Client Gap Analysis

Q4 2013

Root Cause Analysis
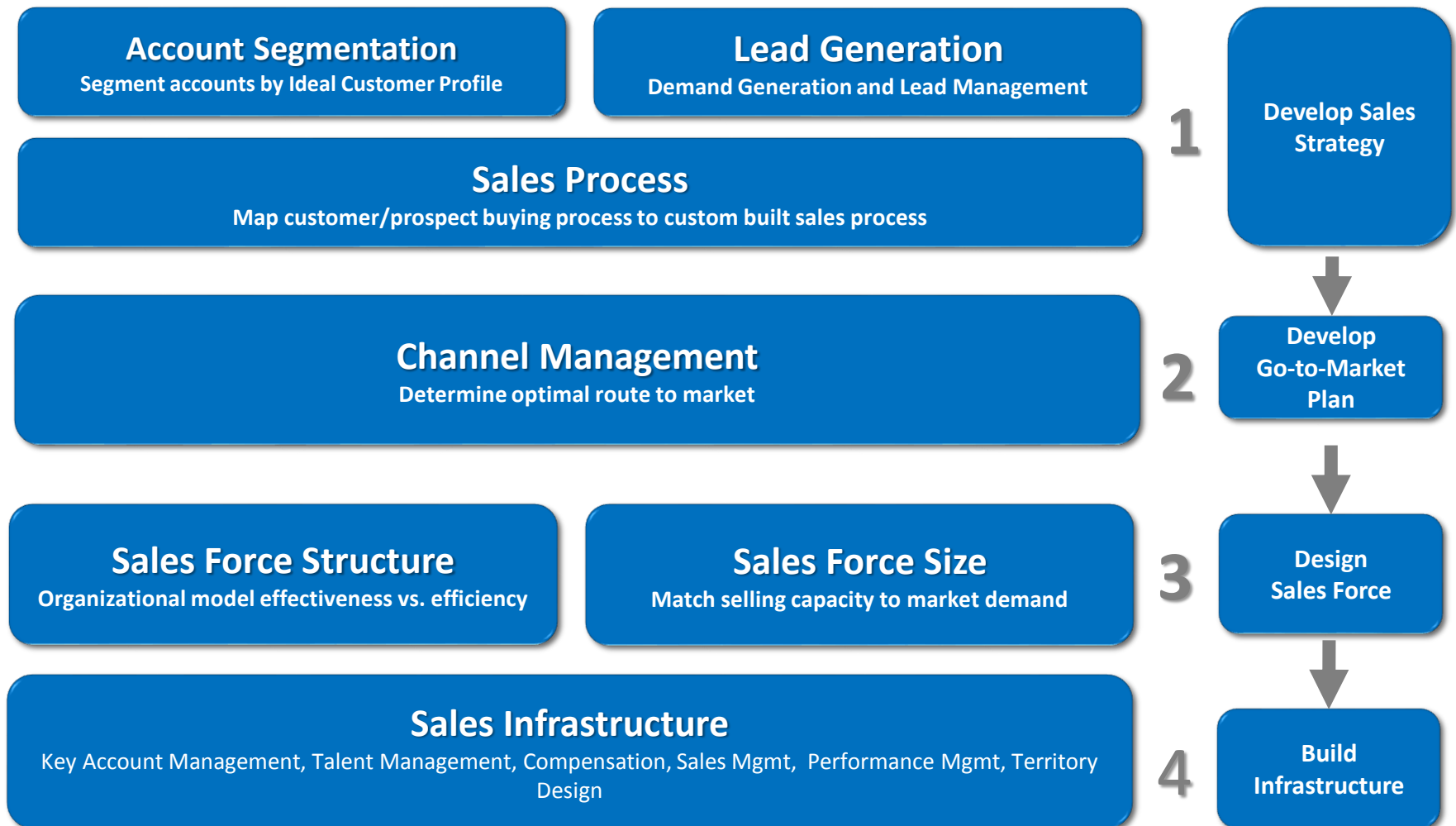
Sales Force Size

No quantitative sizing model

Lead Management

Clients are starving for attention, evident by support uncovering numerous leads.

Sales Force Structure

Role Corruption

Lack of sales capacity to reach all clients and prospects – Notably in the SMB markets

Quick "qualify" vs. nurture

Multi-Dimensional Hybrid Sales Team

No lead process with playbooks, actions and exit criteria for lead progression

"We need to double revenue in five years."

Territory potential is not matched to sales capacity

No propensity to buy analysis

Lack of objective scoring that is beyond annual spend

Field is not leveraging insights of this data to prioritize selling and prospecting efforts.

