

What B2B CMOs Learn from Conducting a Deal Loss Analysis

How to Quickly and Easily Gain Meaningful Market Feedback to Improve Your Win Rate

Fewer than 20% of B2B technology companies conduct proper analyses of their deal losses through post decision interviews (*Pragmatic Marketing*, 2015).

Most B2B CMOs have invested heavily in driving prospect engagement and lead generation. They fill the top of the sales funnel aggressively and have tight metrics on the lead generation process, including conversion to an opportunity.

Sales takes over and there is a tremendous investment to develop those leads into opportunities and then to proposals, and yet typically more than 70% of qualified prospects end up as lost or abandoned.



Most organizations fail to obtain actionable intelligence from these losses and settle for a “loss code” in the CRM system and some high-level feedback from the salesperson. Given the investment to find leads and move them to a proposal, is that all we should expect to learn from our failures?

The benefits of even a modest improvement in win rate can be enormous – a 5-10% improvement in win rate. Driving to consistently improve and learn from real market feedback are traits

of winning organizations. Conducting thorough deal loss analysis is not seen as “discretionary” or optional in successful organizations.

THAT MAKES SENSE. SO WHY ARE SO FEW CONDUCTING FORMAL DEAL LOSS ANALYSES?

From conversations with Marketing and Sales leaders at many companies, three primary reasons emerge to explain why most companies do not undertake thorough deal loss analysis:

- (1) They feel they know the answers already
- (2) They feel they don't have the resources for such an analysis
- (3) There is no clear ownership of deal loss analysis – Is it Sales? Marketing? Product Management?

Normally, a relationship develops with won customers and that provides the opportunity to gain insights into the comprehensive reasons why you won, but even here, many conversations with Sales and Marketing leaders have revealed how superficial that understanding can be. Formal, actionable intelligence from “Won” accounts is lacking in many companies. Certainly, a common understanding about the reasons that customers buy is rare across the key functional groups of Marketing, Sales and Product Management.

With losses, the level of common understanding is far less. A lack of common and clear understanding of loss drivers across the organizations can lead to functional teams prioritizing actions and improvement differently. Clear and detailed assessments of Losses help to unify and prioritize cross functional focus.

While the logical owner may be the sales function, they are often the group that feels they know the reasons already and they are typically not resourced to conduct formal and objective Deal Loss Analysis work.

WHAT IMPACTS WIN RATE

Research on win rates (*Sales Benchmark Index, 2015*), indicates that average win rates are 21%-30% of qualified prospects. This rises to 46% of forecasted deals (range of 35%-55%) (*CSO Insights, 2015*). Further research (*Demand Metric, Sales Experience Quality Benchmark Study, July 2014 n=182*) has also identified eight keys that consistently impact win rate. It’s easy to imagine where underperformance on each of these impairs win rates. Formal interviews with Losses helps to specify and prioritize where improvements can be made.

- Formal prospect definition
- Number of connections at the prospect account
- Ability to cover all the bases with all buyer influencers
- Fully understanding the prospect’s buying process
- Ability to differentiate
- Having a demonstrable ROI
- Ability to do a thorough needs analysis
- “Bad” sales meetings



Striving towards best in class win rates of 55% of forecasted deals and 30% of qualified prospects has huge positive impacts on marketing effectiveness, selling costs and top line revenue. These are metrics with material leverage across the organization. Understanding these common drivers of win rates help to guide the development of insightful interview questions when conducting a Deal Loss Analysis.

TYPICAL REASONS FOR “LOSSES”

Typical reasons for losing or abandoning an opportunity often include:

- Lack of compelling solution
- Lack of compelling event
- Product/Solution gaps
- Pricing

- Clarity of value proposition and ROI
- Unqualified opportunity
- Company reputation
- Sales team/process
- Terms and conditions

Understanding the details in these areas based on in-depth feedback directly from customers results in an actionable set of recommendations to improve win rates that span Sales, Marketing and Product Management. Understanding these drivers of both winning and losing form a broad guide for the development of insightful questions for your interviewees.

BENEFITS AND GOALS OF A DEAL LOSS ANALYSIS

The benefits are considerable. Analyzing your losses is one of the highest ROI projects that can be implemented quickly and easily. Case examples have pointed to a 5%-10% improvement in win rates. Like all successful projects, it's critical to establish specific goals upfront. There should be a clear set of outcomes you are looking for, which often include:

- Improve win rate
- Gain insights to prioritize product features/capabilities
- Identify improvements in prospect qualification
- Identify improvements in sales and demonstration processes
- Gain competitive insights
- Evaluate effectiveness of prospect targeting
- Gain Go-to-Market insights
- Validate pricing clarity and positioning
- Gain insights into prospect buying process and decision making
- Identify "losses" that should be re-engaged
- Identify opportunities to improve your articulation of value and ROI

WHAT CMOs WILL LEARN

While a good Deal Loss Analysis will be tailored to specific needs, from a CMO's perspective, some of the key areas of learning usually include: -

- How are prospects finding you (including search details)?
- What would need to be different in order to win?
- What are the buyer personas?
- How does your pricing stack up?
- What were their key buying criteria?
- How did the sales team perform?
- How effective were the demonstrations?
- How was the ROI quantified?
- What product/solution gaps existed?
- Are there abandoned prospects that should be re-engaged?



- Are there market segments that should be approached and cultivated differently?
- What was the impact of customer reviews in the customer's decision?

CONCLUSION

A Deal Loss Analysis can be implemented quickly and cost effectively, with the use of an independent third party. It has been proven to provide a clear and significant hard dollar ROI through improving win rates 5%-10%. Organizations gain insights into target buyers, sales effectiveness and competition. This type of real market feedback is tremendously valuable for growth-oriented organizations and has cross functional benefits that span Sales, Marketing and Product Management. CMOs are uniquely positioned to provide leadership in creating and executing a formal Deal Loss Analysis program.



For questions about this white paper or to talk about conducting a Deal Loss Analysis, please contact the author,

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