

## *Data Analytics: Sales Deployment around Pipeline*

by Lani Cathey and Anna Marie Cwieka

More and more, our customers are buried in data. They've never had so much, they've never had it so fast, and they've never had so many sophisticated analytical tools to manipulate it. But there is a tendency for customers to get lost in their data, making it difficult for them to step back enough to gain perspective. And, in this last downturn, it's possible that they lost some of the staff that did that work.

At Critical Path Strategies, we believe that there is power in simplicity. Data analytics is about thinking, not process. We choose to take a very simple approach that gleans strategic insights and doesn't take an MBA or math major to manage it on an ongoing basis. Let's take a look at how we used simple data analytics to increase the effectiveness of a client's sales deployment strategy.

This software client had a trust problem—they didn't trust their sales pipeline. Too much of their time was spent trying to address these issues:

- **Forecasting reliability.** Surprises and misses were a common theme. The progression of deals was also not predictable. Some of the deals seemed to drag on and then just disappear from the pipeline.
- **Resource allocation.** They were not able to optimally assign resources to assist with deals. They experienced a "six-year-old soccer game" on some deals and the "Lone Ranger" on others.
- **Deal qualification.** What's a good deal? There were no guidelines for consistent qualification of desirable deals, which ultimately wasted resources.

The bottom line? They were not effectively managing and coaching the valuable asset of their people and pipeline. There was a lot of data, but they didn't trust which of the data was meaningful.

### Industry Analysis

The client's first takeaway came from our simple review of historical awards, losses, and prospects—by industry. We combined all territories for a global perspective. This was a departure for the client because the walls between their territory silos were pretty thick.

What did the client learn?

- 47% of awards came from three industry sectors
- 61% of losses were from these sectors
- 60% of the pipeline was represented in these sectors

With this new knowledge, the client took two immediate actions:

1. They added subject matter experts in the top industry segments.
2. They undertook industry training for the sales organization.

This domain expertise enabled a better understanding of how to manage the deals.



**Your greatest analytics-driven insights will come if you:**

>> Uplevel your data. Strip away details. Combine data across geography and business unit to look at your data on a "global" basis.

>> Ask a different set of questions. Understand the problems—and the insights needed to solve it—before you analyze the data.

>> Strip out smaller projects that create background noise. Focus on the biggest business issue/biggest opportunity first.

## Sales Rep Analysis

As in many sales organizations, the client had a group of successful big game hunters. They brought in the biggest deals and the majority of the revenue. But they also lost some of the biggest deals.

- Roughly 1/3 of sales reps had the largest awards
  - These accounted for 83% of total awards
- Roughly the same number had the largest losses
  - These accounted for 22% of total losses
  - 67% of all losses were “large”
- Roughly half the sales reps on both the greatest awards and greatest losses lists were the same people

With this simple analysis in hand, the client implemented three initiatives:

1. They captured the best practices of the best performers in a sales roadmap that facilitated coaching the entire team.
2. Subject matter experts were assigned earlier in the sales cycle, which increased the odds of winning.
3. They moved smaller opportunities to the inside sales team and other sales reps to allow the big game hunters to focus on the big deals.

## Aging Analysis

As is often the case with large projects, this client has a long sales cycle, about a year.

We found with the large losses, there was a distinct period—between two and six months—when these deals would just disappear.

- The peak of the bell curve for both awards and losses was six months.
- For awards, the larger deals had longer sales cycles. This was not the case for losses.
- The average size of the deal was significantly larger for awards vs. losses.

This begs the question: Were reps focusing on those opportunities where they thought they had the greatest chance of success? Did they feel forced to choose, and therefore “lesser” opportunities fell away?

Once the client had these key pieces of information, they took the following action:

1. With the flashpoint occurring at the four-month mark, they implemented a detailed deal review at the four-month mark to prevent a six-month black hole.
2. The review incorporated a rigorous checklist of sales actions and planning based on the selling roadmap and captured best practices.



A just-released report titled **Analytics: The New Path to Value** (produced by MIT Sloan Management Review and the IBM Institute for Business Value) offers the following recommendations for using analytics-driven management:

>> Focus on the biggest and highest value opportunities

>> Within each opportunity, start with questions, not data

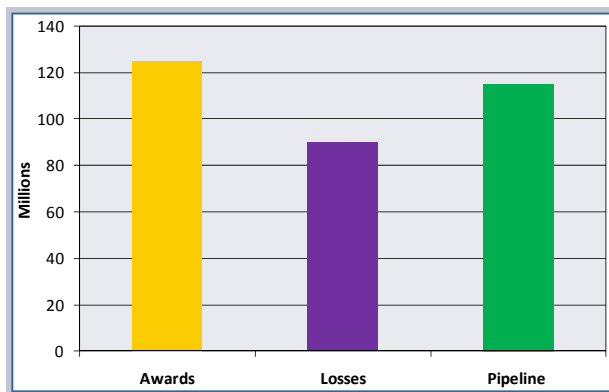
>> Embed insights to drive actions and deliver value

>> Keep existing capabilities while adding new ones

>> Use an information agenda to plan for the future

## Reality Check

Critical Path Strategies uses a rule of thumb that your sales pipeline should be 3 to 4 times your required award revenue. This chart shows awards in gold, losses in purple, and pipeline in green. The client's pipeline was actually less than their awards vs. being 3 to 4 x. And the size of their loss rate is an indication of high churn and inefficient use of resources.



By looking at their pipeline through a new lens, the client could now trust their pipeline. They took action to address the three main pipeline attributes of *quantity, quality, and balance* by:

- Deploying the right people at the right time in the deal
- Utilizing a best practice approach around the framework of the sales roadmap to create pipeline velocity
- Coaching with purpose
- Focusing on the total health of the pipeline with reality

When you step back from your data and look at it more strategically, it will “talk to you.” If all you hear is static, take the time to strip out the background noise. The result will enable a clearer view of the opportunity and effective resource deployment.

**ABOUT CPS.** Critical Path Strategies helps clients improve the effectiveness of their sales organization. Our portfolio of services addresses the strategic, organizational, and relationship issues that impact selling performance. Our powerful processes enable clients to transform their sales culture, enhance their competitive position, and accomplish strategic business initiatives. Our clients—emerging companies and members of the Fortune 500 alike—typically measure 100 to 500 times their CPS investment in revenue growth.

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