



ALEXANDER GROUP 2019 LEADERSHIP SERIES

Seven Imperatives for Revenue Leadership

Executive Summary

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The emergence of the revenue leader is a critical factor in building and executing growth strategy. Revenue leaders control or influence the resources to engage customers throughout their “buying journey.” This matters because buyers have changed and so has their journey.

Buyers have changed:

- 1 Objective assessment** more so than relationship drives decision-making
- 2 More influencers and decision-makers** lead to longer, non-linear sales cycles
- 3 Social media and websites** offer easy access to information on product performance and competition
- 4 Subscription/service models** mean decision-makers expect promises made during the sales cycle to be delivered...or they will seek alternatives

Power has shifted from sellers to buyers. Buyers have informed expectations that they impose on anyone wanting to do business with them.

The buyer journey has changed too

Powerful buyers begin their buying journey well before engaging a seller. They expect more from sellers when they do engage them. And they expect results after the sale. Revenue leaders must learn to exert influence at three phases, or points of inflection, in today's journey:



AWARENESS

Buyers get insight before a seller ever calls. The Internet offers easy access to websites, user groups, critics and the like. Revenue leaders harness this fact, turning it to their advantage by shaping the message prospective and current customers receive when they are doing their research.



ASSESSMENT

Contemporary buyers, especially sophisticated executives from business functions and the C-suite, demand proof of concept regarding product and service performance claims. Revenue leaders anticipate this and populate their assessment toolkit with trials, cases, freemiums and testimonials, along with the solution-oriented sales talent, to gain preferred positioning in the assessment process.



ADOPTION

Buyers expect results. Revenue leaders know the only way to achieve this is to ensure that new products and associated processes that were SOLD are actually ADOPTED. If results lag, renewal or deeper account penetration is unlikely. Revenue leaders ensure the type of support is needed to maximize adoption and the odds of add-on sales.

Executive Summary

Note how each inflection point in the journey is described from the customer point of view...and focuses on what the vendor's revenue team must do to exert influence and add value. This is the way that buyers see things today. As one executive put it, "Successful revenue leaders direct their energy to turning the buyer journey to their advantage." They do this by focusing less on the chase and more on what it takes to participate in and shape the journey of the new and powerful buyer.

These changes make growing top-line revenue more challenging than ever because success requires strategic and tactical harmonization of three separate functions:

Marketing to reach buyers early in their decision-making journey

Sales to bring more evidence of the benefits that accrue to buyers of their services

Service to get more deeply engaged in helping customers succeed

Who is responsible for this harmonization? As one executive noted, "CEOs have the capability to inspect the business as a whole but lack deep insight into revenue production. Only a 'revenue officer' can bring this kind of insight to the table."



“Successful revenue leaders direct their energy to turning the buyer journey to their advantage.”

At the 2019 Leadership Summits we explored what companies are doing to build and enable the revenue leadership role. What follows is a description of the seven key actions that emerged from our discussion with the 35 executives who participated.

Transform sales leaders into revenue quarterbacks

Several executives made the point that the sales leader must transform into the “quarterback of the revenue function.”

A quarterback in business parlance is defined as “one who directs, is in charge of or masterminds an operation.” Not too long ago the “operation” that sales leaders devoted their attention to was quite naturally the sales function. But when growth depends on influencing customers in the “awareness” phase and building relationships into and through the “adoption” phase, the resources requiring direction grow to include both marketing and service. This does not mean these resources must all report to a revenue leader. This may eventually be a good idea, but less than 10% of organizations AGI surveyed in 2018 actually have such a Chief Revenue Officer. What does this mean for sales leaders? It means they must exert “influence beyond their position” if they aspire to be the revenue quarterback.

rev·e·nue quar·ter·back

/'revə,n(y)oo 'kwôrdər,bək/

One who directs, is in charge of or masterminds an operation

Several tools were identified to help sales leaders in this effort:

- 1 **Joint planning**...get joint commitment to common objectives. Get a sense of what others need to achieve them and communicate what you need too.
- 2 **Service level agreements**...give and get commitments in writing
- 3 **Common metrics and sales compensation**...everyone needs a little skin in the game (more on this later)
- 4 **Joint review and assessment**...rational discussion about what worked and what did not. No rumors and no finger pointing.
- 5 **Conceive and run pilots**...encourage a source of real process innovation and value creation (more on this later)

Treat prospects like customers

The consumerization of B2B selling means prospective buyers expect sellers to know a lot about them...just like consumer products companies do. Understanding needs is a given; proof of how your products will serve these needs, differently and better than the alternatives, is the new expectation. This means revenue leaders must deploy sellers that:

- 1 Know your prospects like you know your customers.
- 2 Can offer “try and buy” options; customers need assurance about product performance.
- 3 Show up ready, with the combination of cases, references and expertise that demonstrates deep understanding of the domain issues and the available solution alternatives. The days of old-fashioned “discovery” are over.
- 4 Make the buying experience (think boutique shopping) pleasant...maybe even memorable.

All of this implies deep segmentation issues. Delivering such insight and value cannot be easily done if sellers are deployed in scattershot fashion. Targeting is needed. “We need to spend more in fewer places,” according to one executive.

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Harness the power of digital

One executive captured it nicely, “There is no possibility of success without harnessing the power of digital technology.”

Such power can be brought to bear in all three phases of the buyer journey. It enables companies to shape and/or understand buyer thinking in each phase. Here are some of the examples offered:



AWARENESS

According to one executive, “The eco-system that companies must build to capture and keep customers begins with awareness.” That means harnessing digital to shape thinking via websites and user communities.



ASSESSMENT

Leverage digital to enable sellers with the right tools, to project virtual domain expertise and to offer “try and buy” services.



ADOPTION

Use digital technology to track and assess buyer usage patterns of products/ services post-sale to highlight both successes and looming problems. As well, use analytics to track overall feedback and spot patterns (both favorable and unfavorable) on social media.

Balance the need for centralization with an obsession for piloting

Revenue leaders should gladly centralize things that “must be done right once, then used by many,” like data lakes, CRM, hiring and training. Such leaders work with partners in functions like IT and HR to make sure their needs are met in backbone services, to “tune the platforms and services to meet their specific needs.” But as one executive cautioned, customer-touching resources “consume these services in the heat of battle...and often come up with ideas to serve customers even better based on their battle experience.” Such ideas need to be harnessed too. An example offered by another leader:

“Sales reached out to Marketing to get access to deeper vertical expertise to connect key points of the buyer journey for customers buying especially complex services. With the success of the pilot (more and stickier revenue), more experts were hired, using formalized job designs and playbooks that the pilot enabled.”

Leaders described pilots as a means to give life to ideas born in the field... to test whether they work or fail and to do so quickly. Said one executive, “We run many pilots in parallel...as many as six at a time.” Others added that they time limit their pilots, some to as few as six weeks. Pilots prove their worth quickly or are discontinued.

The point is revenue leaders need to have an eye for what to centralize and what to test in the field. Each enables scale. Both are necessary in a world that rewards both efficiency AND agility.

Treat customers like prospects

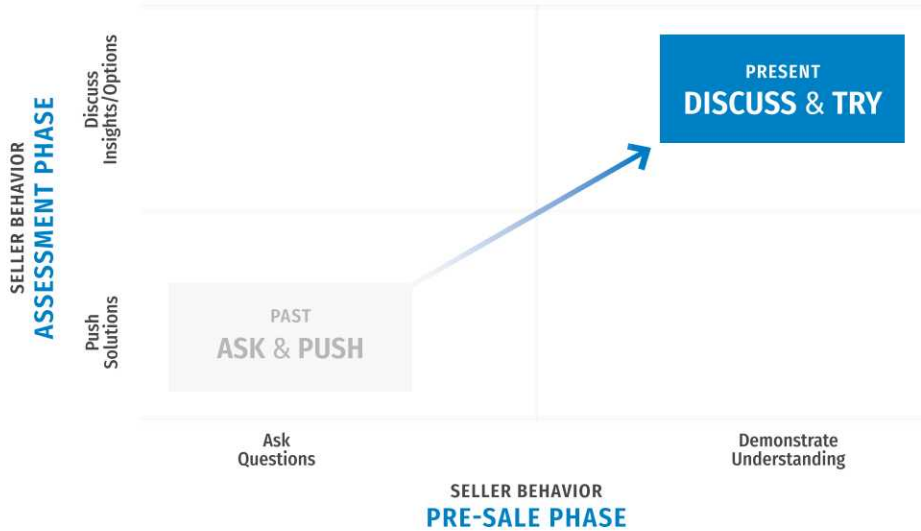
Customers aren't loyal until they adopt your solutions and enjoy the results that your sales team promised. An executive observed, "We haven't sold it if the customer isn't using it."

