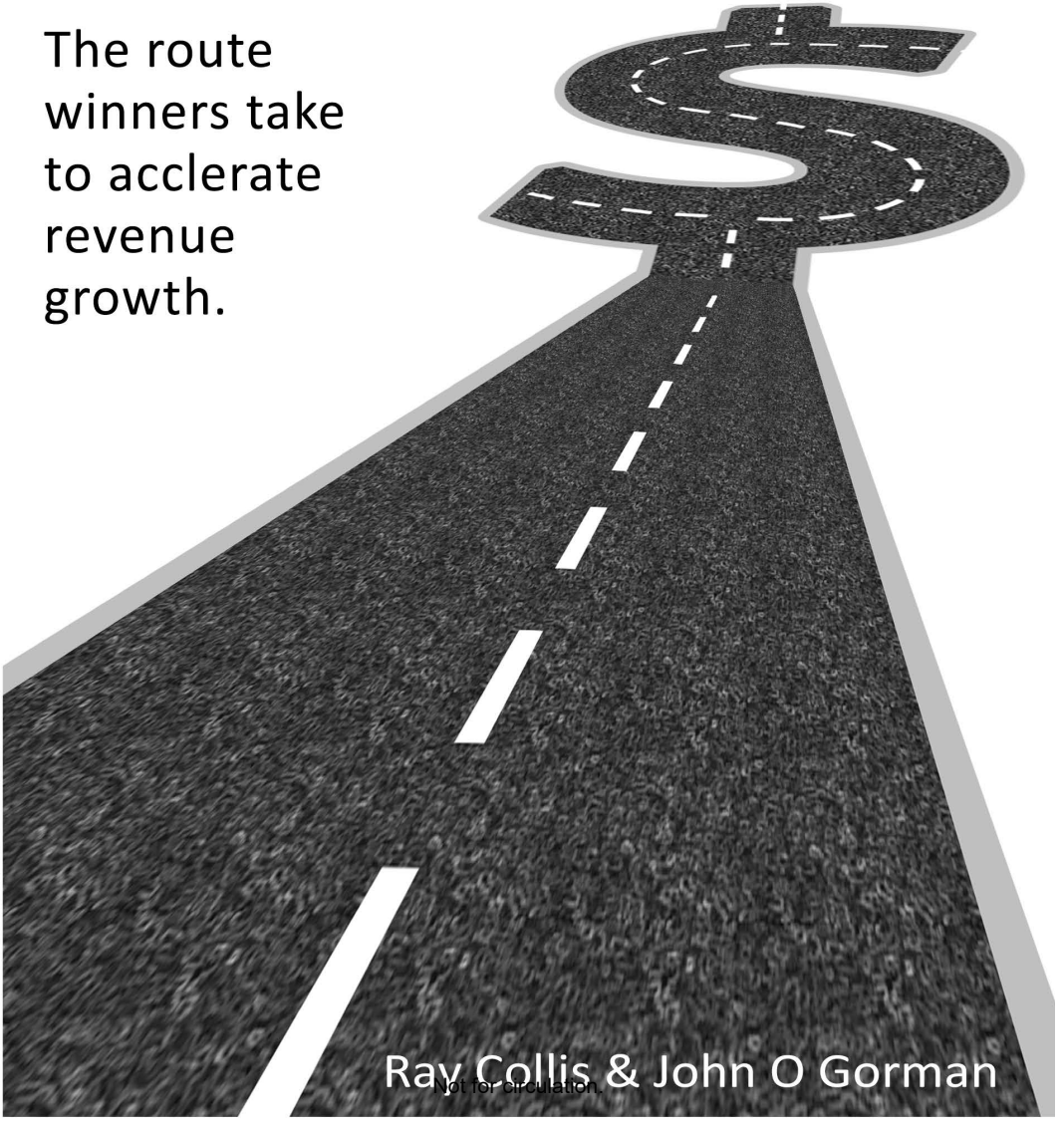
Pre-release Sample Chapters

How to Out-Market, Out-Sell & Out-Service Your Competition

REVENUE TRACK®

The route winners take to acclerate revenue growth.



Ray Collis & John O Gorman

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Pre-release Sample Chapters

The race for revenue is on. It is a race against the clock, with quarter or year-end approaching fast and competitors in close pursuit. Every lap of the track is a new customer or sale won, but does everybody on your team agree on the requirements of winning? Are they even on the same track?

The Revenue Track™ is the route that winners take to accelerate revenue. It is the ultimate road map for out-marketing, out-selling and out-servicing the competition.

Based on the latest research and data across 47 countries and 12 industries, the Revenue Track™ helps management teams to:

- Ensure the success of their; growth strategies, investment decisions and product-market choices through effective execution at the front line.
- Optimize the core; capabilities, processes and systems involved in the acquisition and retention of customers as a powerful growth driver and source of competitive advantage.
- Drive profitable and sustained growth through effective collaboration and cross-functional alignment.

Is your team on the right track for accelerated revenue growth?

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PART I:

The Revenue Track™

Accelerating Revenue Performance

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Section 1:
Managing Revenue Performance
The Application of Science

Introduction

Generating revenue (aka sustainable profitable revenue growth) is obviously at the core of business success. It is a primary yardstick for the performance of corporations and their managers. Yet the core processes and capabilities required, including people and skills, are in many ways less defined that they are in areas such as manufacturing and supply chain management. For example few organizations can map them out in the same way as they can their production cycle or supply chain. In this section we will examine why this happens and how it can and must be overcome.

You Can't Manage what is Fluffy or Vague

Ultimately the success of any business rests on its ability to acquire and retain customers at a profit. Yet in spite of its importance the core capabilities and processes around customer acquisition and retention are typically less well understood and even appreciated by senior management than in other areas such as production or finance. Indeed, at the board table marketing and sales are often seen as a 'black box' – they are considered 'fluffy', vague, and difficult to measure or manage.

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> *Creating revenue—arguably the most important thing any business does—remains one of its most expensive and inefficient processes.*
> Phil Fernandez[23]

Traditionally sales and marketing has been considered an art form. It was thought that great salespeople were born, not made. That marketing was inspiration, not analysis. However, views have changed, with managers adopting an increasingly scientific approach in both areas. That approach has brought with it more; discipline, structure, process and planning – all of which are absolutely necessary in the face of increasing competition and costs. However, when sales and marketing are compared to other business functions, such as; production, or accounting, there is still some way to go.

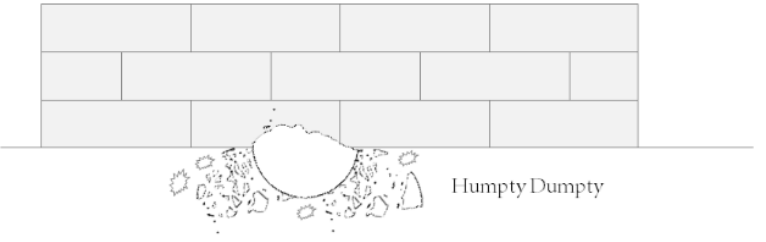
> *During the nineteenth and twentieth centuries, every other corporate function developed a body of knowledge that enabled it to measure and manage itself in a more consistent and predictable way. Consequently, corporate functions other than sales enjoy a fundamental understanding of their inner workings…*
> Jason Jordan & Michelle Vazzana[24]

Managing the Parts Isn't Enough

Ask people about the **key components of customer acquisition and retention**, or indeed of sales and marketing, and you will get a long and diverse list. Some people will focus on: lead generation, others on demand generation, marketing messages and materials, brand awareness, or promotional activities. More will focus on areas, such as; the salesperson, sales pitch or closing. Also likely to be mentioned, although perhaps less frequently, are; buying process, account management, customer service, customer satisfaction, and so on. Of course everybody is right, but in another way they are also wrong. Customer Acquisition and Retention is not just one or a few of these activities, it is all of them.

