PUTTING CPQ IN PLAY TO SIMPLIFY COMPLICATED SALES WORKFLOWS

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The idea that “nothing happens until someone sells something” has outlived its relevance. Today, so much must happen in order for someone to be able to sell something that processes and programs can actually seem to perpetuate complexity. How are sales leaders to succeed in such an environment? In this Knowledge Brief, Aberdeen Group will explore how configure price quote (CPQ) technology is simplifying complicated, multi-channel sales operations and workflows.

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75% of Best-in-Class sales organizations can deliver proposals or quotes in two days or less. Can you?

What scales with sales?

Is it possible for an organization to maintain the same level of visibility and insight with its channel sales teams, distribution partners, and resellers as it has with its own in-house sellers? Should sales leaders have to settle for “out of house, out of mind” in terms of measuring and maximizing performance?

Historically, the answer has been, “yes.” Enterprises with multiple products, services, divisions, regional offerings, and so on, have often ended up with multiple systems of record, multiple CRMs, and a multitude of contract and proposal templates. The result was “every sales department for itself.” The collective knowledge and experience spread across all the spokes of a given sales environment, knowledge and experience which carries so much potential to improve performance, typically becomes harder and harder to pull together in a single hub.

The situation is changing, however, and configure price quote (CPQ) technology is playing a major role in turning the tide. Seventy-five percent of Best-in-Class sales teams (the top 20% of performers in Aberdeen’s research) already report being able to reduce proposal/quote generation to two days or less, for example. Thirtysix percent of these top performers also presently report being able to consistently determine best-fit discounting guidelines for their channel partners. Across complicated, distributed, or multi-channel ecosystems, such performance improvements would normally seem far out of reach. In this knowledge brief, however, we will highlight how top performers use CPQ to pull insight from every corner of the sales ecosystem and then quickly turn that insight into repeatable actions that consistently convert new customers.

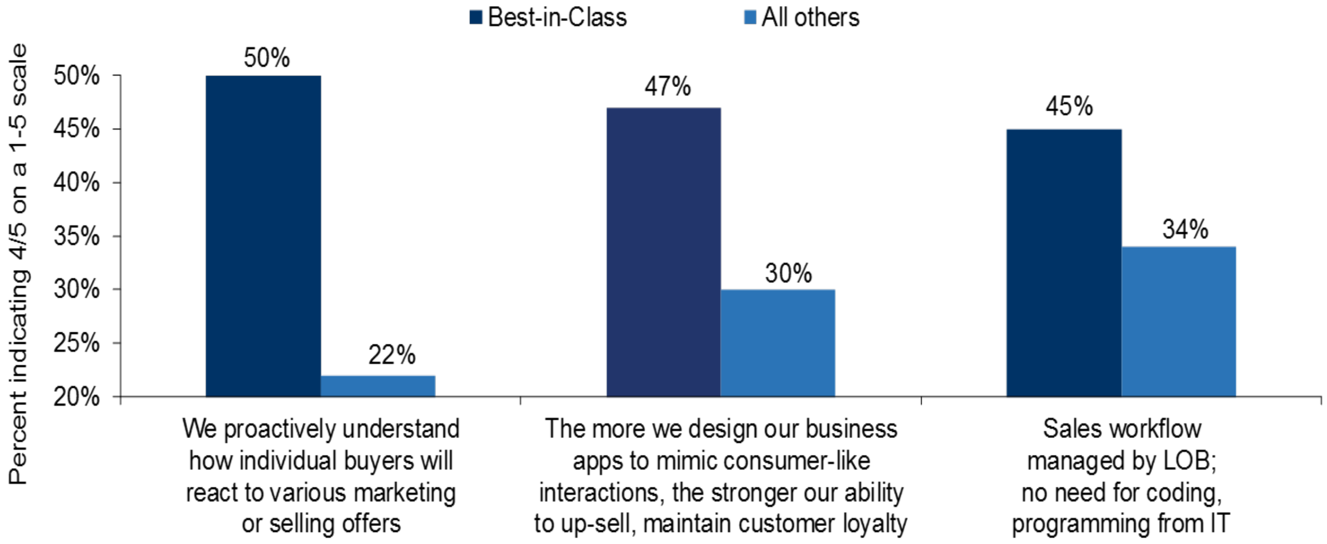
→ Related Research:

Visibility, Insight, Impact: Simplifying Complex Sales Processes with CPQ (May 2016)

Easy in for insight, easy out for action – creating a scalable two-way street with CPQ

As no technology is ever a silver-bullet capable of solving business problems on its own, it's important to look at the underlying principles and process that turn tools into solutions. In Figure 1, the three principles highlighted represent practices that respondents either agreed or strongly agreed to be instrumental in their organizational success by citing either a 4 or 5 on a 1-5 scale.