The revenue function needs to be on edge, taking no customer for granted. According to another executive, "Revenue leaders need to make sure their sellers treat customers like prospects. Meaning you care a lot after the sale!" Another executive referenced "the Amazon effect" as more B2B customers rate vendors, for better or worse. Such ratings weigh mightily in the "awareness" phase of the journey; good adoption leads to enhanced awareness. To summit guests this meant:

- 1 Ensuring buyers have a "pleasant experience" throughout their journey.
- 2 Making it easy to offer feedback. That can mean creating what one executive called "signal posts," easy, digital means to share feedback with sellers and/or company executives.
- 3 Ensuring rapid acknowledgment of feedback once given.
- 4 Measuring customer adoption by creating what one executive termed "a customer health score," using leading and lagging indicators to identify big wins and possible issues.
- 5 Offering customers written service level agreements with performance guarantees.
- 6 Asking customers for their story...creating case studies that you are proud to share with other members of the community

"We haven't sold it if the customer isn't using it."

Grow revenue through insight



In the past sellers were taught to ask open-ended questions to identify issues and pitch solutions. Today's buyer, who is often a functional executive, is facile with business issues and has little time for "seller discovery". They expect sellers to a) **deeply** understand their issues and b) be fluent in **relevant solution** options...which can be validated with cases, references and possibly pre-sale pilots to deliver proof of concept. A typical seller of the past was not equipped to deliver this kind of value. Today's seller *can* if they are...

- 1 Armed with relevant cases and references from Marketing
- 2 Empowered by Marketing/Finance to discuss pre-sale pilots
- 3 Supported by content experts at critical points of the buyer journey (including the critical and frequently overlooked "adoption" phase)

Use revenue as the common denominator

As revenue motions need to embed strong “discussion to trial to value” linkage, working across traditional marketing/sales/service lines is now an imperative. If the customer is a true common denominator between marketing, sales and service, then there is one metric which these functions all share: Revenue. One executive said it well, “Some aspect of revenue (growth, maintenance or total) should be baked into performance assessment metrics, if not incentive plans, for all jobs that are teamed to deliver service and value to the customer.” Another executive sagely advised, “Align across functions for the desired outcomes. Let jobs, metrics and compensation follow from that.”



Closing comments

Three insightful comments summarize the key learning from these Summits:

COMMENT		IMPLICATION
<i>“Teamed resources, acting fluidly and dynamically, are a must.”</i>	→	BREAK DOWN THE SILOS.
<i>“Marketing, Sales and Service deliver value to customers by pursuing common outcomes.”</i>	→	SHARE OBJECTIVES AND METRICS ACROSS CUSTOMER-TOUCHING FUNCTIONS.
<i>“Strong support from the C-suite is absolutely needed.”</i>	→	TOP DOWN ENERGY IS REQUIRED.

This is the atomic structure of the new 'revenue function.' Customer-touching roles no longer exist, if they ever did, in isolation. Sophisticated customers command a new type of value system...and the marketing/sales/service motions this implies must be conceived and executed with cross-functional agility. Revenue leaders should be assertive, innovative, willing to try new approaches and occasionally fail in pursuing customer value. Lasting competitive advantage is derived from the wisdom acquired by striving to do great things for the customer. **This is the natural role of the revenue leader.**



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