

Unlocking Commercial Productivity During Annual Planning

5 Steps to Growth Readiness for 2024
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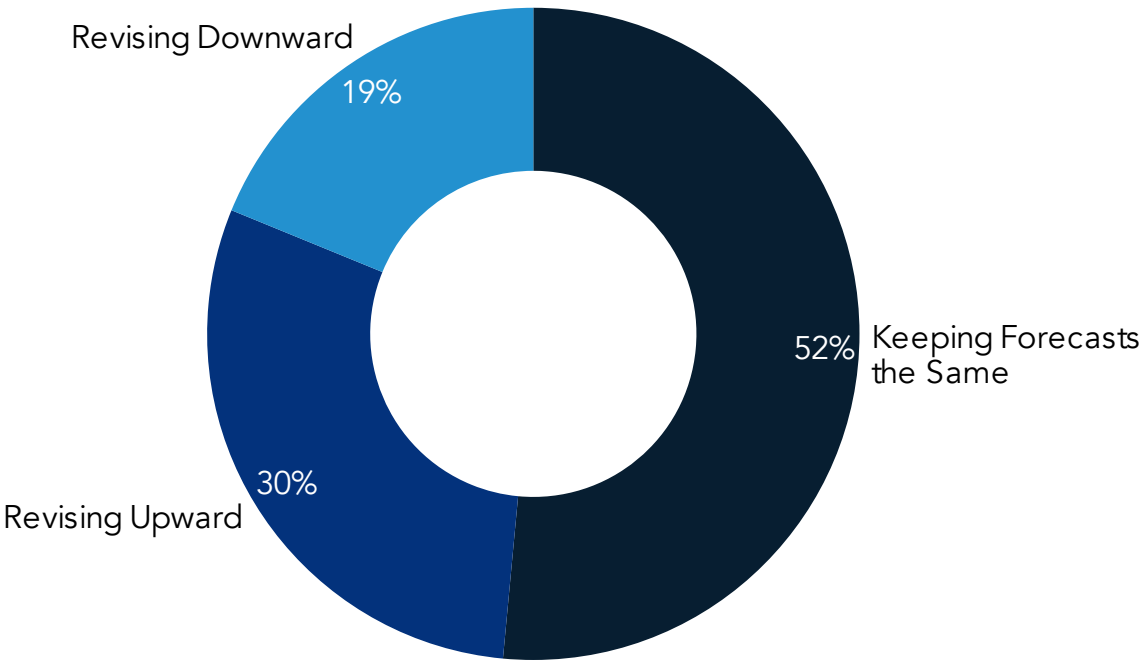
Agenda

- 01 Macro Trends—CEO Research
- 02 Annual Revenue Planning Methodology
- 03 Next Steps & Key Takeaways

01 The 2023 Planning Environment

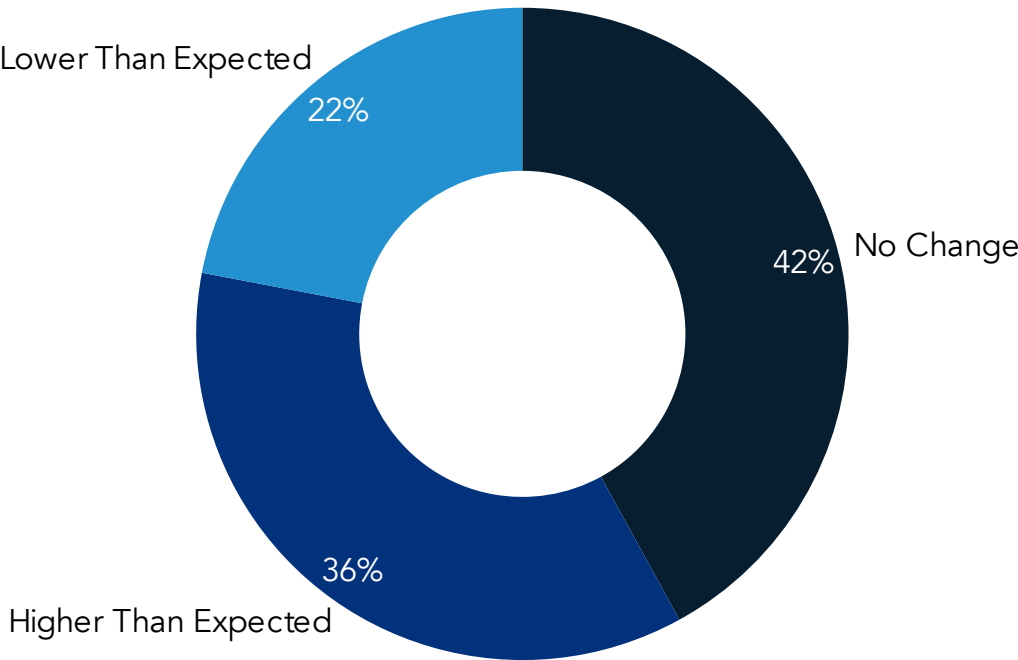
Roughly half of CEOs found themselves already changing their plans by Q1 2023