The problem is that **everybody is focused on the parts, but few are focused on the whole**. Different areas or disciplines have their own job descriptions, metrics, strategies and targets. They may have their own experts, qualifications and conferences - perhaps even their own language. All this means that they often operate as isolated functions or silos. Inevitably this can result in poor coordination, integration or alignment and even the occasional competitive spat or boundary dispute. To use an analogy it is like Humpty Dumpty - the storybook egg characters who on falling from the wall smashed into lots of different pieces. In a similar fashion 'all the king's horses and all the kings' men' couldn't put sales and marketing back together again. In a sense the Revenue Track™ (and the car that races on it) are an attempt at doing what 'all the kings' men' failed to do[25].

Putting
Marketing & Sales
Back Together Again



A fragmented approach to the acquisition and retention of customers is costly and inefficient. It inevitably results in underperformance. The objective of the Revenue Track™ is to **integrate as many as possible of the often disparate activities** involved in revenue generation into a highly visual framework so that nothing is overlooked and that people don't lose sight of the bigger picture, as well as the bigger prize. Such a perspective offers the prospect of an

integrated, coordinated and consistent approach that is both more efficient and more profitable.

> *'Break through the artificial silos companies have traditionally structured around departments. How? By tying the efforts and decisions made throughout an organization to the one thing that truly matters: revenue. More precisely, sustained revenue growth'.*
>
> Steve Woods & Alex Shootman[26]

Many of the individual activities associated with generating revenue are different and distinct - for example web marketing versus closing or negotiating the sale. However they do have one very important thing in common - that is **a common over-arching purpose**. The purpose is to generate sustained profitable revenue growth by means of the acquisition and retention of customers. This common purpose can and should be important enough to override any differences and to bind all the disparate activities together.

> *'Now, take another look at all the components and ask yourself: Does it all fit together under a targeted, unified strategy? Or do you have a tactical plan without a strategy?'*
>
> Max F. Cates[27]

For the most successful organizations marketing, sales and service are **not isolated or stand-alone activities and functions**. Rather they are part of an organization-wide effort aimed at acquiring and retaining customers in order to accelerate sustained profitable growth. There is no disconnect between the board room and the front line, between strategy and execution, or between sales and marketing, or any other function. However this is not the norm in most industries. Seeing

everything as connected and mapping the end-to-end process is key if a fragmented approach is to be avoided.

> *'…marketing fails whenever any part of the company fails to focus on customers. Procter & Gamble is not great because of its marketing capability; it is great because all its functions are customer-focused'.*
> Nirmalya Kumar[28]

The Long Chain of Activities

Sales and service find themselves at the end of a long chain of activities that begins with reading the market and thereafter results in sourcing raw materials and onwards to the delivery of finished goods. A great number of decisions have been made along the way - entailing significant investments in terms of people and resources at all stages from R&D to Production and Warehousing. It has to all end up with the right product in right place at the right time - quarter in and quarter out. This is key to business performance in many ways, including: profitability, liquidity, sales revenues and service levels. But within the context of increasingly global and fast changing markets that is a challenging job - one that cannot be left to chance. It requires a commitment to Integrated Business Planning (traditionally called Sales and Operations Planning (S&OP)) and a robust means of managing the interface between sales and operations, as well as all other functions.

The market will punish companies for missed sales numbers, or warehouses and shelves that are either too full or too empty. For publically quoted companies disruption in the supply chain typically slashes stock prices by 40%[29] and the impact of falling short on forecasted earnings can be similarly dramatic. Yet balancing demand and supply can be a challenge for many organizations and this reflects

itself in revenue performance. Indeed, Gartner describes 67% of companies as immature in terms of their sales and operations planning[30]. The goal should be to orchestrate demand and supply to maximize business performance, but a lack of integration and collaboration across functions mean that most companies fall considerably short of this.

Sales and operations planning is not easy. The challenges can manifest themselves in complaints from any of the following departments, or functions:

1. Production complains 'why don't they sell what we are producing, or what is in stock?'
2. Sales complains that they could sell more if there were no stock-outs, especially for the most popular items, or if delivery times were faster.
3. Customers complain of late, or incomplete orders, or worse still of quality problems.
4. Finance complains that there is too much money tied up in stock and is looking for savings in respect of procurement, production, warehousing and logistics.
5. Customer Service worries that incomplete or late orders are resulting in customer complaints.
6. Warehousing complains that buffer stocks are too small, or that there is not enough warehousing space for the level of stock required to meet service level targets.
7. Logistics complains of the costs of expediting 'short' orders is driving up costs.
8. Suppliers complain of new rush orders and last minute changes to orders already in the system. These complaints are echoed by Procurement.

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If any of the above are to be heard in your organization then Integrated Business Planning or S&OP is likely to require attention and The Revenue Track™ can help.

Integrated Business Planning

Integrated Business Planning is the alignment of sales and production, or supply and demand. But it goes further. It is about the achievement of corporate business and financial goals - the very success of the business. Its focus is the overall efficiency of how an organization produces its products / solutions and gets them into the hands of customers. It is the type of planning that is required in order to ensure that all part of the business are working effectively towards the achievement of the businesses strategic goals. This is reflected in the definition of S&OP by the American Production & Inventory Control Society (*APICS*)[31]:

> *'S&OP is the "function of setting the overall level of manufacturing output (production plan) and other activities to best satisfy the current planned levels of sales (sales plan and/or forecasts), while meeting general business objectives of profitability, productivity, competitive customer lead times, etc., as expressed in the overall business plan...'*

When S&OP is done well it results in a dynamic alignment between the organization, its suppliers and its customers. It ensures maximum flexibility with respect to responding to; changing market needs, the unique requirements of particular segments, the moves of competitors and so on. That makes it an organization wide concern, with all departments being involved, including; Procurement, Finance, Warehousing and Logistics and Customer Service. As the analysts point out a more sophisticated approach to S&OP or Integrated

Business Planning is not just about technology but requires addressing issues of ownership, culture, core beliefs.

The Application of a Process Mind-set

Concepts such as production cycle, product lifecycle and supply chain have long been used by managers to describe the sequence of activities required from raw materials to finished goods in the hands of customers. But while most managers can map how they manufacture products, they struggle to map (at least with the same precision) how they manufacture customers, or generate revenue. That means they can't bring the same level of visibility, structure and science to the core business activity of acquiring and retaining customers. In most cases organizations have more clearly defined processes around manufacturing and finance, than they have around sales and marketing. Yet consider how **sales and marketing is like manufacturing**.

> *… companies need to dramatically improve their level of control and to optimize the processes they use to attract and secure revenue – on a par with the attention other business disciplines have received over the past 150 years.*
> Steve Woods & Alex Shootman[32]

Think Manufacturing Revenue

Like manufacturing Marketing and Sales take raw material, transform it, and output a desired good. Specifically, it takes leads or suspects (raw material) and moves it through a number of processes/stages generate revenue and ultimately repeat revenue from loyal and satisfied customers. Marketing/Sales is further like manufacturing in that the process can be managed as a set of work areas/processes, with raw material, work-in-progress (WIP), and finished goods. Just as in manufacturing, each marketing or sales work cell has scrap rates,

yields, quality measures, and latencies. Other manufacturing and process engineering principles can also be applied including; process mapping and re-engineering, constraint analysis, continuous improvement, and lean thinking. The question then is: Why can't organizations map the way they manufacture customers or generate revenue, the same as they map the manufacturing of products? Well, as we will explore in the next section they now can. But before we look at that let's get to grips with the complexity of what we are planning to map.

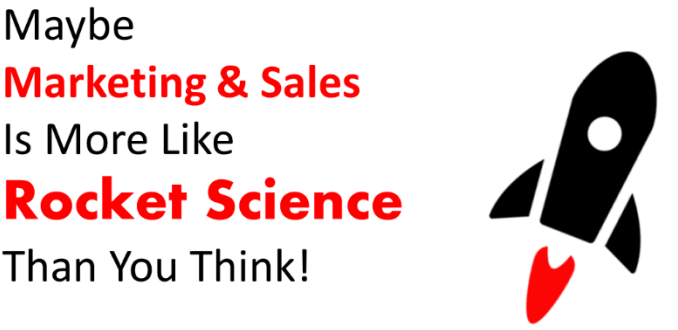
Embracing Complexity

There is a surprising complexity in respect of all the activities that are involved in revenue generation. We say surprising because the level of complexity or sophistication has traditionally been held to be below that of many other functions; R&D, Finance and Production - to name a just few.