Non quantitative approach to design

Territory Design

RM role corruption – Customer Support Duties

Customer Assessment

Key Account Management

Agenda

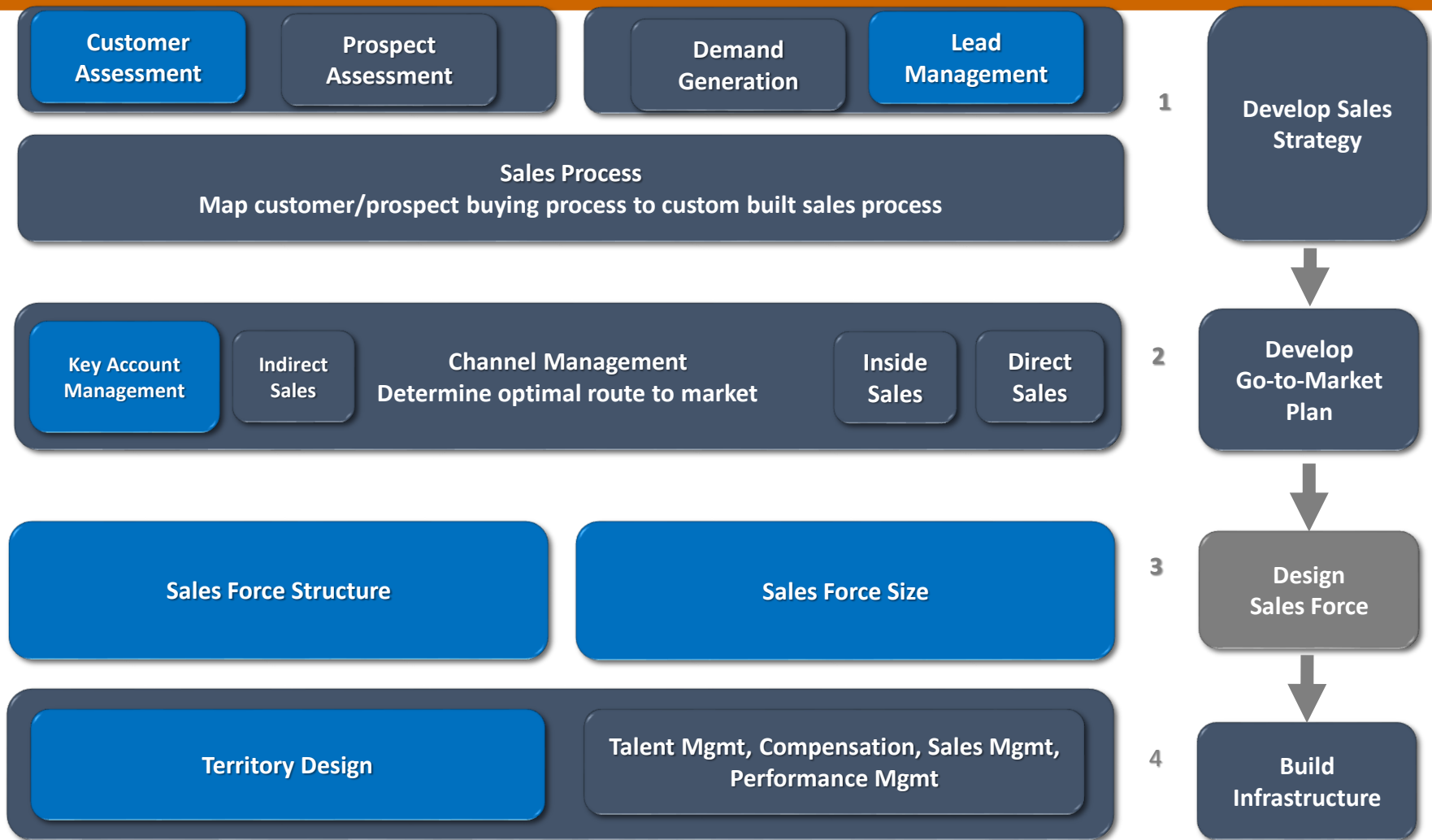| Section	Topic
1	Sales Force Structure
2	Sales Force Size
3	Key Account Management
4	Territory Design
5	Customer Assessment
6	Lead Management

Objectives

1 Present the results of the benchmark assessment showing gaps to best practice using evidence from the discovery

2 Present a root cause analysis of current problems/issues/challenges in the areas of key account management, territory design, sales force size, and sales force structure

3 Provide results of additional analysis done on customer master file and Opportunity file

4 SBI presents the results of a Mystery Shopping exercise done on "Client" and its competitors

Sales Assessment Framework

Account Segmentation
Segment accounts by Ideal Customer Profile

Lead Generation
Demand Generation and Lead Management

Sales Process
Map customer/prospect buying process to custom built sales process

Channel Management
Determine optimal route to market

Sales Force Structure
Organizational model effectiveness vs. efficiency

Sales Force Size
Match selling capacity to market demand

Sales Infrastructure
Key Account Management, Talent Management, Compensation, Sales Mgmt, Performance Mgmt, Territory Design

