
Increase Your Sales Win-Rate with Win-Loss Analysis
Understanding the Customer's Selection Process

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Executive Summary

The problem is a suboptimal sales win rate, combined with a lack of visibility to explain exactly why your competitors are winning deals that should be yours. At the heart of the solution is an analytical technique known as Win-Loss Analysis – a multifaceted process that includes a serious dialog with the decision makers from several deals you’ve won and, importantly, from those you’ve lost.

| The Situation

While you savor the deals you've won, it's the opportunities you should have won but lost that keep you awake at night.

The situation is all-too-common: your business is heavily reliant upon large contracts, so your sales and marketing efforts are naturally geared toward those. While you savor the deals you've won, it's the opportunities you should have won but lost that keep you awake at night.

Beyond the obvious disappointment there is frustration throughout the organization. From a senior management perspective, if you are losing deals you should be winning, you need to know why, so improvements can be made. There are defined steps you can take to make sure you are successfully using actionable insights – from both the wins and the losses – into a program that improves your batting average.

| The Mythology

Another common aspect that interferes with the necessary learning from deal-flow is the tendency to believe an explanation of what happened in a failed deal that is inaccurate at best. This tendency derives from human nature: the fundamental need to tell a story that soothes the egos involved.

Unfortunately, this “mythology” interferes with management’s need for clarity and understanding around your prospect’s decision. Instead of an incisive analysis of what happened in each “failed” deal, these myths prevent important facts from coming to light – facts that could lead to a more competitive posture in the future. This systemic problem can only be overcome with a diligent management effort.

| The Obstacles

This common scenario is not entirely the fault of the sales force. Most salespeople are ineffective at seeking out the actual reasons a deal has been lost. Typically, they’ve quickly moved on to the next prospect, just as they are incented to do. Additionally, most customers aren’t forthright, preferring instead to excuse a decision in your competitor’s favor to variables beyond their control.

According to research, prospects share the complete truth (with their sales reps) only 38 percent of the time...in 62 percent of new business situations, salespeople do not have a complete and accurate understanding of why they lost (Schroder, 2009).

There is a natural inhibition felt by the “failed prospect,” which is often made worse when the sales rep or other company representative tries to do a “post mortem.” It’s not that the sales rep’s effort to get to the truth is ill-motivated; it’s just the architecture of the situation, fueled by another aspect of human nature.

There is a principle in social psychology called “cognitive dissonance” that shows up for most of us when we experience buyer’s or seller’s remorse. Applied here, the theory predicts that a stressful situation occurs when a decision maker must reject a worthy competitor vying for their contract (quite often the case in a close, short-list decision). This stress is exacerbated when such an inquiry presents a risk of confrontation – which commonly occurs when a sales rep tries to do his or her own inquiry.

It’s not that the sales rep’s effort to get to the truth is ill-motivated; it’s just the architecture of the situation, fueled by human nature in an awkward situation.

There are other roadblocks to an effective analysis of a lost deal. Many companies invest great overconfidence in an existing CRM system and overly rely on it as a diagnostic tool. In actual use, CRM systems flatly fail to capture critical insight, the very quality that is needed to understand these failed new business opportunities.

Another factor that inhibits insight is a frequent antagonism between sales and marketing. When deals are lost, there is a tendency for one team to blame the other. An ideal Win-Loss process has strong senior management support with the necessary cooperation of both the Sales and Marketing teams. There is often a lack of understanding of how you stack up against competitors and their offerings. There are many complex and detailed issues here. Suffice to say that competitors are almost always underestimated and assessments of their strength are often based upon archaic concepts, well socialized within the firm.

Remember, in a finalist or “short-list” selection process where offerings and pricing are at or near parity, customers will often base their decision upon highly subjective criteria such as “style points” scored by the team doing the finalist presentation. Lack of awareness of the competition’s offering or how your product/service measures against theirs, are real problems you can overcome. However, generating a reliable competitive intelligence (CI) program does require a systematic effort. A well-orchestrated Win-Loss Program is quite compatible with such a CI program.

It’s surprising how little actual sales discovery is done on large bid opportunities. Often this scenario is set up by the contracting entity in their RFP process. These client-driven barriers are not a reason a granular discovery of the prospect’s true requirements and decision criteria cannot be learned and considered in your proposal and presentation.

Not surprising is the degree to which the organization that ultimately wins the business has successfully overcome the barriers to getting to know the decision makers and their concerns.

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| The Solution

The solution to this chronic set of issues has many facets but can be managed to gain better and more measurable results. At the heart of the solution is an analytical

technique known as Win-Loss Analysis. Win-Loss Analysis includes a serious dialog with the decision makers from several deals you've won and, importantly, those you've lost.

