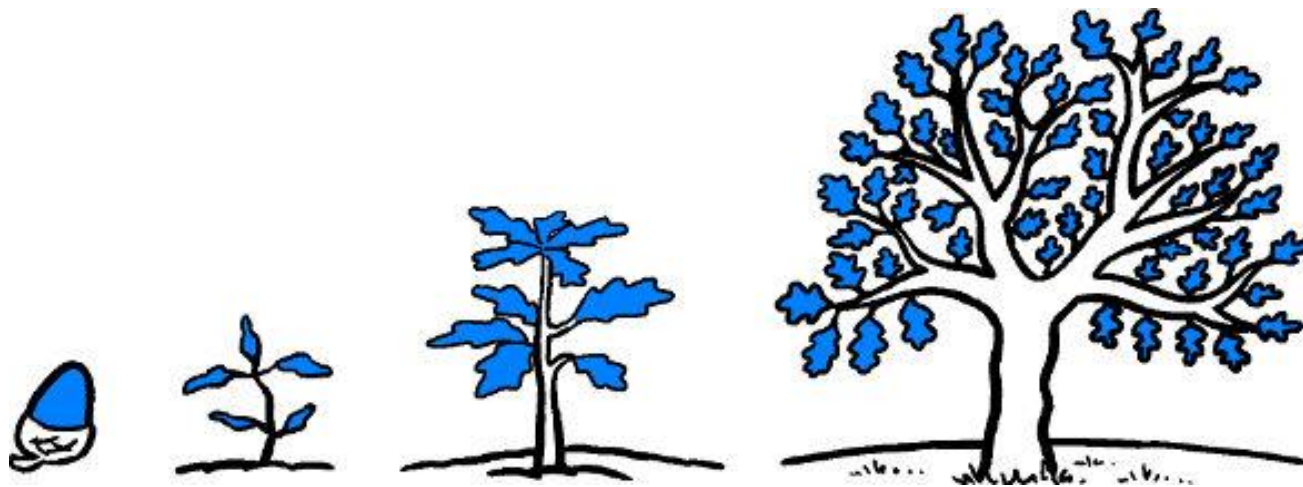


An introduction to

The Business Scalability Matrix

For companies with high-value, complex B2B sales environments



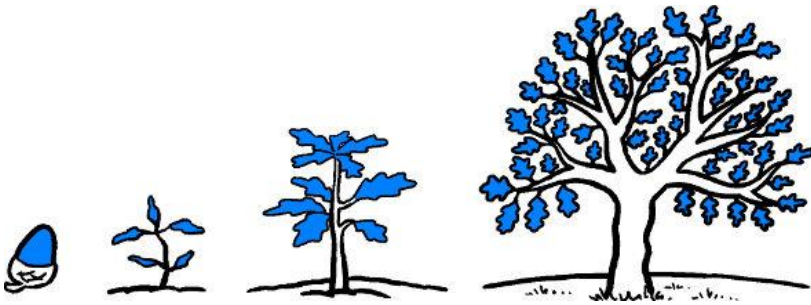
Introduction

We work with B2B companies to help them implement repeatable, scalable and predictable sales and marketing processes. Our clients include early stage companies who are striving to “Cross the Chasm” from early adopters to mainstream markets, as well as more established organisations who wish to refocus their sales and marketing activities and revitalise their revenue and profit growth.

What's Holding Your Organisation Back?

In both situations, we believe that the key to success lies in establishing a highly scalable business model that can sustain accelerated growth. Over the years, a clear pattern of winning behaviours has emerged - and we'd like to share ten factors that seem to have a consistent impact on a B2B organisation's ability to scale.

The factors - and our assessment process - take account of the accumulated research by a number of widely respected organisations as well as our own observations. We hope that they may help you to identify some areas where your organisation has the potential to do better...



Introducing the Business Scalability Matrix

The Inflexion-Point Business Scalability Matrix systematically evaluates 10 key factors on a 5-point scale, ranging from “unscalable” to “highly scalable”. The 10 factors - summarised below - reflect our observations into the winning habits of highly successful B2B sales and marketing organisations. We’ll explore each factor in more detail on subsequent pages.

