



Sales Operations: Planning Assumptions 2020

SiriusDecisions has identified seven planning assumptions to drive the agenda of sales operations leaders in 2020

Sales planning can no longer be a static annual exercise; it must be dynamic, enabling organizations to address rapidly changing markets and customers

Every sales rep interaction can now be analyzed, stored and shared; this information must be used responsibly for coaching and positive reinforcement

The digital age has significantly accelerated the pace of disruption compared with that of the industrial age. According to a June 8, 2018, Visual Capitalist infographic ("How Long Does It Take to Hit 50 Million Users?"), it took 62 years for automobiles to reach 50 million users, 46 years for electricity to achieve the same milestone, seven years for the internet, and just 19 days for Pokémon Go. Traditional telephony took 50 years while mobile phones took 12, during which time the smartphone decimated consumer landline markets.

Market leaders do not usually introduce disruptive technologies, because they are hyper-focused on protecting current revenue streams. However, today's b-to-b sales and revenue operations leaders understand that the pace of disruption is accelerating and its magnitude is increasing. In this brief, we describe seven planning assumptions that sales and revenue operations leaders should incorporate into planning for 2020 to ensure they are the stewards of disruption.

Sales Reporting, Analysis and Intelligence: Trade Dashboards for Stories

The pervasiveness of sales force automation (SFA) systems and the proliferation of other sales technologies have given sales operations teams various tools for analyzing sales performance across multiple dimensions. These technologies have also created a data tsunami. Meanwhile, sales operations' days of being heralded for "cool" dashboards are over. Solutions enter the market every day that make it child's play to create awesome dashboards. The result: SFA systems that are clogged with thousands of disregarded and duplicate reports and dashboards. At the same time, executives from across sales, marketing and customer success are increasingly demanding an integrated, single-source-of-the-truth view of the entire revenue engine. Sales operations must shift from collating metrics and KPIs into dashboards to telling a story about performance. This requires the ability to present information in persuasive, intuitive and actionable ways for every audience, from the executive suite to managers and individual sales reps.

SiriusAction: Group and summarize data to bolster a set of supporting arguments with a logical flow, allowing readers to dig into the data if they choose. Start with the answers (headlines) to allow the members of the audience to quickly absorb recommendations, then share stories – not raw data. This saves time and conveys which actions must be taken to change outcomes.



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Sales Processes and Infrastructure: Dynamic Guided Selling Goes Mainstream

The original vision for SFA was a platform that would automate sales processes and interactions and dramatically increase sales productivity. Instead, many SFA implementations do little to enable salespeople; they're used instead as a sales tracking mechanism for managers. Efforts to enhance SFA systems with sales processes and playbooks tend to be uniform, one-size-fits-all guides for sales reps. They provide hard-coded next best steps for pursuing an opportunity. Dynamic guided selling, on the other hand, is powered by AI and works much like a GPS navigation service, suggesting next best sales steps using the "wisdom of the crowd." These tools analyze opportunities, identify changes in the buyer's journey, and deliver context-sensitive, role-specific guidance to sellers for advancing deals.

Automation is increasingly used to collect and analyze large amounts of external and internal data (e.g. customer purchase behaviors, social media activity, sales cycle times, effective sales content and messaging, won/lost opportunities). This is great news for sales reps, because it relieves the administrative burden of updating the SFA and increases productivity. The combination of art (e.g. human intuition, context recognition, emotional connection, relationship building) and science (e.g. data collection, analysis, pattern recognition) is powerful and is a key element in digital sales transformation, which configures solutions, forecasts close dates, calculates probabilities, identifies potential roadblocks, updates opportunity plans, and provides real-time selling advice as new knowledge becomes available and situations evolve.

SiriusAction: Do more than align sales processes with the buyer's journey; continually recognize and adapt sales processes to ever-changing markets and purchasing environments. Deploy dynamic guided-selling tools to deliver high-quality sales intelligence to sales reps before they make wrong turns or get stuck in the sales process.