Changes in Growth Forecasts for 2023 vs 2022 Projections



N = 91
Source: SBI Q1 2023 Survey

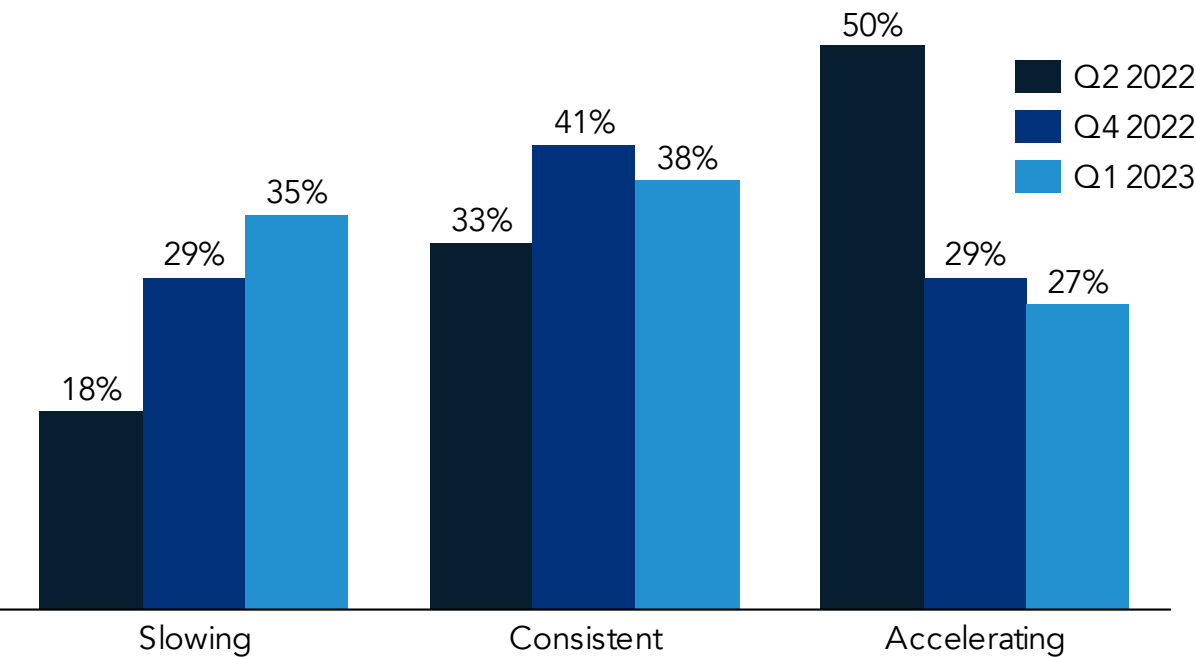
Changes in Expense Budget for 2023 vs 2022 Projections