	◀ Assessment ▶				
	unscalable				highly Scalable
Scalability Factor	1	2	3	4	5
1: Clarity of Market Focus	Reactive	Demographic	Firmographic	Focus on Stakeholders	Ideal Customer
2: Repeatability of Solutions	Random	Common Components	Standardised	Replicable	Highly Repeatable
3: Market Differentiation	Undifferentiated	Somewhat Better	Provably Better	Distinctively Different	Truly Unique
4: Offering Focus	Feature Focused	Advantages Focused	Benefits Focused	Solution Focused	Outcome Focused
5: Marketing Focus	Mostly Outbound	Experimenting with Inbound	In Transition	Mostly Inbound	Socially Integrated
6: Sales Process	Random Process	Informal Process	Formal Process	Embedded Process	Agile Process
7: Customer Focus	Sales Centric	Buyer-Aware Milestones	Buyer-Aware Process	Buyer-Aligned Process	Buyer Centric
8: CRM Adoption	No CRM	Basic CRM	Widespread CRM	Enthusiastic Adoption	Revenue Cycle Management
9: Sales - Mktg Integration	No Alignment	Grudging Cooperation	Aligned	Shared Plans	Fully Integrated
10: Customer Relationships	Approved Vendor	Preferred Supplier	Solutions Consultant	Strategic Contributor	Trusted Partner

10 Key Factors

The ten factors in our Business Scalability Matrix span both external and internal issues. The idea of the matrix has its foundations in the pioneering work done on Capability and Maturity Models done by Carnegie Mellon University several decades ago.

Focus on B2B

Of course, there have been many subsequent variations on the original theme. Our own Business Scalability Matrix is particularly focused on the factors that affect the scalability of B2B companies that are involved in high-value, complex sales environments.

For each of the following sections, we'll define the five relevant maturity levels as well as highlighting some of the things we consider when we conduct formal Business Scalability Reviews with our clients.

The exercise is most effective when conducted with a clear sense of realism. We would encourage you to focus on what you have achieved to date, rather than on your aspirations, and to back your assessment of your current position with tangible evidence.

Let's start by taking a look at the clarity of your market focus...

- 1 Clarity of Market Focus
- 2 Repeatability of Solutions
- 3 Market Differentiation
- 4 Offering Focus
- 5 Marketing Focus
- 6 Sales Process
- 7 Customer Focus
- 8 CRM Adoption
- 9 Sales - Marketing Integration
- 10 Customer Relationships

CLARITY OF MARKET FOCUS
UNSCALABLE
1: Reactive You will sell to anyone: your company has not defined or prioritised specific target markets or focused marketing attention upon them.
2: Demographic Your company's target market definitions are based on the traditional demographic segmentation factors (industry, size, location, etc.).
3: Firmographic Your company's target market definitions consistently go beyond demographics to reflect structural, environmental and behavioural considerations.
4: Focus on Stakeholders Your target market definitions also include detailed profiles of the key stakeholders who are likely to be involved in the buying decision process.
5: Ideal Customer Your process actively encourages sales people to disqualify prospects that fail to meet enough of your "ideal customer" criteria.
HIGHLY SCALABLE

1: Clarity of Market Focus

Clarity of Market Focus is one of the most important foundations for building scalable businesses - and it's not hard to understand why. Organisations that are largely reactive in their market focus waste an inordinate amount of money and resources chasing down deals that will either never close, or are destined to be unprofitable.

Beyond Demographics

Conventional demographics are no longer enough to segment today's complex markets. Vendors also have to identify the structural, environmental and behavioural considerations that are so important to qualifying business opportunities - and to determining the most profitable sales and marketing strategy.

The most effective target market definitions build upon company profiles to identify the key stakeholders in the typical decision making process - and to anticipate their likely concerns and motivations.

Finally, the most scalable companies have the discipline to proactively qualify out prospects who fail to satisfy enough of their identified "ideal customer" characteristics - so they can find better ones.

Look at the list on the left. Where would you place your organisation?

2: Repeatability of Solutions

It's hard to build a scalable business unless you have the ability to deliver repeatable solutions. Hand-crafted, hard-won solutions that are heavily customised to meet unique customer requirements might seem key to winning those all-important early deals - but they rapidly turn into a drain on the business and a brake on progress.