Sales Planning: Dynamic Revenue Engine Planning Meets Dynamic Selling Groups

Until now, planning has been an annual exercise that is static and inflexible, in spite of the old adage "No plan survives first contact with the enemy." Today, however, markets and customers shift more quickly, so organizations must constantly produce predictive insights that inform leaders and enable them to make changes in real time. This requires the ability to course-correct and shift resources, change offerings, and even

redesign compensation plans on the fly. These dynamic planning processes must be coordinated across the revenue engine (i.e. sales, marketing, product and customer organizations).

In 2017, SiriusDecisions introduced the Demand Unit Waterfall™, acknowledging that groups of buyers (not just single contacts [leads]) are involved during sales processes. Similarly, in sales, it's often a group of people – a selling group, not a single salesperson – that is selling to a demand unit. Traditionally, selling groups are assigned annually with territories and account assignments. However, these teams are increasingly assembled dynamically, depending on the needs of the demand unit. For a single opportunity, a selling group consisting of executives, inside or outside sellers, engineers, specialists, and even salesbots might be assembled to address the demand unit's needs. Sales territories and account assignments still prevail, but they need to be more flexible, responding to needs as they arise and challenging the inflexible planning methods of the past.

SiriusAction: Interlock with functional stakeholders across the revenue engine (sales, marketing, product, customer) on the annual planning cycle. Leverage SiriusDecisions' research on the sales coverage design process to define a performance baseline by segment, adjust it for the new year's expectations, model the coverage, and ensure it can deliver on the revenue and margin goals from a bottom-up planning view. Prepare to update plans throughout the year and incorporate the concept of dynamically assembled selling groups.

Sales Compensation Design and Management: The Sales Rep's Career "Credit Score"

Before statisticians Bill Fair and Earl Isaac identified a correlation between consumer behavior and creditworthiness and launched the Fair Isaac Corporation (FICO) in 1956, bankers relied on personal judgement to extend credit. Sales managers find themselves in a similar predicament, forced to rely on intuition to extend job offers. Apart from requesting past pay stubs (an increasingly banned practice), and checking references, there are no independently verifiable indicators of an applicant's past sales performance. But there will be.

Today's AI solutions seamlessly track sales reps' interactions: their phone calls, emails, meetings and contacts. AI also listens to and analyzes phone conversations, reads emails and texts, interprets sentiment, and evaluates communications effectiveness in every exchange. In some sales performance



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management systems, sales rep results and interactions are stored, anonymized, analyzed and even shared across companies for real-time benchmarking purposes. This makes it possible to correlate rep behavior with sales performance so top performers stand out as exceptional. It's just a matter of time before that data will be consistently aggregated and shared. The question is how long it will take before hiring managers can tap into those scores. It's likely that sales reps will eventually share their personal scores voluntarily, providing proof of their worth and helping them negotiate higher salaries (those who do not share their scores will be suspect). Sales and revenue operations leaders who have deployed some AI solutions can already calculate reps' scores. They can spot the actions that set high performers apart if they have a solution capable of analyzing the required factors.

SiriusAction: Adopt sales performance analysis capabilities and deploy an AI-enabled solution that analyzes rep interaction across the communications spectrum. Include contact identification, aggregation and analysis, call volume and conversation analysis, email tracking and context using natural language processing, meeting attendance and text tracking. Be mindful of how dystopian these capabilities might seem to some, and keep in mind that the General Data Protection Regulation and other laws create liabilities for misusing data. Consult with corporate security, HR and legal on the implications of allowing these solutions into the technology stack and their potential effect on corporate culture.

Sales Productivity Analysis: Three Metrics to Propel Organizations Into Profitability

Recurring revenue models such as software-as-a-service (SaaS) offerings continue to become more prevalent, as they provide customers with fast access to solutions at a lower initial cost and result in a more predictable revenue stream for providers. For sales operations leaders, the shift to recurring revenue models has significant implications for the metrics used to gauge the health of the business. Successful recurring revenue companies track the number of customers they acquire, retain and grow to measure their success. They also invest heavily in researching ideal customer profiles, as well as the most cost-effective channels for acquiring and servicing clients.

While some variations in SaaS business metrics have expanded measurement options, the ratio between customer lifetime value (LTV) and customer acquisition costs (CAC) remains a key profitability metric that should be closely tracked. Even minor gains in the LTV-to-CAC ratio can

dramatically improve the health of the business and the return on sales and marketing investment. SaaS companies should be constantly iterating their marketing campaigns (impacting CAC) and, to a lesser degree, their product pricing and features (affecting LTV) to maximize their results. These metrics can also be applied within a company's regions and product lines.