The dominant view has been that sales and marketing 'ain't rocket science'. However, many external stakeholders underestimate what is involved. That is because in many ways sales and marketing is every bit as complex as building rockets. Indeed, in some ways even more complex. Rocket science has, for example, formulas and scientific laws to guide it, whereas sales and marketing doesn't. Rather the laws of physics, it must deal with the **vagrancies of human behavior** – more specifically the attitudes and behavior of customers, channel intermediaries and staff.

At surface level the meeting of salesperson and prospect(s) may appear to be a straightforward matter. Yet there are an infinite number of calculations made by an experienced salesperson in any meeting with a customer. These are **complex social, cultural and even political calculations** – many of which are made instinctively and without conscious deliberation. Some of the hidden complexities of a customer engagement include: reading non-verbal cues, interpreting

what is really being said, uncovering underlying motivations, building rapport and so on.



Other examples of the **hidden complexity** involved in marketing and sales, include:

- The challenge of predicting how the potential customers will react to any particular marketing message, or campaign or even a particular salesperson.

- The interpretation of market research data regarding the demand for a new product and parsing what customers have said to survey takers in terms of what it indicates about their likely behaviour.

- The ability of a customer support agent to sooth the concerns of an angry or dissatisfied customer by listening carefully, showing empathy, and finding ways to be helpful. This is something that even the most carefully written guide, playbook or script can fail to do.

'We sometimes forget that selling is a uniquely personal process composed of one person relating to another in a way that produces a sale'.

Max F. Cates[33]

These are just some of the reasons why we say that; when it comes to the arena of the complex or high-value B2B sale it will be a long time before a computer programme can be written to undertake activities such as conducting an effective customer meeting, or closing the sale. Yet few people other than those directly involved really understand how complex customer acquisition and retention actually is. There are dangers in this because if the opportunity or challenge is underestimated then the strategies and solutions applied will be over-simplified. The result is **under-investment and under-performance**.

Simplicity at the Other Side of Complexity

A key objective of the Revenue Track™ is to enable **greater cross-functional collaboration**, alignment and even affinity. More specifically to enable executives regardless of their title, background or area of responsibility to:

- Look at the key revenue generating activities of; marketing - sales – service in the same way. That is a shared singular view.

- Speak the same language – stripped of any loaded/contentious terms, technical terminology and confusing buzz-words.

- Go beyond people or events to see patterns and the underlying processes, systems and structures that create and reinforce them. Thereby removing personalities and politics. This is otherwise known as Systems Thinking or Systems Dynamics.[34]

  "For the simplicity on this side of complexity, I wouldn't give you a fig. But for the simplicity on the other side of complexity, for that I would give you anything I have."
  Oliver Wendell Holmes Sr.[35]

Summary

Stating the obvious the purpose of a business is to acquire and retain customers at a profit. Whether it is one or one million customers that exchange money (or something else of value) with the firm in return for goods or services, this is the source of revenue and profit. Yet in most organizations the core processes by which customers are acquired and retained have been less carefully defined than those relating to other aspects of the organization, such as production, or research and development. This happens because of a number of reasons:

- Marketing and sales have been traditionally seen as an art rather than a science, they are generally seen as; vague, fluffy and difficult to manage.
- Marketing, sales and service are often seen as a scatter-bag of disparate activities, processes and skills, resulted in the lack of a coordinated, consistent or integrated approach in pursuit of a common over-arching purpose – the acquisition and retention of customers.
- The absence of integrated business (or sales and operations) planning and failure to recognize that marketing and sales are at the end of a long chain of interconnected activities that shape business performance.
- A failure to fully engage with and appreciate the complexity involved in sales, marketing. For example the hidden complexities of a customer engagement include: reading non-verbal cues, interpreting what is really being said, uncovering underlying motivations, and unlocking buying team behaviors.

The good news is that these factors can be overcome and that all those activities involved in marketing, sales and service can be managed with the same level of science and sophistication that is applied to other areas of business.

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Section 2:

Mapping Revenue Performance

The Revenue Cycle Makeover

Introduction

Traditionally organizations have mapped and managed how they manufacture products, but not how they manufacture customers, or generate revenue. This however is beginning to change with organizations looking to apply the same discipline and structure to the Revenue Cycle as they do to the Production Cycle, or Supply Chain. That is a movement that the Revenue Track™ is aimed at speeding up.

The Revenue Cycle

At the core of success for any business is a means of generating revenue. More specifically a set of steps to acquire (and then retain) customers at a profit. It is a cycle – a Revenue Cycle - that when repeated continually delivers growth.

Having long mapped how products are manufactured (using concepts such as Production Cycle or Supply Chain) managers are now looking to **map how they 'manufacture customers'** aka generate revenue.

The concept of the Revenue Cycle originally found popularity in the healthcare industry, where the cycle typically began with providing a product or service and ended when the invoice for same was paid in full[36]. Beloved by accountants the management of the Revenue Cycle became a primary tool for maximizing profitability in an environment of increasingly tight margins and complex reimbursement mechanisms. However the approach has also been finding its way into other industries and applications. When used as a tool that aides marketers and sellers, as well as accountants, the Revenue Cycle takes on a richer deeper meaning. It begins not with the provision of a product, or service, but with a lead or enquiry for the product or service and it ends not after the invoice is paid, but enters a loop where satisfied customers return to transact again and again[37]. It covers the gambit of activities from web marketing to closing the sale and onward to servicing the customer, spanning multiple departments and functions.

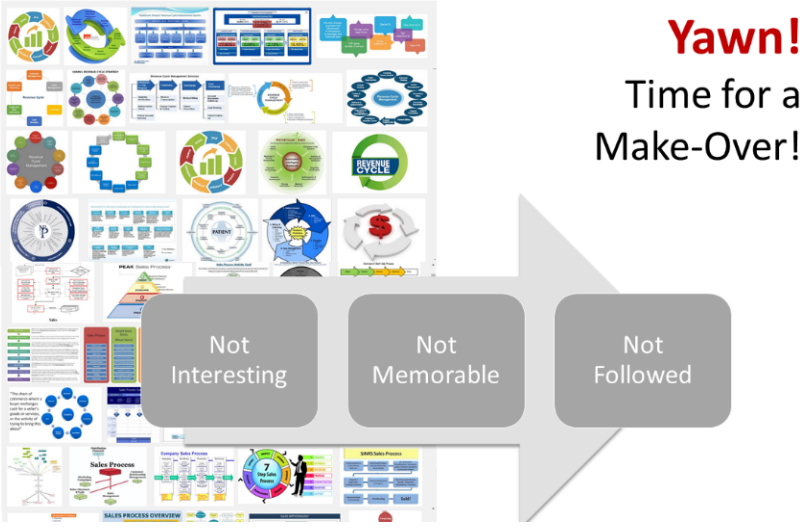
This book is about more than the Revenue Cycle however. That would limit its appeal and its power. We wanted an approach that **engaged managers widely across functions and industries** while the revenue cycle appeals to some industries (e.g. healthcare) and some professions (e.g. finance) more than others. Moreover the word 'cycle' has its limitations – for example it doesn't communicate high speed, high energy, or high performance. That is why we wanted to reframe the debate, finding a new approach and a new name to go with it. In short we wanted to give the concepts of the Revenue Cycle, or Revenue Performance Management a make-over.