N = 91
Source: SBI Q1 2023 Survey

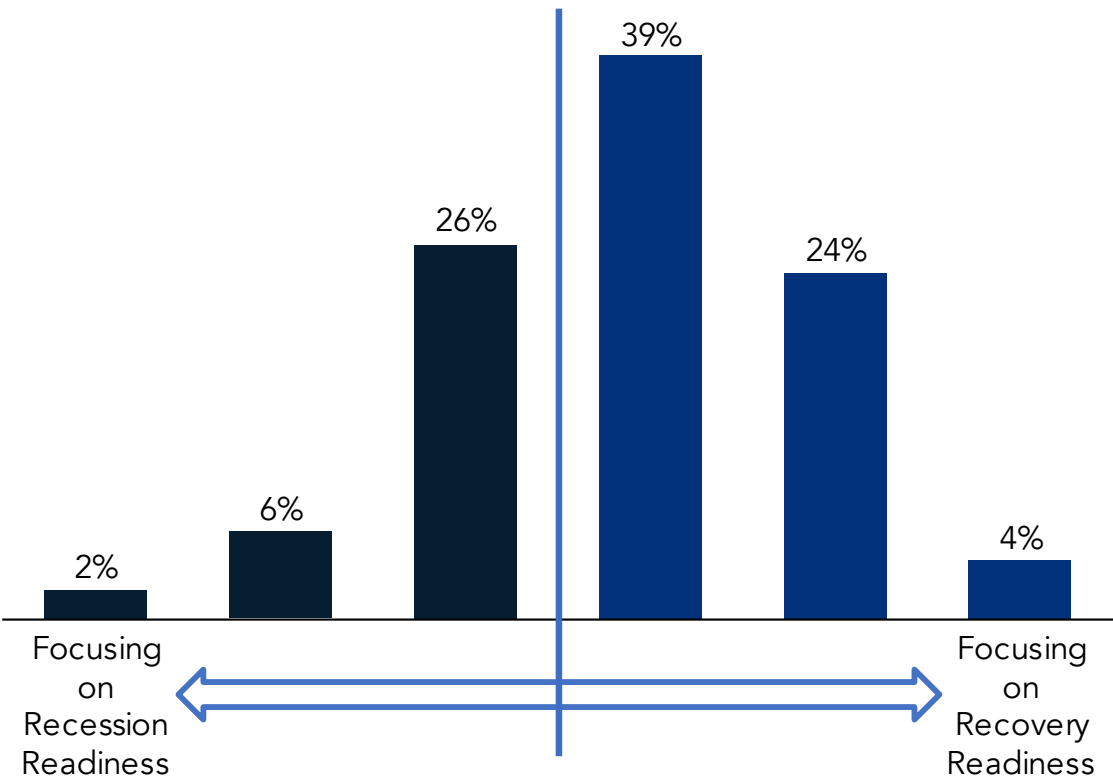
Planning for 2024 will be just as challenging, with a tension between soft demand and recovery readiness

CEO Assessment of Demand Indicators



Q2 2022 N = 120; Q4 2022 N = 102; Q1 2023 N = 91
Source: SBI Q2 2022 CEO Survey; SBI Q4 2022 CEO Survey; SBI Q1 2023 CEO Survey

Current Strategic Focus on Recession Readiness vs Recovery Readiness



N = 91
Source: SBI Q1 2023 Survey

02 Annual Revenue Planning Methodology

Especially during uncertain times, Annual Planning should follow a five-step process to align GTM functions with strategic growth priorities

STEP 1:
Establish Fact Base

Revenue Operations should lead the collection of data to establish the company's fact base as the foundation of the Annual Revenue Planning process

How to do this:

- Evaluate your firm's performance to understand how you are executing against KPI's
- Use leading and lagging indicators to evaluate which metrics are key to your firm's growth
- Leverage identified metrics to develop a dashboard that will help you make your numbers

01 02 03 04 05

01: Sales & Marketing Performance
02: Sales & Marketing Pipeline
03: Market Positioning
04: Revenue Goals
05: Customer & Product

STEP 2:
Inventory Bets

Executives should utilize this template to consolidate the inventory of bets across the organization

Bet	Est.	Initiation	Timeline	Priority	Revenue Impact
Product Innovation	10M	Q1 2026	12 Months	High	10M
Market Expansion	5M	Q2 2026	6 Months	Medium	5M
Customer Retention	3M	Q3 2026	3 Months	Low	3M
Operational Efficiency	2M	Q4 2026	9 Months	Low	2M

STEP 3:
Place Bets

Evaluate and place 3-5 bets based on time to realization, level of effort, and impact on enterprise value

Executives team collaborating to select 3-5 initiatives that are large impact, achievable, and aligned towards a revenue commercial goal

TIME TO REALIZATION

STEP 4:
Build Revenue Plan

The revenue plan identifies how the 3-5 selected bets will impact financial targets across five levers of revenue growth

A Good Revenue Plan

Category	Current	Target	Gap	Impact
Revenue Growth	100M	120M	20M	High
Market Expansion	50M	60M	10M	Medium
Customer Retention	30M	35M	5M	Low
Operational Efficiency	20M	22M	2M	Low

STEP 5:
Execute & Rollout

Best practice sequencing for annual revenue planning.....Determine if your firm needs to adjust any of its GTM levers to execute the bets you placed

04 03 02 01

04: Market Positioning
03: Customer Retention
02: Operational Efficiency
01: Product Innovation

Where are you now?

- Understand how far along your company is on the Revenue Growth Maturity Model to make stage-appropriate bets
- Evaluate your firm's performance with leading & lagging indicators to understand how you are executing against KPI's

What are ways you can achieve growth?