Repeatable Solutions, Repeatable Sales

But this isn't just about repeatable, clearly defined product or service offerings. It also requires repeatable, scalable and predictable sales and marketing processes. And it depends - as we observed when we addressed the issue of clarity of market focus - on having a crystal-clear view of what an "ideal customer" looks like.

There's little doubt that sales, marketing and solution consistency is one of the key characteristics of market leaders - and vital to both crossing the chasm and winning market share.

Does this mean that the whole organisation sells the same thing the same way, year after year? No - solution repeatability also involves the ability to sense, react and adapt to changing market conditions.

Look at the list on the right. Where would you place your organisation?

REPEATABILITY OF SOLUTIONS	
UNSCALABLE	
	1: Random Your solutions are created from scratch to address unique customer needs, with little standardisation. Every sale seems hand-crafted.
	2: Common Components You have created a family of common components from which you build solutions, but sales still often have somewhat unique elements to them.
	3: Standardised You have established standardised product or service offerings that you are marketing & selling in a reasonably consistent fashion.
	4: Replicable The majority of your revenues come from clearly defined, standardised product and service offerings sold in a repeatable, consistent way.
	5: Highly Repeatable More than 90% of your revenues & profits come from clearly defined, standardised product and service offerings sold in a consistent way.
HIGHLY SCALABLE	

MARKET DIFFERENTIATION
UNSCALABLE
1: Undifferentiated It is difficult for a prospective customer to identify any meaningful difference between your company and your leading competitors.
2: Somewhat Better You claim to be "better" than your competition but offer few proof points that would be accepted as valid by an independent observer.
3: Provably Better You claim to be "better" than your competition and offer a number of proof points that are regarded as significant by your prospects.
4: Distinctively Different You clearly articulate why you are distinctively different from your competitors and explain how that translates into clear benefits for your customers.
5: Truly Unique You consistently position yourself in a way that is unique, provable, highly relevant to prospects, and hard for a competitor to claim.
HIGHLY SCALABLE

3: Market Differentiation

In today's markets, claiming to be better than your competitors is no basis for sustained differentiation - even if you believe you can prove it. It's simply too easy for competitors to copy your features and up the ante with their own claims.

Develop a Distinctive Point of View

You need to differentiate your company before you promote your solution - and in today's crowded communication channels, that depends on your ability to develop a distinctive, provocative and remarkable point of view.

Today's most successful companies are able to stand out from the crowd. They demonstrate a deep understanding of their markets and a clear vision of the future - and of the role they intend to play in helping their customers get there.

We've seen time after time that organisations with a distinctive and persuasive point of view are able to engage with customers and prospects on an entirely different level to their product-obsessed competitors.

Look at the list on the left. Where would you place your organisation?

4: offering Focus

We've just established the importance of having a distinctive point of view - one that resonates with your target audience and enables your organisation to stand out from the crowd. There are similarly important considerations when it comes to selling and marketing your products or services.

Your Customers Care About Outcomes

Your customers don't care about your features, advantages or benefits. Or if they do, they see them as only a means to an end. What they really care about are the outcomes you can help them achieve.

So comparing yourselves only against your obvious competitors does little or nothing to address their issues. You need to broaden your perspective. How does your offering compare to other options - like "do it yourself" or today's most powerful competitor, "do nothing"?

Scalable companies characterise what they do in terms of their ability to enable their customers to achieve their desired outcomes. Today's winners focus on the ways in which they can help their prospects to eliminate risk and increase the certainty of outcomes.

Look at the list on the right. Where would you place your organisation?