The Great Revenue Cycle Make-over

Type 'Revenue Performance Management', 'Revenue Cycle' or any similar term in to Google™ and you will find a lot of diagrams and charts of different shapes, sizes and colors (as in the visual overleaf). There is one thing in common however – they are unlikely to capture

the imagination of many managers. We would even go so far as to say that they are boring and dull.

Little wonder then that it is difficult to get people excited about the processes underpinning revenue generation. The subject as it is normally presented is **not very interesting, or memorable**. The problem is that most people don't think in terms of process diagrams, arrows, circles or boxes – they see their job as being more complex (and indeed more interesting) than that. That is why the issues of Revenue Performance Management, Revenue Cycle or Sales Process need a make-over – one that ensures accessibility and relevance for managers business-wide.



Over the past 7 years, we have been working with teams to change the way they think about the core processes underpinning revenue generation as well as marketing and sales. We wanted them to link it to the everyday business challenges they were facing, the pressure they were under, as well as their innate desire to win.

The Race to Meet Target

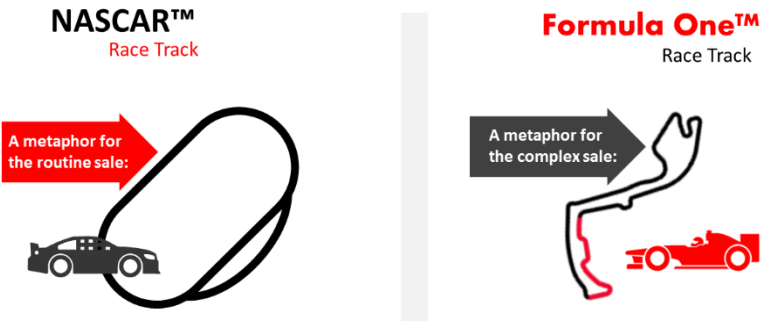
Most managers are effectively in a race to meet target. It is a must-win race for customers and revenue, with competitors in close pursuit. Moreover with quarter or year-end fast approaching it is a race against the clock. In the context of a race for revenue, attention turns to the race track as another way of seeing the revenue generating steps of the Revenue Cycle. Combine 'race track' with 'revenue cycle' and the Revenue Track™ was born in 2013.

The Revenue Track™ is a **visual representation (in the form of a race track) of the key steps involved in the acquisition and retention of customers**. The objective is to get the car, or the **deal /customer across the line in the fastest time possible**. For every lap completed the cash register rings – **each lap of the track is a customer or sale won**. But one sales is not enough - winning the race requires successfully completing many laps.

The Layout of the Track

There are two types of motor racing tracks – just as there are Revenue Tracks™. The first is those that are oval in shape – such as those found in NASCAR™ racing. The second are meandering race tracks with curves and other features intended to test driver stamina and skill.

Mainly found in F1™ racing, these tracks are so demanding that the car has to be a special shape in order to race on them. At speeds of up to 200mph on sharp corners a car without a nose cone and small inverted wings would simply fly off the track.

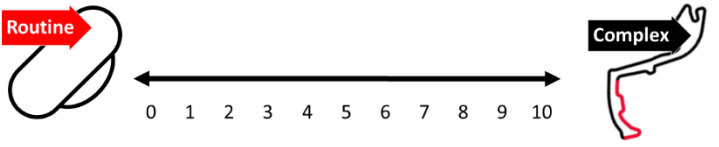


When it comes to the requirement of winning a customer there is a continuum from Routine to Complex – between the continuous NASCAR™- style circuit and the twists and turns of F1™. The complex shape of the F1™- style track is **reflective of a more complex sales environment**, with longer sales cycles, more demanding buyers, multiple decision makers, and so on. The twists and turns demand extra agility and skill on the part of the driver and the car. In short it is complex.

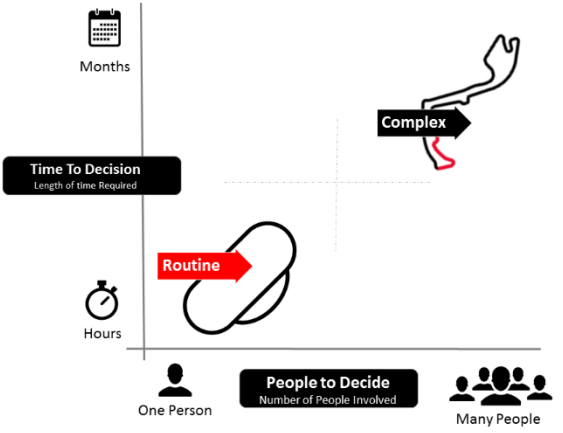
> *Sales is a continuously changing landscape due to competitive pressures, marketplace changes, and product enhancements, and someone is watching the sales numbers every hour of every day to make sure that everyone is producing. This mercurial, pressure-packed environment has a way of twisting and derailing the best-laid plans…*
>
> Max F. Cates[38]

Exercise:

Use the diagram bellow to put your company on the Routine to Complex continuum – keeping in mind that there may be more than one position in terms of its different products or markets served.



A note of caution before marking a position on the continuum above – please don't underestimate the level of complexity! In particular keep in mind the nature of the decision within the buying organization. Specifically the number of people involved (that includes stakeholders and those consulted in the decision) and the time required to make a decision. As in the diagram below these are **proxies for the complexity of the sale**.



That is because the cost of racing in F1™ is significantly greater than in NASCAR™, which has parallels for the Revenue Track™. The length of

time required to win a sale/customer and the level of effort and cost involved rises as sellers move from left to right on the continuum above. For this reason over-estimating the complexity would be as bad as under-estimating it. If you can win without cars and drivers that cost a fortune then great.

F1™ Levels of Complexity

Having chosen the complex and demanding F1™ style circuit we needed to select a particular track over which we would lay the key steps of the revenue generating process.

From among the 19 race tracks used in F1™ we chose Monte Carlo because it conveys a story that illuminates the demands of modern revenue generation. With so many twists and turns it **is the ultimate test of driver skill**. Indeed Formula One™ champion Nelson Piquet is often quoted as saying that racing at Monaco was "like trying to cycle round your living room"[39]. To this he would add "a win here was worth two anywhere else"[40].

The distance involved, the number of laps and the critical points are key factors in describing the Monaco track. But they also describe the process for acquiring a customer or winning a sale.

(a) Distance

The length of the track is important. For the driver it is measured in kilometers (260km in the case of Monaco), for the marketing or sales executive it is measured in days, weeks or months.

Monte Carlo Circuit
Circuit Length: 3.37 km
Race Length: 260.29 km
Laps: 78
% Full Throttle: 34%
Avg. Speed: 158kph
Max. Speed: 290kph

(b) Laps Required

A lap of the Monaco track is 3.3km, with a total of 78 laps to be completed in order to win. From our benchmarking data salespeople put the average length of sale at 150 days, the number of laps to be completed at 25 in order to meet target (a figure they calculated by dividing the individuals own revenue target by the average order value).

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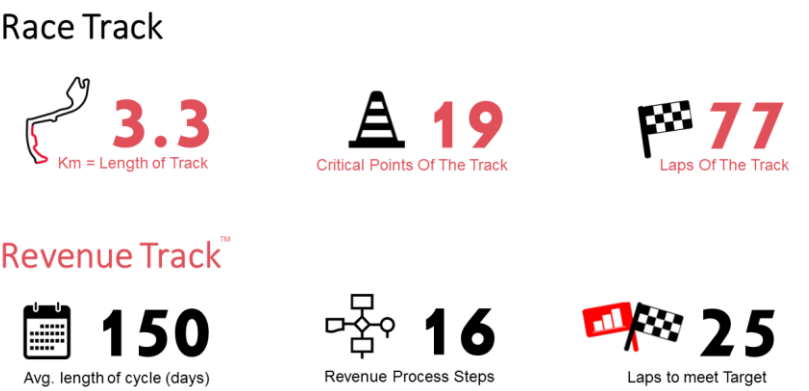
(c) Critical Points

Getting across the finish line is not easy however and **there will be many laps begun that will never be completed** (perhaps as many as one in 10). The critical points are the parts of the track where the driver can win, or lose the race.