1 — Develop Sales Strategy

2 — Develop Go-to-Market Plan

3 — Design Sales Force

4 — Build Infrastructure

Sales Assessment Framework – Initial Analysis

Customer Assessment	Prospect Assessment

Demand Generation	Lead Management

Sales Process
Map customer/prospect buying process to custom built sales process

Key Account Management	Indirect Sales	Channel Management Determine optimal route to market	Inside Sales	Direct Sales

Sales Force Structure

Sales Force Size

Territory Design

Talent Mgmt, Compensation, Sales Mgmt, Performance Mgmt

1 — Develop Sales Strategy

2 — Develop Go-to-Market Plan

3 — Design Sales Force

4 — Build Infrastructure

Software Clients

Sales Structure

Sales Force Structure

Purpose: Clearly define role responsibilities and accountabilities to align with corporate strategy. Deploy the sales organization to optimize client wallet share and customer acquisition .
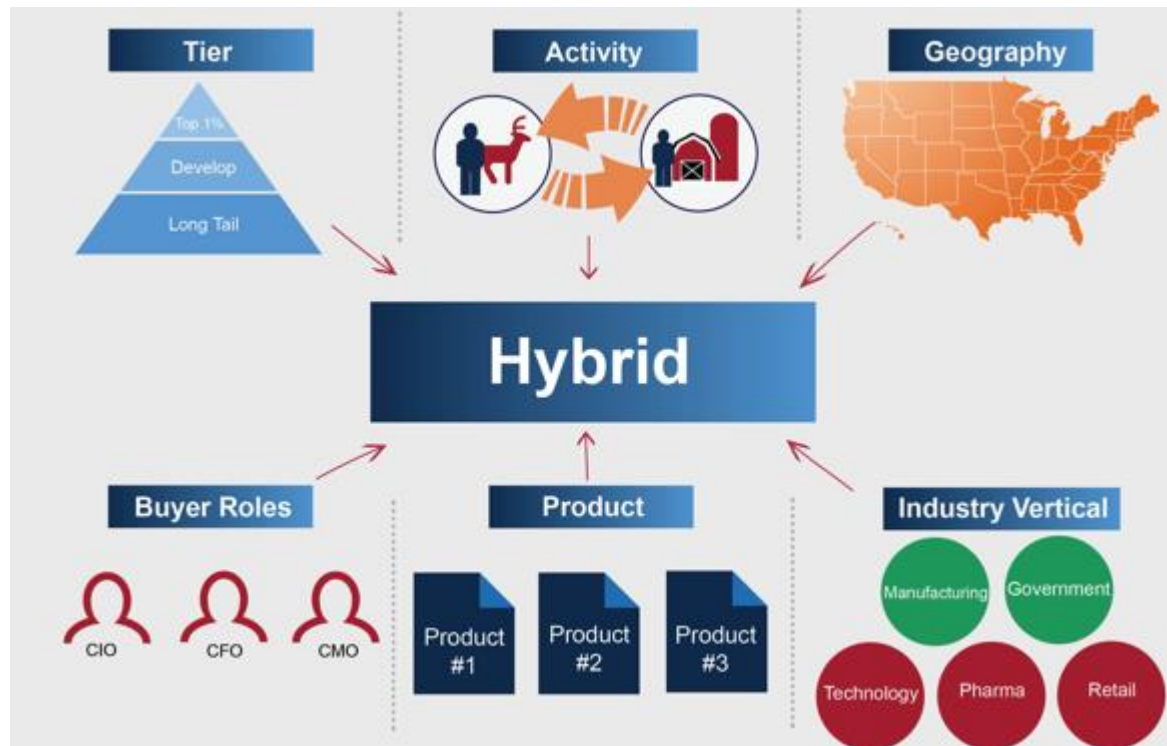
Sales Force Structure Discovery Findings

- Sales roles, responsibilities and accountabilities are ill-defined…some roles (e.g. RM) are corrupted
- Current sales structure is out of sync with the new functional organization as it reflects legacy BU/product orientation
- The lack of a industry standard Inside Sales Team as a go-to-market channel for SMB markets leaves clients underserved and prospects unaddressed.
- Relationship Managers performing Customer Service activities

Process	Lead Generation		Opportunity Management					Account Management		
Activity / Role	Demand Generation	Lead Management	Recognize Needs	Evaluate Alternatives	Resolve Concerns	Close Deal	Implement Solution	Retain	Cross Sell	Up Sell
Sales Rep		C	A	A	A	A	I	R	A	A
Account Manager	R	R	A	A	A	A	I	A	A	A
Overlay Specialist			I	I	I			C	C	C
Sales Manager		I	C	R	R	R	I	R	R	R
Customer Service Rep							C	C		
Lead Development Rep	C	A	I					I	R	R