OFFERING FOCUS
UNSCALABLE
1: Feature Focused You market your product or service offering in terms that largely revolve around the features and/or specifications of your "solution".
2: Advantages Focused You market your product or service offering in terms that largely revolve around the advantages of your "solution" compared to competitors.
3: Benefits Focused You market your product or service offering with a primary focus on the superior benefits your "solution" delivers compared to competitors.
4: Solution Focused You market your product or service offering with a primary focus on the business issues and problems your solution can address.
5: Outcome Focused You market your product or service offering with a primary focus on the outcomes your customers can expect to achieve from implementing it.
HIGHLY SCALABLE

MARKETING FOCUS
UNSCALABLE
1: Mostly Outbound The majority of your marketing budget is focused on traditional outbound, interrupt driven activities (mailing, adverts, etc.).
2: Experimenting with Inbound Your traditional outbound marketing activities are complemented by effective SEO and other inbound techniques.
3: In Transition The resource applied to your traditional outbound marketing activities is balanced with investments in inbound marketing.
4: Mostly Inbound The majority of your marketing efforts have switched to successfully creating a stream of well-qualified inbound enquiries.
5: Socially Integrated In addition to successfully mastering inbound marketing, your entire organisation is fully leveraging business social media such as LinkedIn.
HIGHLY SCALABLE

5: Marketing Focus

Your prospects have come to hate conventional, interrupt-driven outbound marketing - or learned to ignore it. You've only got to look at the number of attempts it now takes to connect when cold-calling, or the steeply declining response rates for email or direct marketing campaigns.

From Outbound to Inbound - and Beyond

The nature of buying has changed. Your prospects are better informed than ever before, and better equipped to search for solutions. They hate being sold to, but are keen to learn.

Our observations of highly scalable companies suggest that they have typically done a better job of mastering this switch away from traditional outbound marketing and have been amongst the first to refocus their efforts on inbound marketing activities.

They are developing a reputation for thought leadership, have become the obvious candidates to turn to when their prospects start their search for solutions, and are making increasingly effective use of business social media and in particular LinkedIn.

Look at the list on the left. Where would you place your organisation?

6: Sales Process

One of the biggest differences between today's most scalable B2B sales organisations and their poorly-performing competitors lies in their consistent company-wide adoption of agile, dynamic sales processes that are continuously refined to reflect new learning and changing market conditions.