SiriusAction: Companies with recurring revenue streams cannot afford to ignore these metrics, so they must invest in the expertise and tools required to perform the analysis. Start with simple LTV and CAC calculations, and increase complexity over time to provide additional accuracy. Build a cross-functional team to collect data, and work with finance to create an allocation model. Segment ratio calculations across product, region and channel. Benchmark the LTV-to-CAC ratio against peer industries and competitors.

Sales Operations Functional Design and Development: Scrum in Sales – Wolf Pack vs. Lone Wolf

Driving revenue is a team sport in which sales, marketing, product, customer success and operations teams share accountability for driving results. However, "lone wolf" efforts still occur, so companies miss revenue targets – not because they lack talent, but because their talent doesn't work together. Increasing numbers of organizations apply agile methods such as scrum to address this problem. Within agile, scrum is a project management system that drives teamwork, accountability and iterative progress toward clearly defined goals.

According to SiriusDecisions' 2019 Aligned Meets Agile Survey, 78% of b-to-b organizations that use some form of agile for product development, while just 23% are using it to varying degrees within sales and marketing. Companies that apply scrum drive faster improvements in processes, systems, messaging and campaigns across the revenue engine – including prospecting within account-based marketing programs to drive cross-sell and upsell, and within account management teams to boost renewal rates.

SiriusAction: Apply the following five steps to create a revenue engine wolf pack (see the brief "Aligned Meets Agile: Five Guidelines for Success"). First, articulate what agile means for the organization. Second, gauge where agile can be best applied. Third, integrate planning to set the stage for agile initiatives. Fourth, leverage agile to enhance existing processes. Fifth, establish an agile process and cadence. Get long-term



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commitment from the top and from all stakeholder functions to prevent “random acts of agile.”

Infrastructure Deep Dive: Don't Let the Tech Stack Dehumanize Sales

Eventually, every sales organization will deploy and reap the benefits of an AI-enabled technology stack. However, AI alone will not provide a sustainable competitive advantage. Sales operations leaders must still select and deploy tools, develop technology roadmaps, and meet objectives that include increasing rep efficiency, uncovering new opportunities, driving higher conversion rates and shortening sales cycles. Along with AI, sales engagement platforms have surged in popularity due to process automation, automated activity capture and guided next steps. These tools reduce the administrative burden on sales reps while providing sales managers with more insight into day-to-day interactions of sellers and prospects.

One risk of so much data capture and analysis is the temptation to micromanage business development reps, lead development reps, inside sales reps, and even account executives and managers, on the basis of the natural fluctuations in buyers' or reps' behavior. These tools are intended to help sales rep sell, not to inundate them with information as that data ebbs and flows. For example, some sales reps may spend 10 to 15 hours a week engaging customers and prospects via phone, email and web conferencing. This doesn't mean that other reps should be micromanaged to that number if they're meeting or

exceeding goals. Technology and data should enhance a rep's ability to sell, not turn them into robots or marionettes during the selling process.

SiriusAction: Become familiar with new sales technologies – e.g. sales engagement – and how they might benefit the sales organization's revenue goals. Analyze the sales tech stack, establish a baseline of existing infrastructure and identify technology gaps. Pay close attention to where solutions might provide duplicative functionality and any data issues. Couple sales engagement platforms with other technologies (e.g. sales intelligence and forecasting, intent monitoring and guided selling solutions) to create a robust technology platform that can make reps more effective and efficient and drive more revenue.

The Sirius Decision

Every generation is disrupted by events and technology. Today's cross-generational disruptor is AI, which, in sales and marketing, is disrupting siloed tech stacks and going after organizational silos. The challenge is to adapt and not get discouraged. Sales and revenue operations leaders can channel this disruption in positive ways by telling people stories instead of overwhelming them with data, being adaptive in planning, using fluid teaming techniques like scrum, respecting data privacy, and preventing organizations from harassing reps with second-by-second AI insights. Digital sales transformation is the melding of humans with technology; let's make sure AI and emerging systems work for us and not the other way around.