Key: R = Responsible   A = Accountable   C = Consulted   I = Informed

Sales Force Structure
Organizational model effectiveness vs. efficiency

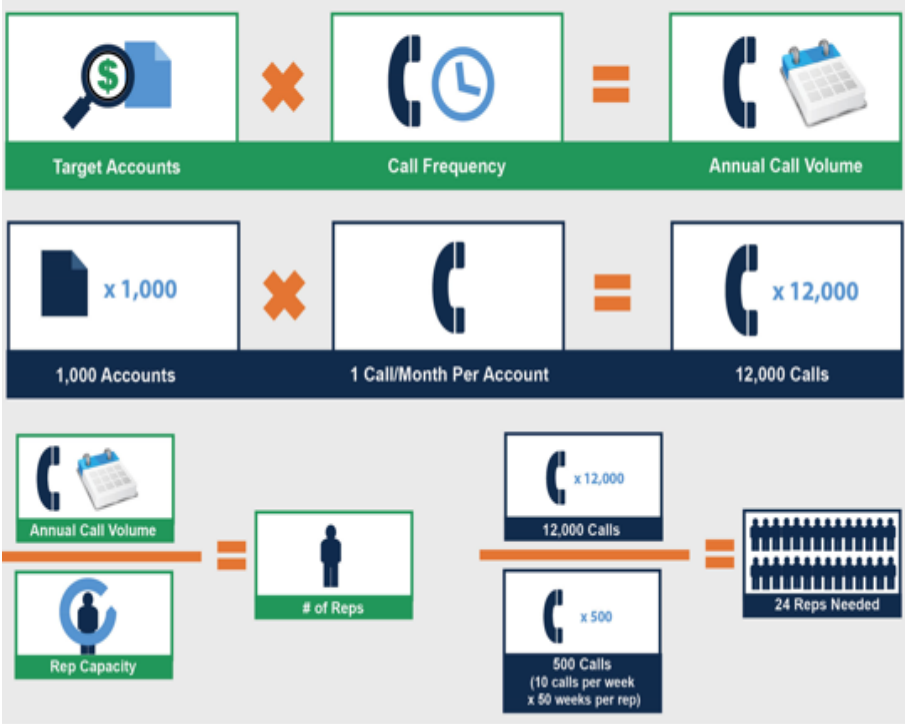| Dimension	Best Practice	Current State
Roles and Responsibilities	Clearly defined and practiced in the field; roles are valued by the customer; no role corruption (i.e. when one role is performing duties better performed by another role) exists	The roles and responsibilities of the client facing sales and support teams are corrupted; definition and practice are not in sync; customers do not value some activities; no formal or informal RACI to help define role boundaries and set expectations
Customer Fit	Sales roles reflect customer needs and call points; are mapped to buying process; are aligned with various routes to market	Focus is on the largest clients/prospects, lower tier clients/prospects are not being properly farmed/hunted; no Lead Development Reps; RM role not aligned to customer needs and is mismatched to talent
Pre-Sales	The type and role of all pre-sales staff is aligned to the sales teams and to the customer needs specific to the channel	Solutions Consultants are technology and industry experts and widely considered a force multiplier to sales. SC role is corrupted in that they are performing Product Management duties
Span of Control	The first and second line management has optimum span of control -- appropriate to capacity and role; managers are point of leverage	The rep-to-manager ratios are consistent with best practices, however presales-to-rep ratios are not
Segmentation	Sales structure fits tightly with defined segments and encompasses solution, geo, vertical, and customer firmographics	Hybrid approach is tied to market, size, geo, and product; but not relate to territory potential; legacy product alignment is in conflict with new Functional org
Strategic Alignment	Sales structure supports company's strategy (effectiveness, efficiency, cost-cutting); each role is tied to the company's stated strategic goal(s)	Current strategy is effectiveness, (revenue gen) but current structure reflects profit optimization as residue of legacy BU orientation

Sales Force Size

Sales Force Size

Purpose: To match selling capacity to market demand [for each channel]