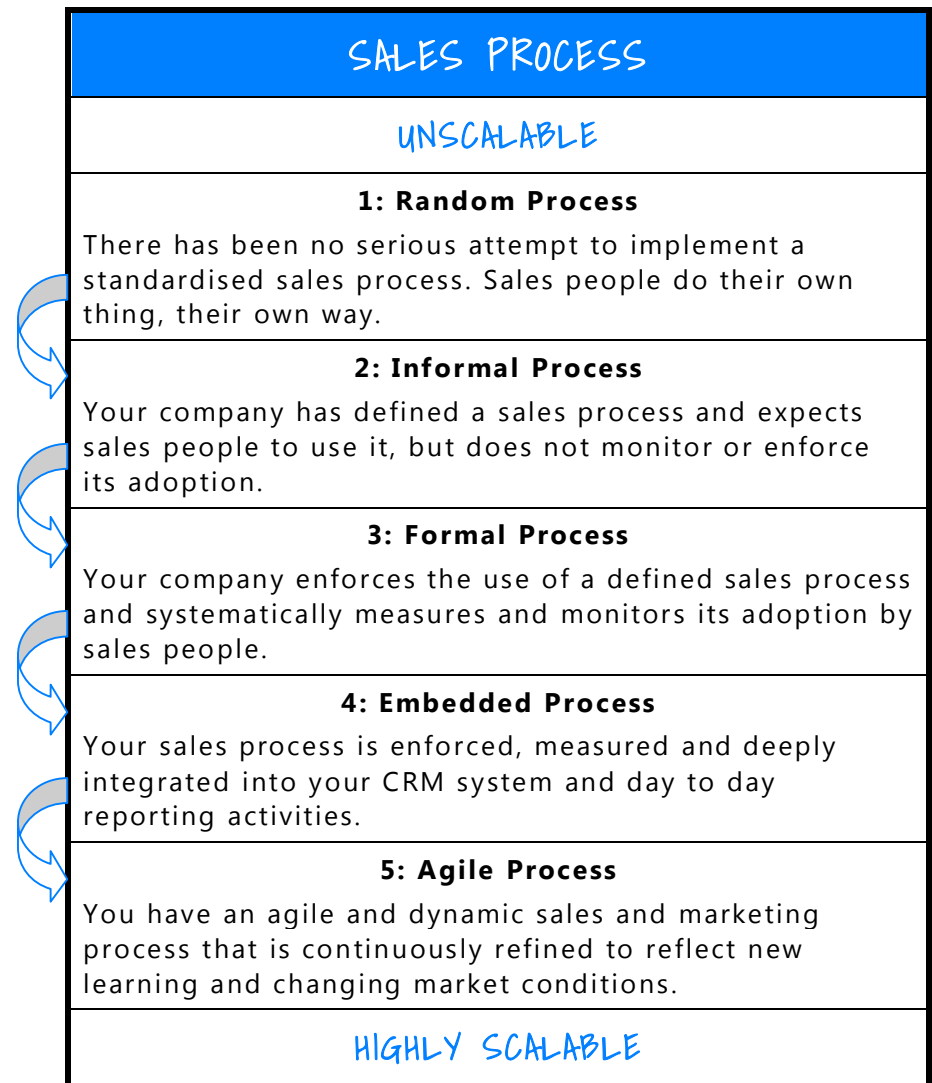
From Random to Agile

Simply defining a "sales process" isn't enough. We frequently come across sales organisations that have a documented sales process but haven't taken the steps to systematically monitor or enforce it.

But there's more to it than that - if it is to be truly effective, your sales process needs to be fully integrated with the CRM system such that it becomes a natural part of every sales person's daily routine.

We used to regard having an embedded sales process as the peak of scalability. But recently we've observed a new generation of outstandingly effective sales organisations that have not only embedded their processes into CRM systems but have developed a truly agile and dynamic approach to sales process management.

Look at the list on the right. Where would you place your organisation?



CUSTOMER FOCUS
UNSCALABLE
1: Sales Centric Your sales process - assuming you have one - revolves around defining the actions you expect your sales people to undertake.
2: Buyer-Aware Milestones The milestones that control progress between the key stages in your sales process are based on observable evidence of buyer behaviour.
3: Buyer-Aware Process Each stage in the process is carefully aligned with the equivalent phase in your prospect's buying decision process.
4: Buyer Aligned Process Your process anticipates and addresses the issues, concerns and motivations of each key stakeholder at each stage of their buying decision process.
5: Buyer Centric Your "sales process" is explicitly designed to facilitate and accelerate each phase in your prospect's buying decision process.
HIGHLY SCALABLE

7: Customer Focus

Today's top-performing sales organisations go beyond managing the sales process as a series of sales activities: the most effective processes seem to be those that are explicitly designed to reflect a deep understanding of the key phases in their target prospect's typical buying decision journey.

Where's the Evidence?

One of the first things we look for when assessing the strength of customer focus is the extent to which milestones are based on observable evidence of buyer activity or intent, rather than on reported sales activity.

We also look for a clear understanding of the prospect's likely concerns and motivations at each stage in their buying decision journey.

But the most effective organisations are those that embrace what would until recently have been thought by many to be an alien mindset: rather than driving the sales process, they think instead about "what can we do to facilitate the prospect's buying process?"

Look at the list on the left. Where would you place your organisation?

8: CRM Adoption

There are still some organisations that have failed to implement a consistent company-wide CRM system. There are many more that have done so, and yet remain dissatisfied with the return they are getting from their investment. The quality of CRM implementation is proving to be another factor that separates scalable companies from the rest.