Such conversations typically yield a wealth of information that will support your strategic initiatives to improve your sales "win-rate."

- Leadership of the culture of winning
- Aligning all the teams
- Defining the necessary tools and systems
- Providing visibility of deal-flow metrics
- Creating visibility of recurring themes that impact sales outcomes
- Accountability in a no-fault, learn-from-our-experience environment

| Outsourcing Win-Loss—Key Considerations

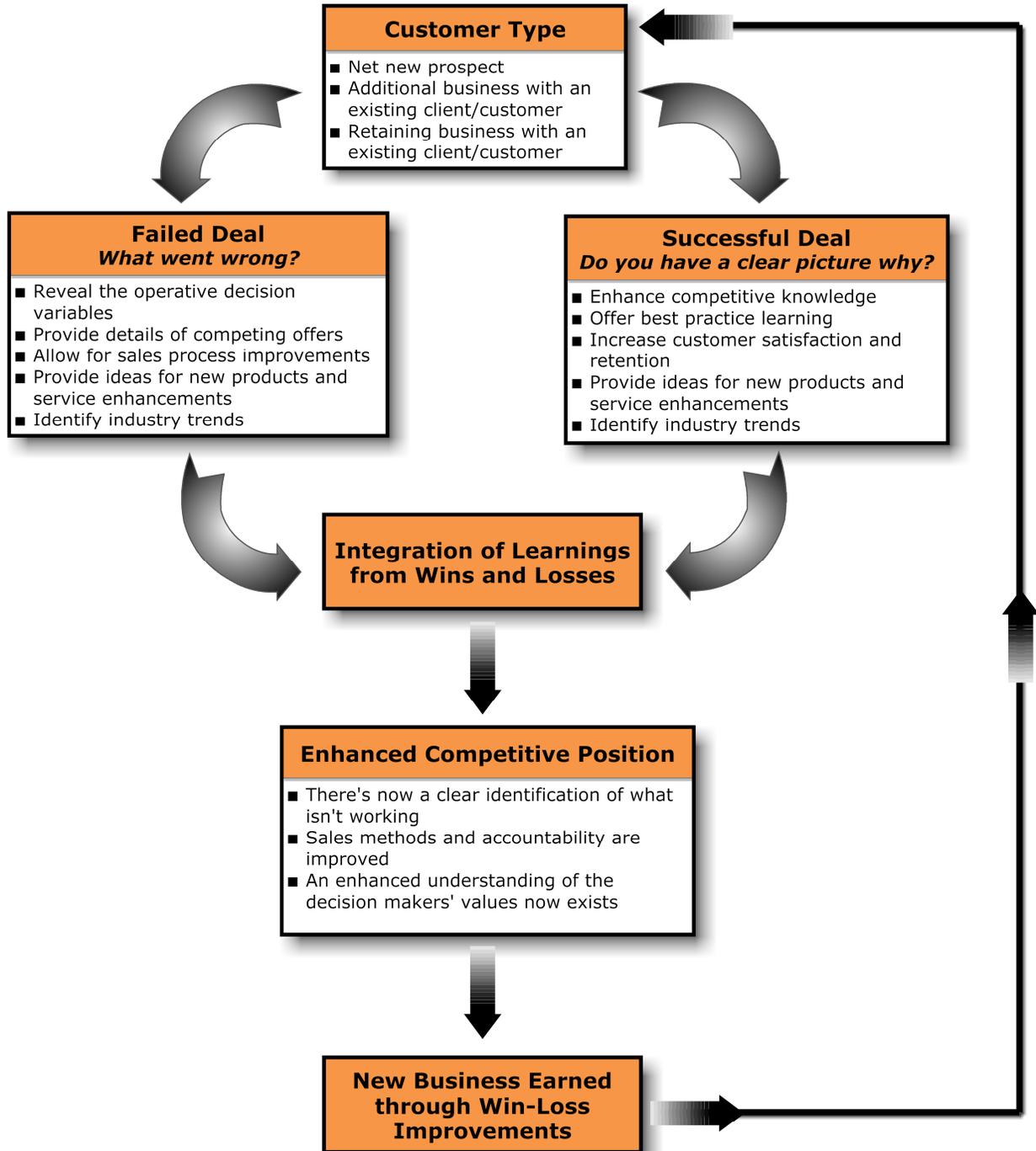
If your clients were revealing all the decision-making variables to your salespeople and you really knew all there was to know about your competition, Win-Loss Analysis could probably be done by your marketing staff. The reality is your customers are more likely to offer candid, insightful responses to someone whose feelings they aren't going to hurt.