TOP DOWN: TERRITORY MARKET POTENTIAL

Territory Priority

Territory	# of Prospects	% of Prospects	Potential Revenue	Facility Size (tot territory sq ft)	Compactness
GEO1	584	11.70%	$13,007,549	31,739,744	73.70%
GEO2	532	10.70%	$12,239,840	41,306,863	84.30%
GEO3	513	10.30%	$11,462,688	30,998,679	82.40%
GEO4	528	10.60%	$11,332,344	28,085,679	69.80%
GEO5	545	10.90%	$11,327,363	17,903,993	80.70%
GEO6	476	9.50%	$10,873,735	24,092,134	78.60%
GEO7	499	10.00%	$10,664,150	22,596,423	43.70%
GEO8	503	10.10%	$10,244,628	21,974,942	81.30%
GEO9	449	9.00%	$10,114,348	34,810,535	81.80%
GEO10	361	7.20%	$8,548,974	29,807,869	61.30%
Total:	4,990	100.00%	$109,815,618	283,317,137	64.80%

BOTTOM UP: WORKLOAD ANALYSIS

Target Accounts × Call Frequency = Annual Call Volume

1,000 Accounts (× 1,000) × 1 Call/Month Per Account = 12,000 Calls (× 12,000)

Annual Call Volume ÷ Rep Capacity = # of Reps

12,000 Calls (× 12,000) ÷ 500 Calls (10 calls per week x 50 weeks per rep) (× 500) = 24 Reps Needed

Sales Force Size Discovery Findings

- Sales force size has been based on S&M budget and management discretion, not on quantitative analysis (e.g. sales capacity/workload, market segment/size, etc.)
- Sales does not have appropriate capacity for role responsibilities in the SMB markets.
- "Client" lacks a quantitative model to help determine the number of sales and sales support staff needed per channel
- "Client" lacks insight into time demands on its sales reps and managers that would enable a bottoms-up workload assessment to understand the number of selling hours for sizing

Sales Force Size
Match selling capacity to market demand

Aligned	Gap	Gulf

| Dimensions	Best Practice	Current State
Channel Alignment	There is a clearly defined rationale for headcount by role and channel; the bottoms-up modelling for each rep type is specific to their role and channel	There is no current quantitative analysis to justify the current size of the sales organization in any channel or role
Modelling	Sales Operations uses a quantitative model to generate sizing recommendations; model leverages workload analysis, required cadence, and sales process waterfall rates	No time study or workload analysis have been conducted; no models exist for "Client"
Selling Capacity	Sales reps have the appropriate selling capacity (measured in hours) for responsibilities and coverage assignments for their role	Account reps for both client and field sales carry an average of >800 accounts each. SMB account reps for both client and field sales carry an average of >4,000 accounts each.
Capacity Alignment	Headcount allows company to achieve revenue goals and targets; modelling reflects constraints (e.g. market penetration)	Flat bookings growth and < 80% overall quota attainment over the last two years.
Ramp Time / Onboarding	Sizing models account for time to productivity and sales rep turnover	Minimal turnover in the sales organization. However, there is no evidence that shows a model accounting for ramp time.
Financial dimension	Sales and CFO are closely aligned on financial figures of merit; beak-even cost of incremental reps and quota impact	Sales and CFO are aligned on revenue and cost expectations. No financial model that quantifies when reps should be added/subtracted from the sales organization.

Key Account Management

Key Account Management (KAM)

Purpose: To Drive cross-sell and up-sell growth within client portfolio to maximize wallet share.
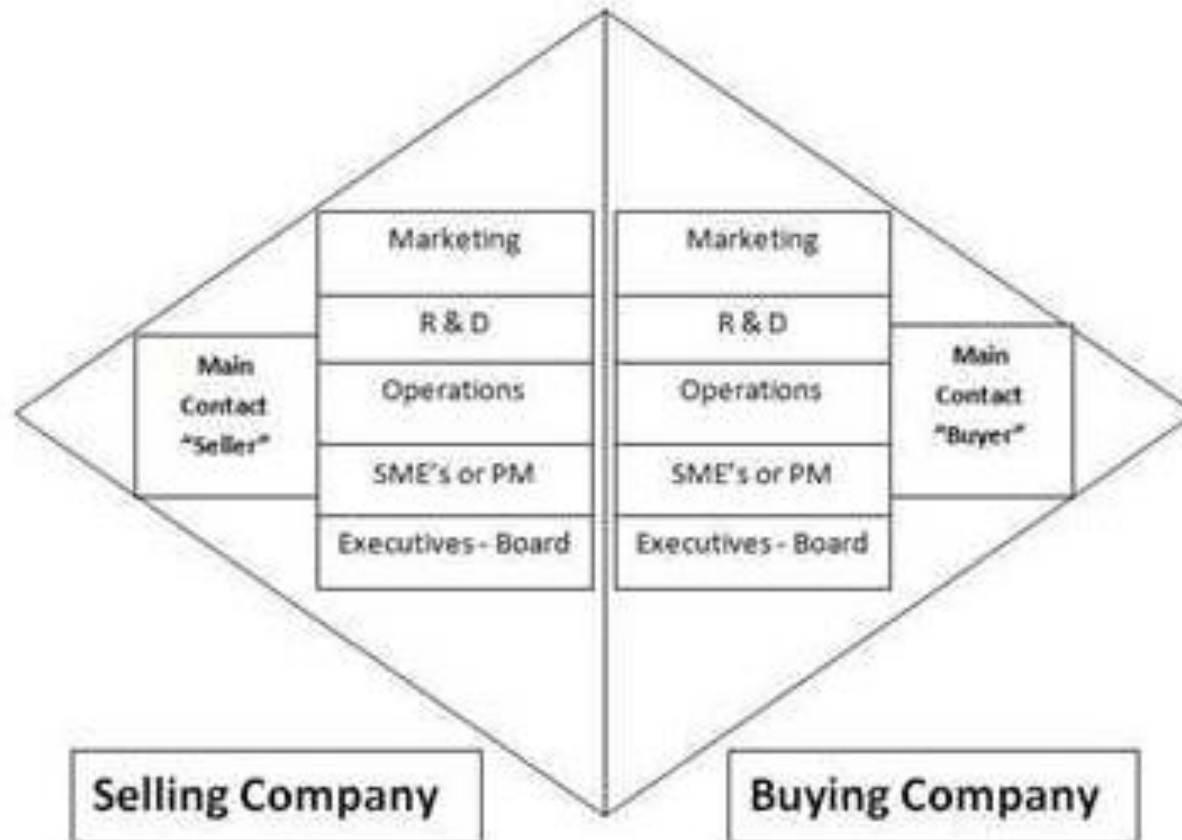
Key Account Management Discovery Findings