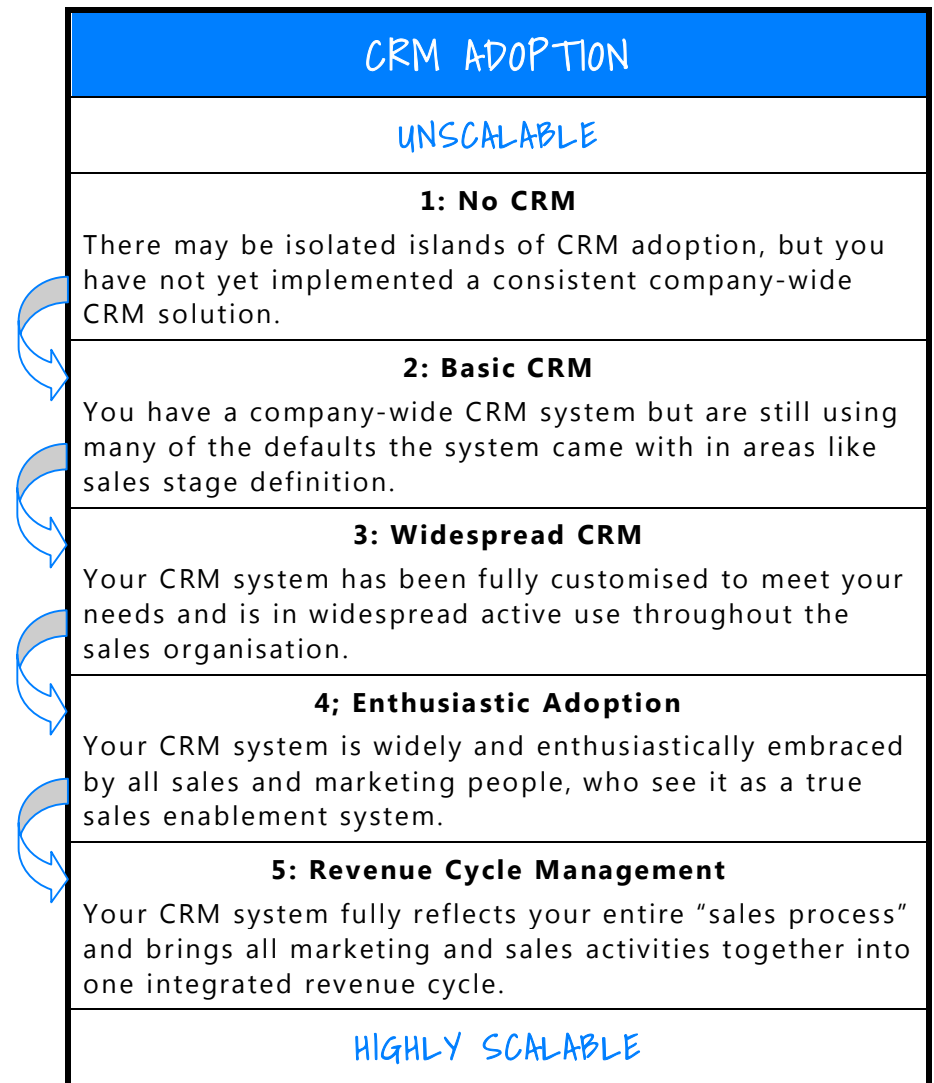
Administration - or Sales Enablement?

We're particularly concerned about the number of organisations that have implemented an 'out of the box' CRM solution without making any serious attempt to change the sales stages or probabilities to reflect their own particular circumstances.

In too many organisations, the mindset also just seems to be wrong: the CRM system is regarded by sales people as an administrative burden, rather than a sales enablement tool. This appears to be a critical barrier to enthusiastic adoption.

Yet without enthusiastic adoption - and without tight integration between the sales and marketing processes - no CRM system can hope to deliver on its potential.

Look at the list on the right. Where would you place your organisation?



SALES-MARKETING INTEGRATION
UNSCALABLE
1: No Alignment There is frustratingly little evidence of alignment between your sales and marketing operations or their respective activities.
2: Grudging Cooperation Sales and marketing are capable of working together on an ad-hoc basis but there is no formal basis for aligning objectives and activities.
3: Aligned There is a strong sense of respect and collaboration between sales and marketing with closely aligned objectives and activities.
4: Shared Plans Sales and marketing share a common planning process and a combined sales and marketing plans at both the strategic and tactical level.
5: Fully Integrated Your sales and marketing activities are fully aligned and integrated, with shared objectives, goals, metrics and compensation plans.
HIGHLY SCALABLE

9: Sales- Marketing Integration

“Improving Sales and Marketing Alignment” has been a high priority goal for CEOs over many years. Yet the continued failure to align and integrate sales and marketing activities remains one of the most common factors preventing organisations from building truly scalable businesses.

Are you Aligned - or Falling Behind?

If you doubt that the effort is worth it, consider some of the latest research conducted by SiriusDecisions: they found that highly aligned and well-integrated B2B organisations enjoyed a **23.7%** higher 3-year average revenue growth - and a **27.8%** higher average profit growth.