In Monaco there are 19 critical points on the track where particular skill is required. They typically correspond to curves and corners on the track and require particular skills and techniques on the part of the driver. On the Revenue Track™ there are a total of 16 critical points in respect of the end to end marketing – sales – service process. For each of these points there are 3-4 key success factors to consider.

To sum up here is a comparison of the Monaco and Revenue tracks:



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Re-framing Revenue Performance

Changing the name Revenue Cycle into Revenue Track™ is more than semantics. The power of the Revenue Track™ is rooted in the fact that it gets managers and their teams to think about business growth and team/personal performance in a new way. Underpinning this is a scientific process called 'cognitive reframing.' More technically re-framing means 'to change the conceptual and/or emotional setting or viewpoint from which a situation is experienced and to place it in another frame which fits the 'facts' equally well or even better, and thereby changing its entire meaning.'[41]

The reasons to 'reframe' are to **de-personalize, de-politicize and to de-jargon** the issue. Reframing is aimed making the subject of generating and sustainable profitable growth through the acquisition and retention of customers more interesting, more visual and more memorable. Most important of all it is about finding new solutions to old problems and generating new ideas that can have an impact on results.

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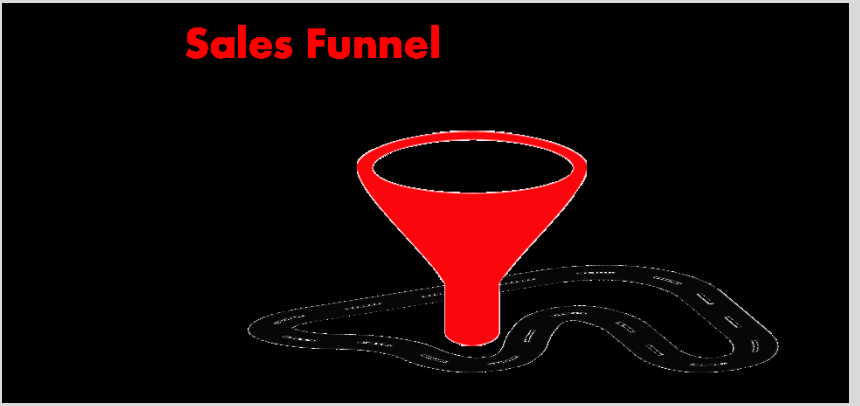
Re-inventing the Funnel

Although it has been around for decades the sales funnel as a metaphor for the revenue creation process clearly has its limitations. Indeed many are coming to the view that it is the wrong shape to reflect the realities of today's more complex marketing and sales activities. In short it is too simplistic. In the words of Phil Fenandez 'water may flow downhill, but leads don't'[42].



In respect of the complex sale a visual that shows leads going in at the top and sales almost magically coming out at the bottom simply cannot provide sufficient clarity or insight into the requirements of accelerating revenue growth. Funnels don't have twists and turns, or stops and starts, while real world revenue generation processes do.

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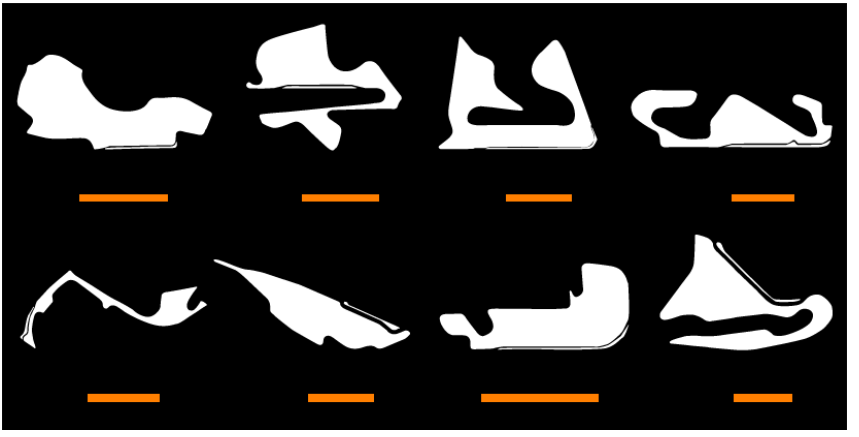
Knowing Your Track

The track you are on matters. It sets many of the requirement of winning. For example every one of the 19 F1™ circuits worldwide is different. That means how you drive in Monaco is different to how you drive at Monza. So too is the set-up of the car and just about every aspect of the strategy that is required to succeed. Something similar applies in business.



Knowing the track is essential. Setting a strategy to win without knowing the race track is almost impossible. Without being able to see the track a manager must intuit the answers to the following important success-related questions:

- How to get more customers / deals across the line?
- How many laps will be required?
- How much fuel will it take to get around the track?
- Where on the track to use the throttle, the clutch or the break?
- Where can you speed up and overtake?
- Where to slow down and what parts are dangerous?
- What kind of driver and skill/technique is required?

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Summary

Traditionally organizations have mapped and managed how they manufacture products, but not how they manufacture customers, or generate revenue. This however is beginning to change with organizations looking to apply the same discipline and structure to the Revenue Cycle as they do to the Production Cycle, or Supply Chain.

The Revenue Track™ is a visual representation (in the form of a race track) of the key steps involved in the acquisition and retention of customers, **as well as the cross-functional; capabilities, processes and systems that underpin them.** By applying cognitive reframing and visualization using the track we communicate the thrill of the race, as well as its dangers – something that the typical process diagram struggles to do.

Changing the name Revenue Cycle into Revenue Track™ is more than semantics. The power of the Revenue Track™ is rooted in the fact that it gets managers and their teams to think about business growth and team/personal performance in a new way.

The complex shape of the F1™- style track is reflective of a more complex sales environment, with longer sales cycles, more demanding buyers, multiple decision makers, and so on. The twists and turns demand extra agility and skill on the part of the driver and the car.

Knowing the track is essential. Setting a strategy to win without knowing the race track is almost impossible.

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Section 3:

The Revenue Track™

A Bird's Eye View

Introduction

Take a moment and think of **all the activities** that are involved in the acquisition and retention of customers. From the initial lead or enquiry to the closing of the sale and thereafter to product delivery or customer support. Winning and growing customers is a complex and costly process involving many people and a whole lot of work.

Spanning several departments or functions, the activities range from; generating leads to closing sales and thereafter to serving the customer and managing the account. Customer acquisition and retention includes the everyday activities **undertaken at the front line**, such as: handling inbound enquiries, sales appointments and calls to the support desk. But it also includes supporting activities undertaken in the back office, such as: planning marketing initiatives or sales campaigns, devising messages or materials and preparing customer proposals or quotations. The list goes on and on. These activities reveal a surprising level of complexity involved in acquiring and retaining customers for many.

When something is considered complex - two things help. The first is to visualize it – in the sense that 'a picture paints a thousand words'. The second is to break it down into its parts, specifically its constituent parts. In this section we will do both for the revenue generating activities of the business.

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A Bird's Eye View

Let's begin by taking a bird's eye view of the Revenue Track™. The archetypal B2B revenue-generating process has five stages, although some organizations get by with less. Here is a one line description of each of the 5 colour-coded stages:

Stage 1: CONTACT

'…how potential customers are identified, enquiries generated & converted'.

Stage 2: TALK/MEET

'…the initial conversation with the potential customer (either by phone, or face to face)'.

Stage 3: ENGAGE

'…engaging with prospects to match their needs with the seller's solutions'.

Stage 4: WIN

'…winning the order, including proposals, negotiation & closing.'

Stage 5: GROW

'…generating sales to existing & past customers, as well as from referrals.'

Most managers say that at least 3 of the stages are immediately relevant to their business and that is where they then focus their attention. But how many are relevant to your business? They don't all have to fit - feel free to tweak any of the labels, add or exclude a step in order to customize the Revenue Track™ for your business. We would however recommend that you explore the various stages in a little more detail in this section first.