- There is no Program today to which Strategic/Key accounts apply, are admitted, are objectively scored against, maintain membership, and exit
- The idea of "KAM" at "Client" is solely related to current spend, so accounts vary year over year, which does not allow for continuity of management
- The Offensive and defensive aspects of KAM are not known
- The organization has not done a self-assessment to determine what functions it has that are needed and would be valued by strategic accounts
- Relationship Managers are overwhelmed with low level support tasks that detract from identifying potential cross/up-sell opportunities within their accounts.
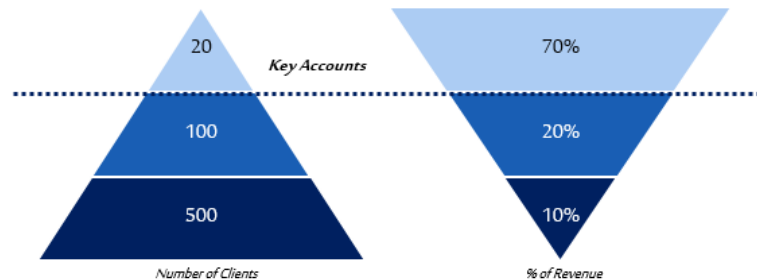
Key Account Management
Subset of Sales Infrastructure

Aligned | **Gap** | **Gulf**

Dimensions	Description	Current State
Revenue Growth	Key account program exhibiting healthy and sustained growth	Increase in overall spend for the accounts supported by Relationship Managers, on a per account basis. However, this is also a function of new accounts entering the program with more spend and lower "threshold" accounts no longer in the program.
Offense and Defense	Ability to establish new accounts and increased wallet share of existing accounts; Ability to protect the existing spend of the key accounts	Spend thresholds change every year, so the program is measured in aggregate, with accounts falling in an out of the program
Enablement	Clear and established set of actions that the KAM program is measured on that are designed to enable clients within the program	TAM assignment is a value add for select clients. But client enablement beyond that is minimal.
Talent	Ability to attract, develop and retain talent capable of managing the most strategic clients. Recognizing these individuals have different competencies than that of a typical field sales rep.	Did not conduct sales competency study on RMs and Client Sales. However, with multiple stakeholders touching these accounts, there is role corruption in overall management
Attrition	Key accounts have lower attrition rates than normal accounts	Attrition lower on accounts supported by Relationship Managers
Recruitment	Key accounts are offered an attractive GIVE-GET package to work with vendor. Not a single threaded metric.	Account Program recruits by revenue, not customer buy-in
Corporate Capabilities	The ability to offer the key account something (other than product) that it does not have today (resources, strategic guidance, etc.) As well as, mapping non-sales departments to other departments with KA org	Minimal departmental interaction outside of sales/RM/TAM roles. Key Account Meeting dissolved in 2013

Territory Design

Territory Design

Purpose: Create territory plans that include the prioritization of accounts and territory specific goals for revenue, account acquisition, share of wallet and penetration levels.