The foundation for sales and marketing alignment and integration lies in mutual respect and shared goals. But a growing number of the top performing companies go further than that in establishing an environment that promotes winning behaviours.

They have taken pains to ensure that personal and departmental objectives, metrics, and - this is key to maximising performance - compensation plans are designed to reward collaboration.

Look at the list on the left. Where would you place your organisation?

10: Customer Relationships

What do the majority of your customers think of you? As just another “approved vendor”, or as a truly “trusted partner”? CSO Insights has calculated that these factors can make as much as a 20% difference to key performance metrics including the number of sales people making quota, sales win rates, and overall company plan attainment.

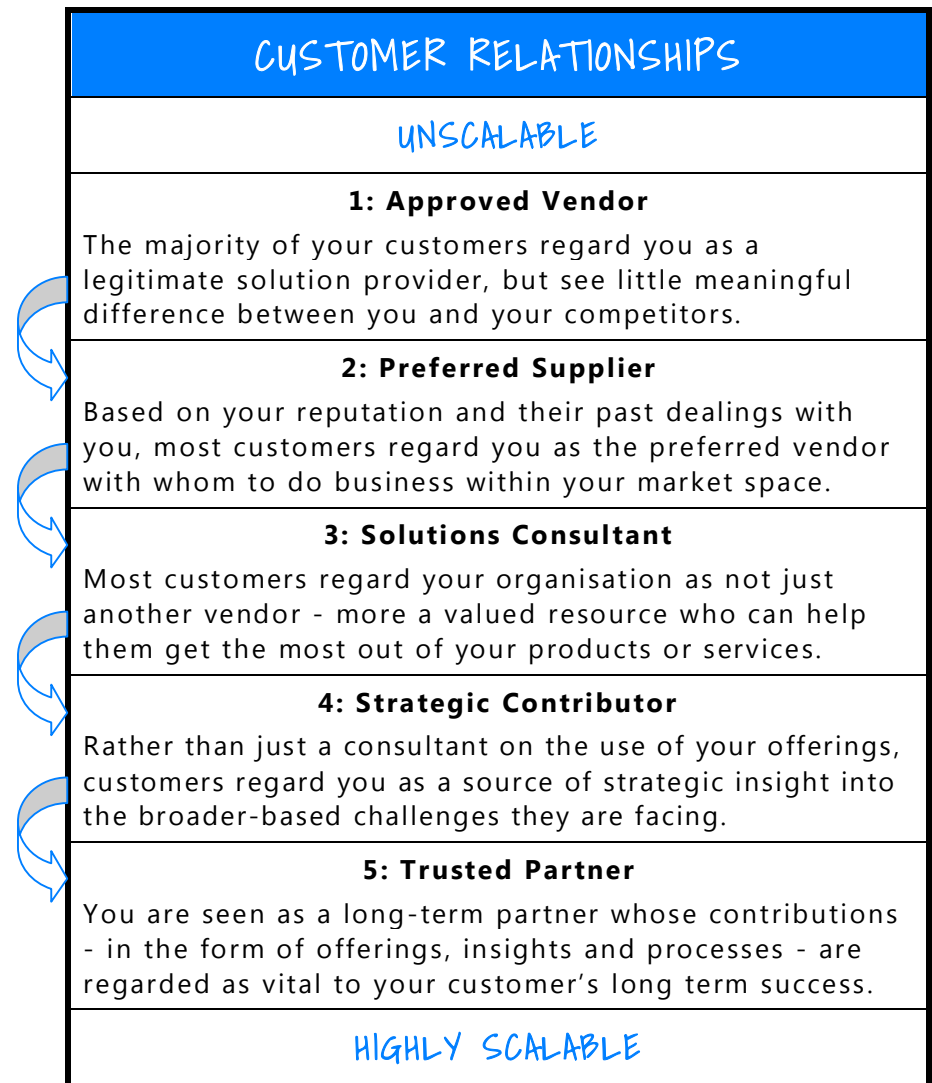
Trust + Agility

The figures come from their latest annual survey of key sales trends, covering more than 2,000 B2B-focused sales and marketing organisations across a range of industries. The combination of agile dynamic sales processes (factor 6) and “Trusted Partner” relationships appears to be particularly powerful in driving superior performance.