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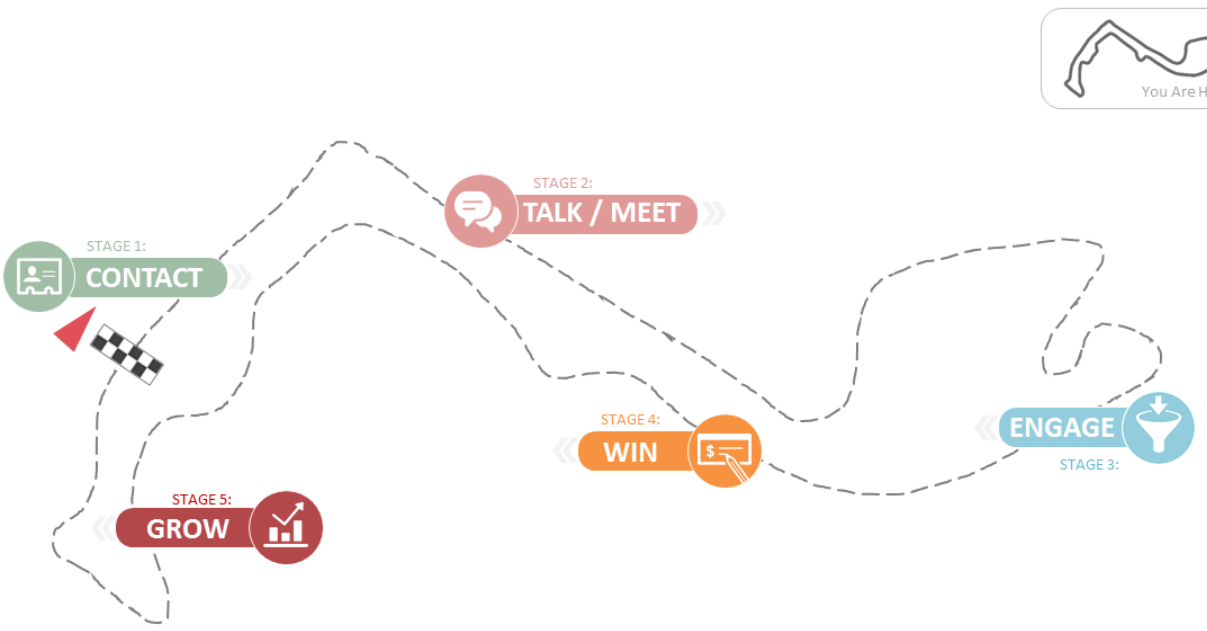
Pre-release Sample Chapters



The Revenue Track™

...the 5 stages of the Revenue Track™.

The Revenue Track™ is a visual representation (in the form of a race track) of the key steps involved in the acquisition and retention of customers, **as well as the cross-functional; capabilities, processes and systems that underpin them.**

It is important to point out that objective of the Revenue Track™ is not to present managers with a rigid process, but rather to synthesize global research into a flexible framework and set of tools that managers can use to develop, or optimize their own Revenue Track™ - one that is specific to the needs of your organization and its industry. With that said, let's explore the track as a framework.

High Level Observations

Look at the track for a few moments – what comes to your mind? Well, here are some of the most common observations:

It is complex. Completing the track is going to take time and quite a bit of effort and skill. Indeed a strategy is likely to be required. It is also going to be expensive - as they say 'racing is the best way to convert money into noise.'

There are lots of twists and turns – any of which could send the driver off the road. Just as there are more curves than straight lines on the dollar sign, there are more curves than straights on the Revenue Track™. This is a test of driver skill because as legendary rally driver Colin McRae puts it 'straight roads are for fast cars, turns are for fast drivers.[43]

It is about winning. The Revenue Track™, just like the race track, is about winning. It's about getting the customer or sale 'across the line'. But this happens in stages and in laps. It is a process rather than an event - a journey rather than a destination.

The track is a loop or a lap. Each lap of the track is a customer or sale won and certain number of laps are required in order to win - that is to meet and exceed target. The implication is that one or two good laps isn't enough.

You need to know the track – knowing the track enables the driver to speed up and to slow down in the right places and reduces the number of shocks and surprises to which the seller is exposed.

In racing the length of the track is clear - it is measured in kilometers and miles. The number of laps has been clearly defined – in the case of the Monaco track each lap is 3.3km in length and it takes 77 laps to complete the race. If only the requirements of winning in sales marketing and service were equally clear, including the number of campaigns, clicks, sales presentations, conversations, and so on that are required to exceed target.

Putting the Track in Context

The Revenue Track™ describes the **process of engagement with customers** and prospects – contact, meet, engage and so on. The track shows the **marketing - sales - service** progression not as a journey, but rather as a race. That is reflective of the pressure teams are under to win the sales required to meet target as quarter-end approaches with speed.

The objective of each stage is to **progress to the next stage**. For example at the CONTACT stage the objective is to get a meeting and at the TALK/MEET stage to engage in a process of matching needs with solutions (subject to prequalification). Confidence and the likelihood of winning the sale increases as the seller moves from stage to stage. However a customer, opportunity or prospect may spin off the track at any stage.

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Understanding the Labels

The labels for the stages are quite literal – for example:

- The first stage is called 'Contact' and that is exactly what happens there – the first contact with the customer or prospect.
- The second stage is called 'Talk/Meet' and again that describes what takes place at that stage.

They are also active **rather than passive** labels, thereby putting the focus on execution or taking action.

The labels used for the stages of the Revenue Track™ have been carefully chosen in order to be as widely applicable as possible, for example they are chosen to travel well, in terms of different geographies and different languages. Moreover they are designed to minimize (as much as is possible) any issues of contention or misinterpretation – this is examined as we explore the stages. That said the labels are totally flexible – you can tailor them to your business as required. No one framework or process can accurately describe every sales or marketing situation. Care should be taken to tailor the process to your specific industry, organisation and customers. In addition when selling internationally, the customs and cultures of different countries should be taken into account.

An Integrated View

The Revenue Track™ is about **retaining, as well as acquiring; customers**. So, it very much about the success of the organization. The focus is on the core capabilities, resources and processes of the organization in these two areas.

Stages 1 to 4 are engaged in the acquisition of customers, while stage 5 is involved in retaining and growing existing customers. Another way of looking at it is that marketing is involved in 1, sales is the primary owner of 2 to 4, while service and support is key to 5. However the key

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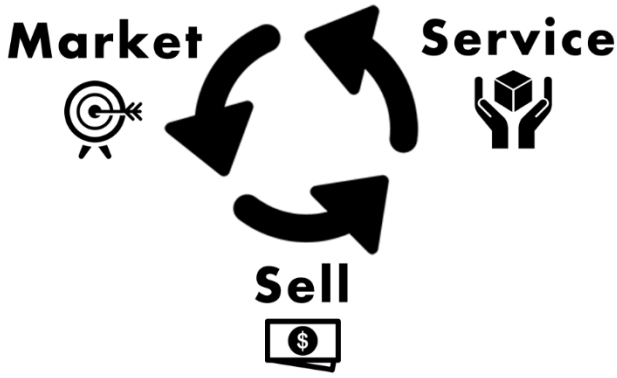
point is that successfully completing one stage is not enough. All the stages are connected. In this way the Revenue Track™ **blurs the traditional boundaries** between marketing, sales and service. It sees these functions not as silos, but as an integrated triad.



The effective alignment of sales and marketing is a key success factor, yet it sadly absent in many organizations. Many managers are left struggling with questions, such as; 'Where does marketing end and sales begin?' The Revenue Track™ seeks to unify marketing and sales in the pursuit of a common definition of winning - revenue. It connects the two in a loop where there is both seamless integration and endless back and forth. For example leads generated by marketing are handed over to sales when qualified as ready, but can be handed back for nurturing support where no immediate opportunity can be uncovered by sales.