Step 1
Baseline Current Perf

Step 2
Analyze Existing Customer Spend

Step 3
Determine Market Potential

Step 4
Map Prospect & Customer Data to Territories

Step 5
Produce Territories

Step 6
Review and Refine Assignment
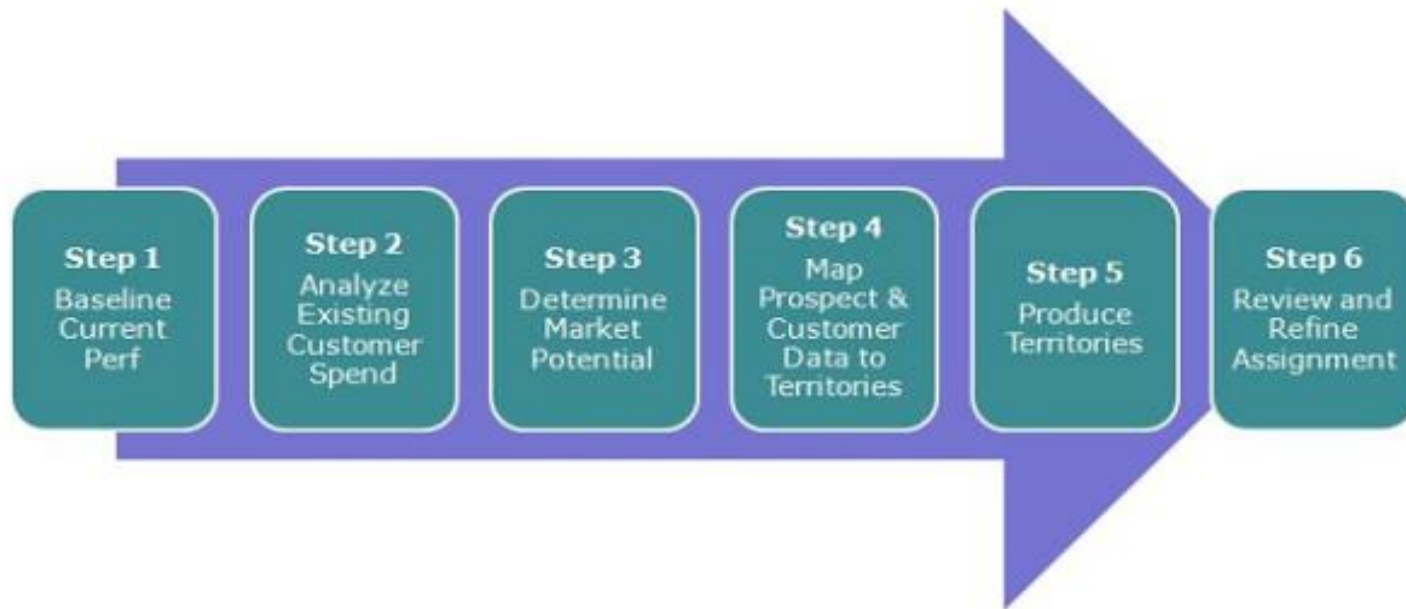
Territory Design Discovery Findings

- Current Territory Design is not based on quantitative market potential.
- Territory assignments are currently segmented by Client/Field, , Geo and Alphabetically. Thus, territories with the highest potential are not given to the highest performing reps.
- Capacity is not factored into the design, which has led to territories with an inordinate amount of accounts.
- The sales manager's role in adjusting territories throughout the year is non-documented and ad-hoc – this prevents leverage being exercised in the field

Territory Design

Dimensions	Best Practice	Current State
Customer Potential	Use existing customer data to determine up-sell and cross potential to maximize wallet share	Quantitative analysis to determine territory potential is not a current activity.
Prospect Potential	Use existing known firmographics, determine and prospect data, determine 'suspect; account' potential by vertical and geo and product to determine aggregate whitespace relevant market size	Prospect potential is not determined at an account level.
Coverage	Determine current territory potential and annual revenue attainment by sales rep. Assign the territories with the most potential to the reps that have historically outperformed on quota attainment and account penetration	Territory assignments are currently segmented by Client/Field, , Number of Accounts, Geo and Alphabetically. Thus, territories with the highest potential are not given to the highest performing reps.
Manager Interaction	The degree to which management has the ability to adjust patches based on customer growth/attrition of accounts within patches; any and all account transitions minimize customer/revenue disruption	Manager discretion is the primary method territories are designed in the current environment. Equitability is of high importance.
Sales Rep Capacity	Reps have a manageable patch to sell new logos, cross-sell and upsell existing customers, and satisfy all job expectations. Criteria: Prospect Potential, Customer Potential, Workload Required, Number of Prospect Accounts, Number of Customer Accounts.	Territories are designed to ensure equitability for the sales reps. Factors such as capacity are not considered in the design today.
Volatility	Territories are adjusted and shifted on a periodic basis to ensure adequate coverage	Due to the tenure of the organization, territories have not drastically changed over time.
Sales Resource Contribution	Ability and need of sales related resources (Pre-Sales, DR's, Managers, etc.) to apply proper coverage to the accounts in territory and potential impact on span of control.	Current SC coverage is adequate, but they are being used too early in the deals