An objective third party with a level of experience and expertise in this process is invaluable. When you hire an outside organization to conduct Win-Loss interviews, you eliminate internal politics that impact the process.

These interviews are very delicate, one-time events where your questions are answered well in a single conversation while leaving the failed prospect (or new customer) feeling good about your company in the process. This requires deep experience and a mature process that involves robust reporting.

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The Flow of Win-Loss Analysis



| Win-Loss Self-Assessment

Answering the following questions will get you started and tell you where you stand with respect to the potential usefulness of a Win-Loss Program:

<p>Big Picture</p>	<ul style="list-style-type: none"> ▪ Is there senior management attention to deal-flow, as opposed to just whether the sales team is hitting its forecast? ▪ Is there good alignment between sales and marketing in the process of new business development? ▪ Is there a culture that supports using analytics to support business decisions, as opposed to senior management operating on gut instincts? ▪ What is the general attitude about devil's advocacy (winning vs. protecting sacred cows)?
<p>Current Practice</p>	<ul style="list-style-type: none"> ▪ Is there a formalized process to track win-loss data and insights? ▪ What data and insights are systematically tracked with regard to each opportunity? ▪ What is the current (or anticipated new) CRM system and what is the level of adherence by sales leads to entering detailed opportunity data? ▪ How often are sales-opportunity metrics analyzed and reported? Who performs this? ▪ Is there separation between the sales function and the outcomes monitoring? ▪ Is there a process improvement system in place to improve the sales process using this data and insight?
<p>Pain Points</p>	<ul style="list-style-type: none"> ▪ Is your company winning the deals it expects to win? ▪ How acutely aware of losses is senior management? ▪ Is there accountability for sales results at the parent company level? ▪ What lost deals hurt the most? ▪ What are you learning from the wins?
<p>Details</p>	<ul style="list-style-type: none"> ▪ How many opportunities do you pursue in an average year? ▪ What is the dollar size distribution of these opportunities? ▪ What is the current win-rate? Has the win-rate changed? ▪ Is there a singular competitor you find yourself losing to consistently? ▪ Are the decision makers on the client side identifiable or are they hidden behind a bid process?

| Pricing vs. Non-Price Variables as Decisive Factors

The typical myth that comes out of a sales force "home-spun" Win-Loss attempt is that the deal was lost on price. If you are selling a differentiated, value-added solution, becoming the low price leader is not attractive. What a professionally conducted Win-Loss Analysis uncovers are all the non-price variables that influence the decision. Frequently, the process yields subtle keys to shifting emphasis in such a way that margins are maintained. Good news indeed for your company's sales and marketing efforts, as well as for maintaining your premium brand and position.

| Can Win-Loss Analysis Help Your Sales Efforts?

Increasing your sales win-rate is what Win-Loss is about. When you know what your customers are really thinking, you avoid repeating tactical mistakes and you don't lose future deals as a result. A Win-Loss Analysis also provides:

- A clear picture of what's working and what isn't in terms of responding to stated or implied customer needs in a true buying situation;
- An assessment of your intended brand and position and actual positioning measured at the critical moment when customers are deciding to do business with you – or with your competitor;
- Details of what your competitors are offering, often above and beyond the product or service differences – how are they sweetening deals and winning?
- Ideas – direct from qualified buyers – for new products and services or ways to improve your current offerings;
- Insight that drives competitive advantage, enabling you to retain current customers and attract new business;
- Identification of industry trends you may be missing;
- An opportunity to pinpoint any deficits in your sales training efforts.

| The 1st Resource Win-Loss Solution

1st Resource provides objective, constructive information that impacts results. Ours is a proven methodology that analyzes each individual deal as well as the patterns that emerge across multiple deals. 1st Resource is expert in establishing and managing Win-Loss Programs, using a proprietary process that enables a clear view of how a company's solutions are perceived by prospects and customers. Tactful, in-depth interviews are the key methodology but there are several facets to the program. For example, building a thoughtful, searchable database will enable you to translate deal metrics into actionable patterns for upcoming deals.

With our carefully integrated process, we're able to expose the internal mechanics of your customers' decision-making processes, whether they revealed those during the sales cycle or not. By isolating individual aspects of your sales process, we are able to identify your organization's strengths and weaknesses and how they compare to those of your competitors.

Win-Loss Assessment

1st Resource provides complimentary assessments of Win-Loss situations and the potential for improvement through implementing a Win-Loss Program.

Reference:

Schroder, R.M. (2009, August). Win/Loss analysis: A proven program for winning more business. *Manage Smarter*. Retrieved from http://www.salesandmarketing.com/msg/content_display/publications/e3ifab6e78a9e8ce1b32473efea3ba043e3



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