> *Rather than view revenue as a difficult-to-predict outcome resulting from the efforts of multiple groups in two or more functions, leading businesses are now thinking of a single revenue engine that spans both marketing and sales.*
> Steve Woods & Alex Shootman[44]

Where to Focus?

For some organizations stage 2 of the track (meeting the prospect, face to face, via the phone or online) is the challenge or opportunity for improvement. For others it is stage 4 – winning the order. However because a lap of the track requires completing all the stages you cannot be good at just one or two areas. Your organization needs to be good at them all. After all, what is the point in excelling at getting in the door (generating the leads and securing the meeting) if you fall down on getting the order, or closing the deal.

Q: What is your best stage (i.e. where you perform the best) and what is your greatest delta (i.e. the stage offering the greatest opportunity for improvement)?

Know the Track

An aggregate view of a track is of little value. It won't reveal to the driver where to accelerate and overtake, where the obstacles are and so on. Take Monte Carlo for example - laid out on narrow streets the track has it all – elevations, tight corners, crash barriers and a tunnel – knowing the track is essential for the driver who wants to win (or even finish the race). **An intimate knowledge of the track is essential**, more important still is knowing where to accelerate and to brake. The driver has to adjust his or her strategy for each part of the track. Indeed, the Monaco Carlo track has a reported 55 gear changes per lap. For more than one third of the key points on the track the car is in first or 2nd gear. That is essential information for the driver[45].

Let's start at the beginning of the Revenue Track™ – the 'Contacts' stage and go from there **one stage at the time** to complete a full lap of the track. In doing so we will get a high level view of each stage and its particular opportunities and challenges. Later in the book each stage will be examined in more detail, with stage-specific tools and strategies also examined.

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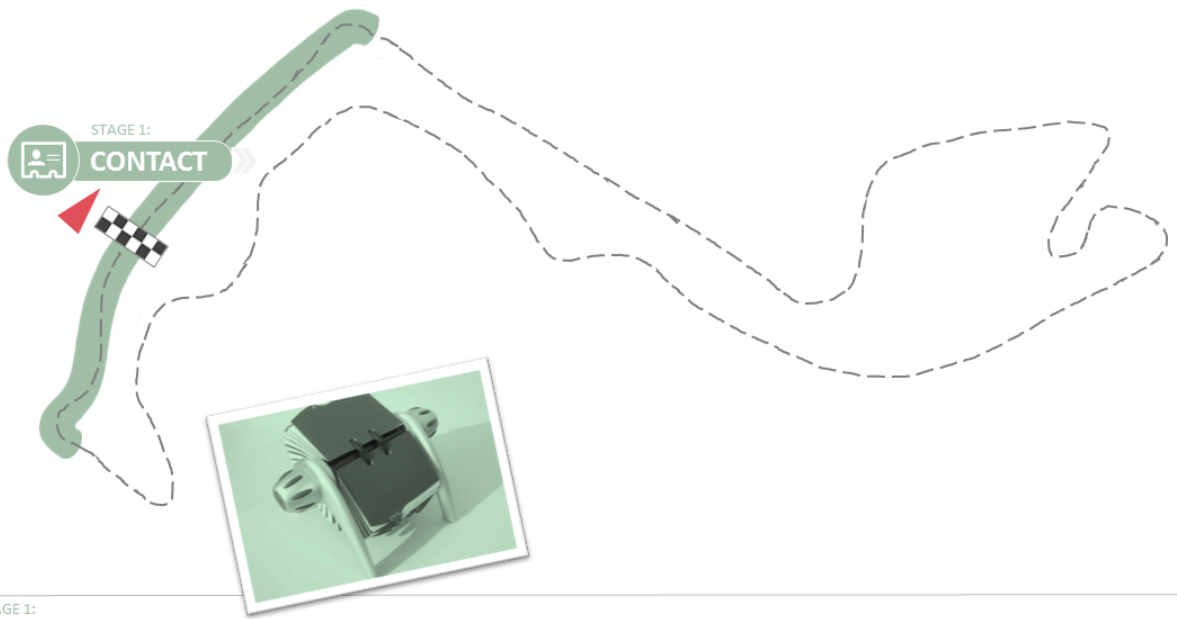
Pre-release Sample Chapters

Level of Detail: **Stages** Steps KSFs

You Are Here



STAGE 1:
CONTACT

'...how potential customers are identified, enquiries generated & converted'.

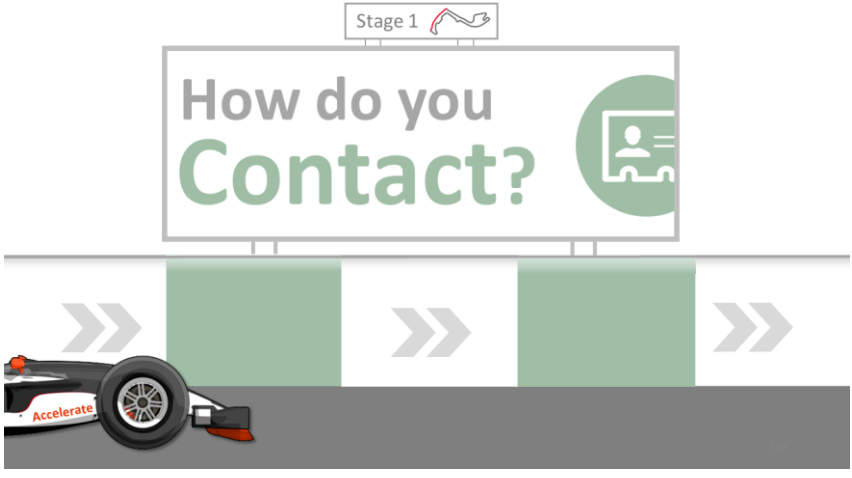
STAGE 1:

CONTACT

In the beginning there was a contact. That is some form of contact between the organization and the customer or prospect. Perhaps a web enquiry, an in-bound enquiry, or an out-bound telesales call. This is what happens at the first stage of the Revenue Track™.

DEFINTION: ***'…how potential customers are identified, enquiries generated & converted'.***

The **CONTACT** stage is concerned with: 'How potential customers are identified, enquiries generated & converted'. This is the beginning of the track, the initial point of customer/prospect contact, the genesis of the relationship or sale and the start of the marketing and sales journey. But before we explore the stage take a moment to consider:



CONTACT Stage: Commentary

The symbol is the classic contact icon – the contact page from a Rolodex™ and the color is green for 'GO!' (If you are looking at it in color). Contact in the context of this stage is both a noun and a verb:

- It is the contacts in a Roladex™, Spreadsheet, Facebook™, Linked-in™, CRM system, or in the company database for which there is a name, telephone number, etc. They may be the result of either in-bound or outbound activity. The number of contacts gathered and the profile/character/source, or most importantly quality of those contacts, are KPIs at this stage.
- Contact is the act of reaching out and making contact with potential customers, as well as those activities engaged in generating inbound contact (enquiries, registrations, meeting requests.), nurturing contacts and converting contacts into a sales-ready state. The level of contact activity underway, as well as the quality and effectiveness of that activity, are KPIs here.

Contacts, not Leads

The debate about 'when a lead is a lead' could go on forever. For some a lead is a suspect, a prospect, a hot prospect, or an opportunity. For others it is none of these things. In order to sidestep a debate that is often unhelpful, we use the term 'Contact' in place of the term 'lead' or anything that falls into that same category. The term 'contact' is a lot less contentious, but there is another more important reason for using it – it engenders a different mindset and set of principles. It is about treating leads like contacts - something that our research shows can greatly boost the success of both sales and marketing.

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CONTACT Stage: Why does it Matters?

This stage looks pretty straightforward, but it is **deceptively difficult**. Indeed, for many organizations it is one of the most demanding of all the stages. Those drivers and teams who master this stage will spend more time on the winner's podium.