Customer Assessment

Customer Assessment

Purpose: Assess current customer spend to identify the Ideal Customer Profile

Customer Assessment Discovery Findings

- Current account spend analysis does not include propensity to buy formulas
- Sales teams are not leveraging data insights for account/prospecting prioritization
- Segmentation data is not used for current territory design
- Attempting to use Eloqua (Marketing Automation tool) to perform Account Segmentation

Account Segmentation
Segment accounts by Ideal Customer Profile

	Aligned	Gap	Gulf

	Best Practice	Current State
Methodology	Accounts judged on multiple measures (current revenue, white space, cost to serve, etc)	Key account segmentation is well defined by revenue. However key factors, such as cost to serve are missing.
Firmographic / Psychographic Analysis	Segments categorized by key buying groups; detailed metadata is cross referenced to historical spend and matched to 3rd party sources; Data incorporates buyer triggers and other dimensions of buying behavior to calculate propensity to buy formulas	3rd party data sources not incorporated into historical buying data; No propensity to buy formula or equivalent in segmentation documents
Marketing Integration	Marketing department leverages segmentation info in their campaigns, for progressive profiling, for messaging, and in providing guidance to LDRs	This line item was not part of the initial assessment.
Quota Setting	Spend potential is determined for new logo and existing accounts; this is factored into quota assignment and call cadence	This line item was not part of the initial assessment.
Data Currency	Segments are routinely analyzed and re-categorized for accuracy; data is shared with Territory Design, Lead Management, and Campaign Planning	Segmentation data is not used for current territory design or lead management.
Field Sales Use	Insights gleaned from data are used to adjust account prioritization and allow reps to deliver commercial insight	Sales teams are not leveraging data insights for account/prospecting prioritization

Lead Management

Mystery Shop and Lead Management

Purpose: Assess the ability to 'sell while a rep is not present' and measure the lead flow process once prospect engages with sales

Mystery Shop and Lead Management Discovery Findings

- The sales admins team process is to quickly qualify the lead and turn the lead over to sales vs. nurture the suspect, until the suspect displays signals that he/she is ready to enter the buying process.
- The sales admin process does not include playbooks, actions at each stage of the lead cycle and specific exit criteria.
- There are no Lead Development Reps, as defined by industry standard; no progressive profiling and no prospect nurturing programs evident.

Lead Management

Driver	Best Practice	Current State
Marketing Automation	Marketing automation scores prospects based on activity and role; LDR engages when a point threshold is exceeded	Eloqua is implemented, but the systematic lead scoring and nurturing is being defined. DR's are mainly responding to web activity immediately and not at a certain threshold.
Lead Volume	Marketing-generated Leads represent >30% of new logo opportunities and >15% of customer opportunities	18% of total leads are from the internal referral program. Clients are starving for attention – Note: we currently do not have remaining lead contribution metrics.
Lead Management Process	Defined Lead Management process with exit criteria, detailed steps, playbook, Job Aids, metrics, and exception handling	There is no evidence of a process with specific actions, playbook and exit criteria. Qualification job aids are available but not being leveraged.
Service Level Agreements	Sales and Marketing agree to Lead Handoff criteria, BANT definition, and response times for sales	This line item was not part of the initial assessment.
Lead Engagement	Dedicated LDRs handle all MQLs and qualify them over time to BANT criteria	DR's are qualifying leads using a defined set of criteria, but its very granular for a "first" contact
Closed Loop Metrics	Lead Management program tracks to revenue and marketing campaign plans	There are multiple dashboards in SFDC that track marketing activity

Mystery Shop Scorecard

Action	"Client"	Competitor 1	Competitor 2
Content	Demo, white papers were gated behind forms- personas were present on the website	Nothing gated behind forms, Content was Inward out	Nothing gated behind forms, solutions categorized by name Content was Inward out
Points of entry (POE)	Contact form 800 number Global office list Email- but not sales (info) No Chat No "Contact Me"	No 800 number No contact form Need to know product Local phone numbers	Contact form 800 number Global office list Sales Email No Chat No "Contact Me"
Personas	Had the ability to select Persona from drop down- but content was presented by feature- not what is important to persona	Solutions pages are categorized by type of product and not by a persona	No persona specific information on web site- did not address who ideal buyer would be
Response and timing	1 ½ hours call/email Email and call from rep Very little qualification and poor nurturing	10 minutes email response Email from rep 10 days after to follow up	No email response Rep calls within 24 hours 7 days later they respond

Thank you