly everyone starts data-poor in some respect.

2. Invest in and build data-analytics talent, but don't overlook the importance of insights from the field. Look to hire people with advanced skills in statistics and machine learning and complement them with experienced sales-analytics experts who can translate the insights into actions for reps out at the coal face. In sales, it isn't and will never be, all about the data.

3. Use low-cost, low-risk solutions to get started. Many leading solutions are relatively inexpensive and ready to deploy from the cloud. Further investment may be needed in the future, especially in data infrastructure, but like greater investment in data quality, it can be done once the business value has been proven.

4. Embed analytics into defined sales workflows to ensure the insights are available at the time they are most valuable, e.g., integrating deal-scoring algorithms into sales tools and related processes, such as deal approvals, so reps can use that information during negotiations. Often this will mean integration into legacy CRM or marketing systems. Too often this integration is considered too late or not at all, which either means the analytics delivers a one-time benefit only, or—worse—the insights start well but never make it to the front line where they can be used.

5. If insights are to drive action, they must be accompanied by change management in the form of clear communication, incentives, training, and performance management, or reps will just ignore them. The whole people, process and technology triangle still has to work – as a whole. Analytics can help enormously, but if the foundations aren't there first, you'll just be tipping more money down the drain.

> ***"Once slow-moving and driven by intuition, data and new analytical techniques have introduced greater rigor, efficiency, and insight. In many industries, it is the adoption of advanced analytics that has begun to differentiate the winners from the rest."***

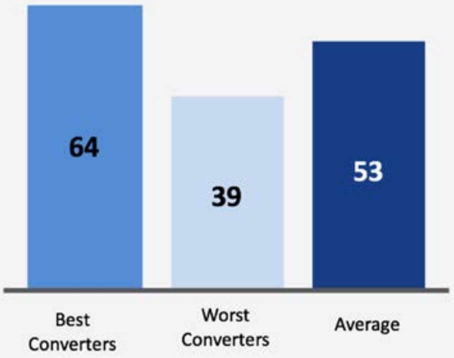
About RevenueTEK

Since 2005, RevenueTEK has been helping organisations around the world use data, analytics and process improvement to unlock the secrets to sustained revenue improvement. Nearly 150 clients to date have enjoyed average year-on-year revenue improvement of 24% after working with RPMG.

To learn more about our unique and proven approaches to revenue improvement, visit our website at www.revenuetek.com or email us at info@revenuetek.com.

Graphic 1:
Fastest-growing sales organisations employ analytics more effectively, but most still struggle.

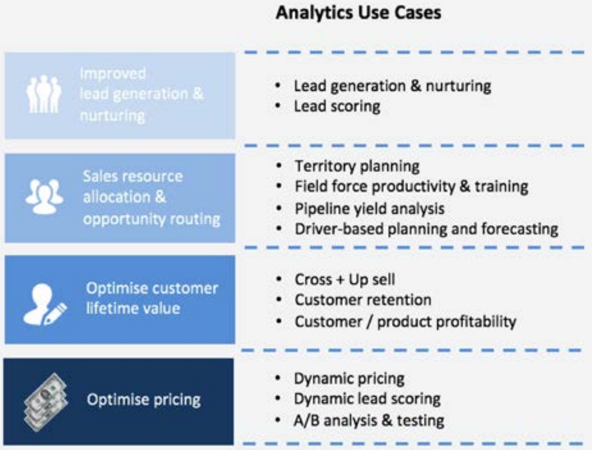
Correlation between highest converting companies and use of revenue analytics



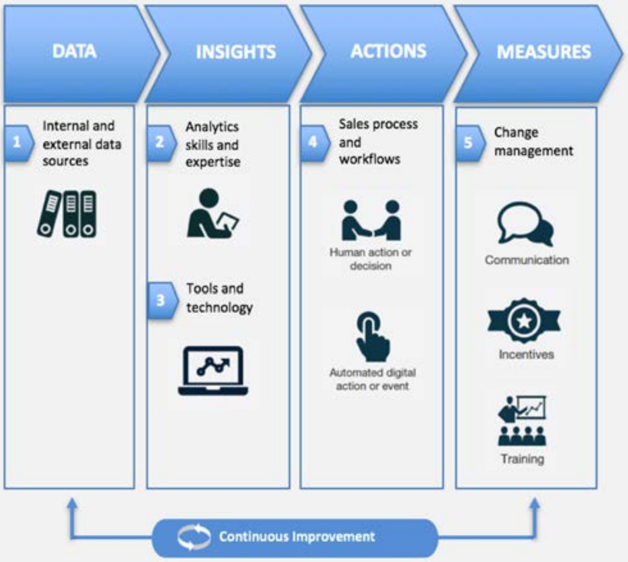
Best converters are defined as companies converting pipeline into revenue better and faster than 80% of their peers. Worst converters lag 80% of their peers in terms of progression and velocity.

Source: 2017 Revenue Performance Index, N = 513 companies.

Graphic 2
Analytics deployment across four key sales areas



Graphic 3
Elements of a Successful Analytics Deployment



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