> *'80% of the time, better & more predictable lead generation is the key to unlocking faster, predictable growth'.*
> Aaron Ross & Jason Lemkin[46]

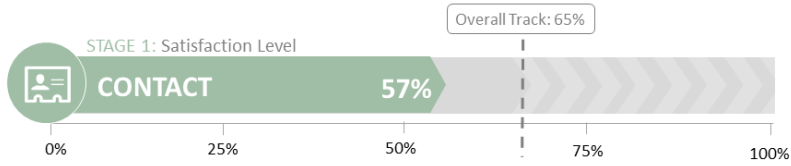
It is all too easy to underestimate the **level of work and the discipline** or skill required at this stage. While the stage itself is relatively straight, the entry and exit are extremely sharp right angles. Most contacts (leads or enquires) don't make it around these bends and consequently go nowhere.

CONTACT Stage: How does it perform?

If you want to see a driver/team at its best then this is probably not the place to look. Indeed for many organizations this is **the Cinderella of both sales and marketing**.

> *'Most sales teams are content to play in the third division when it comes to lead generation even though they expect to be in the first division when it comes to selling'.*
> 'The B2B Sales Revolution'[47]

For most sellers this is **not the most popular stage** of the track – indeed it can be a major source of frustration. The average executive puts their confidence and satisfaction at this stage at a mere 58% - that is the lowest of all stages of the circuit[48]. It is not surprising then that having enough quality leads emerges as the top sales challenge[49].

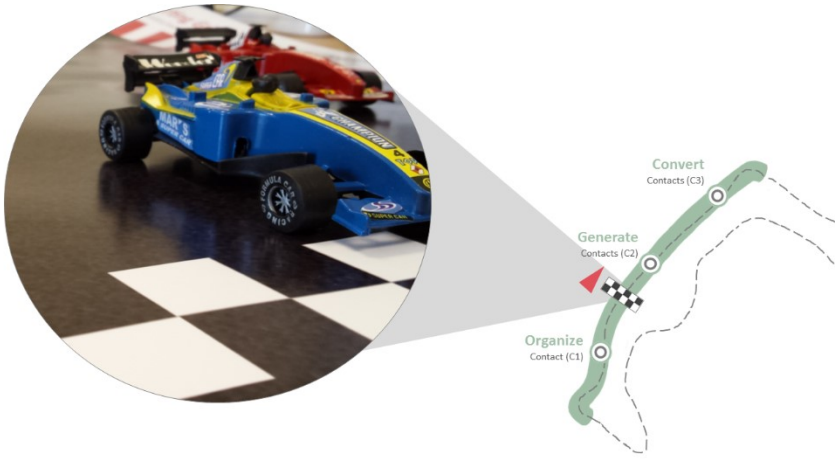


Yet getting off to a good start is essential. Under-performance at this stage of the circuit can haunt the driver for the entire race. If you get off to a shaky start at this stage, it can be hard to make up for the lost time later on. On the other hand getting off to a good start here can play an important role in success. Indeed, our data suggests that the impact of just a 3% improvement at this stage of the Revenue Track™ could have an impact of up to 35% over the course of the entire track.

CONTACT Stage: What are the Challenges?

Getting off to a good start is key to race success, yet the CONTACT stage is **often misunderstood and underappreciated**. It is not considered the most exciting. For many it is a **less glamorous stage**, sometimes even associated with a certain level of drudgery. Too many people fail to see the link between performance at this stage and winning the race. In particular, they misjudge where the starting line is and therefore only join the stage at the half way point.

On looking at the stage (see overleaf) you might ask: 'Why is **the starting line** in the middle and not at the beginning of this stage?' That is an important question. It points to the range of activities that are being overlooked by many organizations in their rush to generate more leads.



That step with its own set of activities is called Organize Contact(s) and getting it right means that the driver is effectively in pole position before the race begins. We explore Contact stage activities in more detail in Section 4.

CONTACT Stage: What Changes are Underway?

Driver techniques are rapidly changing in this area, keeping up to date with these changes is a key opportunity/challenge. The move to a **more sophisticated approach** is key – one that goes beyond cold calling and mass marketing. This is evident from the billboard names at this stage of the track – as shown overleaf.

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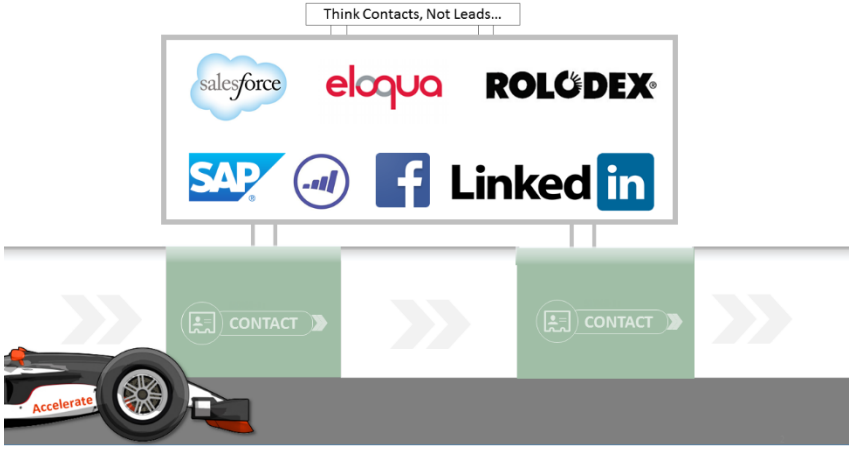

The sponsor names on the billboard highlight the importance of:

- New **media** (including social media) adding names from sources such as Linked-in™ and Facebook™ are replacing that of Rolodex™ (the company that gave its name to the desktop card index for storing contact names). Drivers at this stage of the track are updating Linked-In, Twitter and other sources online.
- **New Technology** such as CRM systems (e.g. SAP™ and Salesforce™) or Marketing Automation tools (e.g. Eloqua-Oracle™ and Marketo™). This is a high-tech stage of the track. Those who are not leveraging the latest tools and systems in this area will find themselves at a disadvantage (see Section 10).

As we will discuss later the Contact stage of the track has been extensively re-designed in the past 3-7 years. The result is new modes of engaging with customers and new messages or materials, plus the technology to manage them (see Section 10). For this reason it requires your special attention.

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CONTACT Stage: What is the Customer Perspective?

The CONTACT stage can be a **noisy part of the track**, with other suppliers and contenders revving their engines and spinning their tires. In marketing terms that means being heard over the noise can be a challenge. This stage is all about **engaging the spectators**, as well as generating new enthusiasts for the sport. That is what generating demand is all about. The role of marketing at this stage is to educate and entice the market. That includes those who are not yet in shopping mode - hopefully what they see and hear will get them interested. Don't take that for granted however. Customers don't need to turn to vendor marketing anymore, they have access to a wide array of other more convenient and often more trustworthy sources (see Section 10 and Section 14).

CONTACT Stage: Who Races Here?

The CONTACT Stage is an **integral part of the track** - it cannot be divorced from the other stages if the driver is to successfully complete a full lap. Yet in some organization this stage is effectively **'no man's land'** with confusion about who is responsible for generating and nurturing leads, or even pooling contacts organization-wide. One result is that too many salespeople are left **travelling solo on this section of the track** – they must self-generate the majority of their leads.

At the contact stage the **competition can be internal**, as much as external. To use the racing metaphor - F1 teams have two cars in every race and the internal rivalry between the 'same-team drivers' often captures the headlines. However when it comes to sales and marketing that rivalry can be particularly intense and it is at the contacts stage of the track where it is most obvious. However jostling for position in an open wheeled car is particularly dangerous, it can

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send both cars spiraling off the track. Yes it is hard to say **where marketing ends and sales begins**, but cooperation between functional leaders, teams and different drivers is essential at this stage. Alignment and collaboration begins at the Contact stage (see Section 11).

CONTACT Stage: Advancing to the Next Stage

If the contact is successful then the seller gets to progress to the next stage – that is to MEET. Let's examine that next.

Later, in Section 4, we will examine the CONTACT Stage in detail, including its steps and key success factors.

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