Figure 1: Building the Best-in-Class Sales Environment – The Hard Work That Makes Closing Easy



n = 310

Source: Aberdeen Group, December 2015

Best-in-Class sales teams are 45% more likely to be effective at collaborating on CPQ-related activities.

Related Research:

***Maximizing the Sales Technology Ecosystem with Best-in-Class CPQ Deployments* (December 2015)**

Generally, the findings from Figure 1 tell us that buyer understanding, to the point of noting predictable behavioral patterns, is a significant differentiator for Best-in-Class performance. Having easy-to-use sales applications is emerging as an advantage for top performers to maximize deal value and customer retention. Thirdly, the ability for a line of business (LOB) to independently manage sales workflows affords top performers with a noteworthy level of competitive agility – front-line managers can adapt processes as needed on the fly.

In the context of CPQ, these principles create scalable avenues for sales leaders to see into what's going on, and prescriptively roll out what should be done. Specifically, the pieces fit together as follows:

- ➔ **Cut multi-channel chaos with CPQ-constructed workflows.** Inevitably, there is relativity in managing various sales channels. This is why it's often good to have managers of different lines of business constructing different, yet relevant workflows for their sellers. With workflows created in a shared CPQ platform, however, different workflows don't have to mean diluted insights. Sales leaders tasked with overseeing all sales operations can take their situational awareness of what works best in each channel and share it via reports with the extended sales organization or connect it to triggered up-sell/ cross-sell packages and recommended configurations.

- ➔ **Get scientific in sales ops by testing buyer configurations.** Having a viable and predictable understanding of buyers sounds like a quagmire of complicated details. (Do you really need to know if buyers like long walks on the beach or which regional sports teams get them riled up?) Not really. Understanding buyers from a business perspective can be as simple as having insight into whether orders are commonly highly customized or more consistently in "off-the-shelf" packages. While the configuration arm of CPQ technology helps to manage customizations, it can also help organizations turn common customizations into more controlled, off-the-shelf offerings. By using CPQ to track and trim down the number of custom orders, organizations can more predictably understand how buyers will respond to offerings as those offerings become more aligned to fit certain patterns. With additional data from CRM integrations regarding buyer behavior, and order-fulfillment details from enterprise resource planning (ERP) systems, a sales leader can use CPQ to pull together best-fit patterns to prescriptively meet buyer needs with scientific precision.

60% of Best-in-Class organizations "manage by exception" with pricing and discounting guardrails in place.

- ➔ **Let form follow function – an easy interface for sellers is an easy experience for buyers, and an easy win for management.** From in-house reps to channel sellers, the sales process is a kind of puzzle – reps must piece together buyer needs, business offerings, personal dynamics, and organizational idiosyncrasies to project a complete image of value. For sales reps in the trenches, CPQ solutions afford an easy, guided process for putting such a picture together. Instead of having to go piece-by-piece, reps can calculate the complete image by being guided to ask specific questions or identify relevant specifications that fit to common patterns. While making this process easy for reps is one decent perk, the process, when integrated with CRM, also produces accurate, comprehensive tracking of sales workflows, so that it's easier for sales leaders to document and analyze drivers, patterns, and opportunities for enhancement. On the buyer's end, this kind of constructive, consultative selling also helps make the process of buying more comfortable and convenient.

Ultimately, in managing and overseeing the complicated environment of distributed sales teams and channel partners, CPQ systems provide simplicity and scalable oversite. Sales leaders can see documented patterns in diverse sales operations, and sellers benefit from streamlined, guided workflows. Insights come in because they're easy to capture, and actions roll out because the system pulls all the diverse pieces together.

About Aberdeen Group

Since 1988, Aberdeen Group has published research that helps businesses worldwide improve their performance. Our analysts derive fact-based, vendor-agnostic insights from a proprietary analytical framework, which identifies Best-in-Class organizations from primary research conducted with industry practitioners. The resulting research content is used by hundreds of thousands of business professionals to drive smarter decision-making and improve business strategy. Aberdeen Group is headquartered in Boston, MA.

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