We’ve observed that “Approved Vendor” and “Trusted Partner” statuses are associated with different mindsets - the first thinks in terms of selling their products while the latter thinks about solving their customer’s problems.

Executive level relationships, joint planning sessions and shared risk/reward models are all characteristic of trusted partnerships.

Look at the list on the right. Where would you place your organisation?



Applying the Matrix

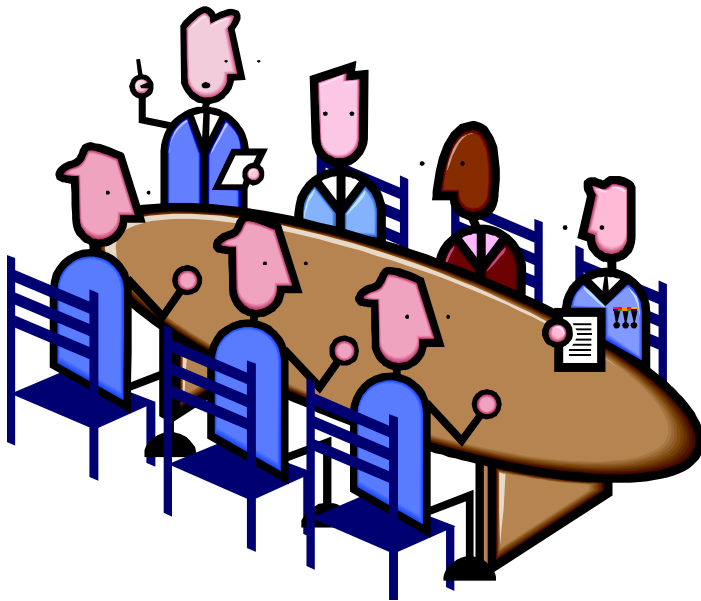
We recommend that you share the matrix with your leadership team and engage in an active discussion about where you believe your organisation currently stands.

We've already highlighted the importance of focusing on what you have actually achieved to date - rather than on your aspirations - when assessing your performance against each factor.

Insisting on evidence is fundamental to making accurate judgements about your current position on each axis. Without this, it can be all too easy arrive at an over-positive assessment.

While that may offer some temporary satisfaction, it doesn't really help focus attention on making the positive changes that could accelerate revenue, profit and market share growth.

There's a strong argument for involving an independent facilitator. It can help draw out the contributions from all involved, promote healthy debate, keep the group honest, and ensure the necessary rigour is applied to the assessment.



Perhaps We Could Help?

If you're a UK-based B2B organisation, we can facilitate your leadership team's review of the business scalability matrix, help you to achieve a consensus regarding your current score on each factor on the basis of evidence, and stimulate a discussion about the other factors that affect your ability to build a truly scalable business.

Our clients tell us that they find these facilitated on-site sessions highly productive - enabling them to quickly grasp the subtleties of the model and dramatically accelerating the completion of the assessment and their identification of key priorities for action.

To find out more, please email us at info@inflexion-point.com, call us on +44 (0) 118 975 0595 or complete the contact form on our website at www.inflexion-point.com/contact.

We'll be happy to go through the costs and options available, share our experiences of working with other similar organisations, and to explain what outcomes you can expect to achieve from the exercise.

We've shared the evidence from SiriusDecisions, CSO Insights and others regarding the power of taking a focused approach to building scalable businesses. We hope we might help you achieve the same.



About Inflexion-Point

Founded by Bob Apollo, a former technology company executive who has helped build scalable businesses from start-ups to established market leaders, Inflexion-Point is one of the UK's leading B2B sales and marketing performance improvement specialists.

Our research-based, evidence-driven approach is enabling a growing number of clients to shorten sales cycles, increase sales win rates and accelerate revenue growth.

We help them establish repeatable, scalable and predictable sales and marketing processes that reflect the latest best practices as well as a superior understanding of who their best customers and prospects are, and how and why they choose to buy.

As a result, we're equipping promising early stage companies to "Cross the Chasm" that separates early adopters from mainstream markets, and enabling established organisations to refocus their sales and marketing activities and to revitalise their revenue growth.

You can learn more at our website www.inflexion-point.com or by calling us on +44 (0) 118 975 0595.

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