- Executive leaders work with their teams to evaluate how and where they can contribute to growth
- Executives gather to discuss and evaluate the possible levers to exact strategic priorities

What are your goals and how can you achieve them?

- Led by the CEO and CFO
- Evaluate based on time to realization, level of effort, and impact to revenue
- CEO and CFO narrow down the list of bets to the top 3-5 strategic priorities for focus

How do you narrow your options and select the best ones?

- Define growth targets
- Use bottoms up analysis to determine what can be achieved
- Define the gap to growth targets
- Create a revenue plan for how GTM teams will align to execute the bets and achieve targets

How do you execute on the bets you placed?

- Use a detailed execution cadence to align the GTM teams to drive desired results
- The executive team sets the annual priorities, commercial leaders will then break initiatives into quarterly and weekly priorities

Revenue Operations should lead the collection of data to establish the company’s fact base as the foundation of the Annual Revenue Planning process

How to do this:

- Evaluate your firm’s performance to understand how you are executing against KPI’s
- Use leading and lagging indicators to evaluate which metrics are key to your firm’s goals
- Leverage identified metrics to decide which initiatives will help you make your number

Look-Back Fact Base

01

Sales & Marketing Productivity

- Sales rep productivity expressed in terms of new business bookings/revenue, # new deals, and existing bookings/revenue

02

Sales & Marketing Plan

- Organizational structure, Quotas, Compensation, talent
- Revenue plan – Renewals, upsell, cross-sell, churn, potential, lead generation/MQL generation to achieve plan

03

Market Positioning

- Market growth rate, economic outlook by sector
- Client size, deal size, deal profile, single product deals, multi-product penetration compared to competition

04

Revenue Goals

- Revenue goals by product line
- Revenue goals by geography

05

Customers & Prospects

- Potential by market
- New markets

Commercial Teams create an inventory of bets backed with a business case for each bet to help the company prioritize how to drive strategic growth

How to Inventory Bets			GTM Functions Involved in Inventorying Bets
Fact Base Is Shared	Commercial Teams Inventory Bets	List of Bets Is Reviewed	
<ul style="list-style-type: none">• CEO shares the established fact base with executives• This includes the look-back facts about company performance, forward-looking beliefs, and Revenue Growth Maturity level	<ul style="list-style-type: none">• Executives meet with all impacted teams• Teams establish beliefs about the fact base and make bets on how to adjust and meet strategic goals• A business case is developed for each bet to help prioritize efforts	<ul style="list-style-type: none">• Executives come back together to share and discuss their beliefs, bets, and business cases• Potential plans for executing bets are reviewed	<ul style="list-style-type: none">• Sales• Marketing• Product• Customer Success• Finance

Leaders should use this template to consolidate the inventory of bets across the organization

Belief	Bet	Definition	Evidence	Learning	Business Case – Impact to Revenue
Growth Rate too Low	GTM Transformation	Adjusting strategy of how company’s value is communicated and sold to the market	Market Growing 3% Faster	Not prioritizing high potential prospects	\$5.2M
Turnover Is too High	Talent Investment	Attracting, motivating, retaining, and training top talent	40% Turnover	Lack of training	\$2.4M
Cost of Sales Too High	Launch New Channel: Inside Sales	Create low-cost selling motion for remote sellers	CAC = LTV	Customers don’t want face to face time	\$0.5M
Churn Rate Unsustainable	Customer Success Redefined	Stand up function to enable customers to get most of out product	Declining Revenue	CAC Too High to Lose Existing Business	\$0.8M
Low Pipeline Volume	Optimize Revenue Marketing	Create demand gen function with top talent, processes, and technology	Declining Leads	Not Reaching ICPs	\$1.2M
Too Many Discounts	Pricing Improvement Project	Pricing analysis & update based on willingness to pay, competitors, & profitability	Discounts on >52% of deals	Not aligned to market pricing	\$0.3M
Missing Quotas	Territory & Quota Redesign	Refine sales territories & quota based on potential and bottoms up & tops down analysis	Attainment is 35%	Unbalanced territories	\$1.1M
New Solution Would Yield Growth	New Product Launch	New solution to match market needs, known or unknown	Declining sales in growth market	Losing customers to new solution	\$7.5M

Illustrative

Evaluate and place 3-5 bets based on time to realization, level of effort, and impact on enterprise value

Quantifying the time, effort, and ROI of bets allows executives to make objective, informed tradeoff decisions versus making subjective or reactive decisions on where to make strategic investments.

It also helps understand *when* to expect results so teams don't lose patience and change direction prematurely.

> Time to Realization

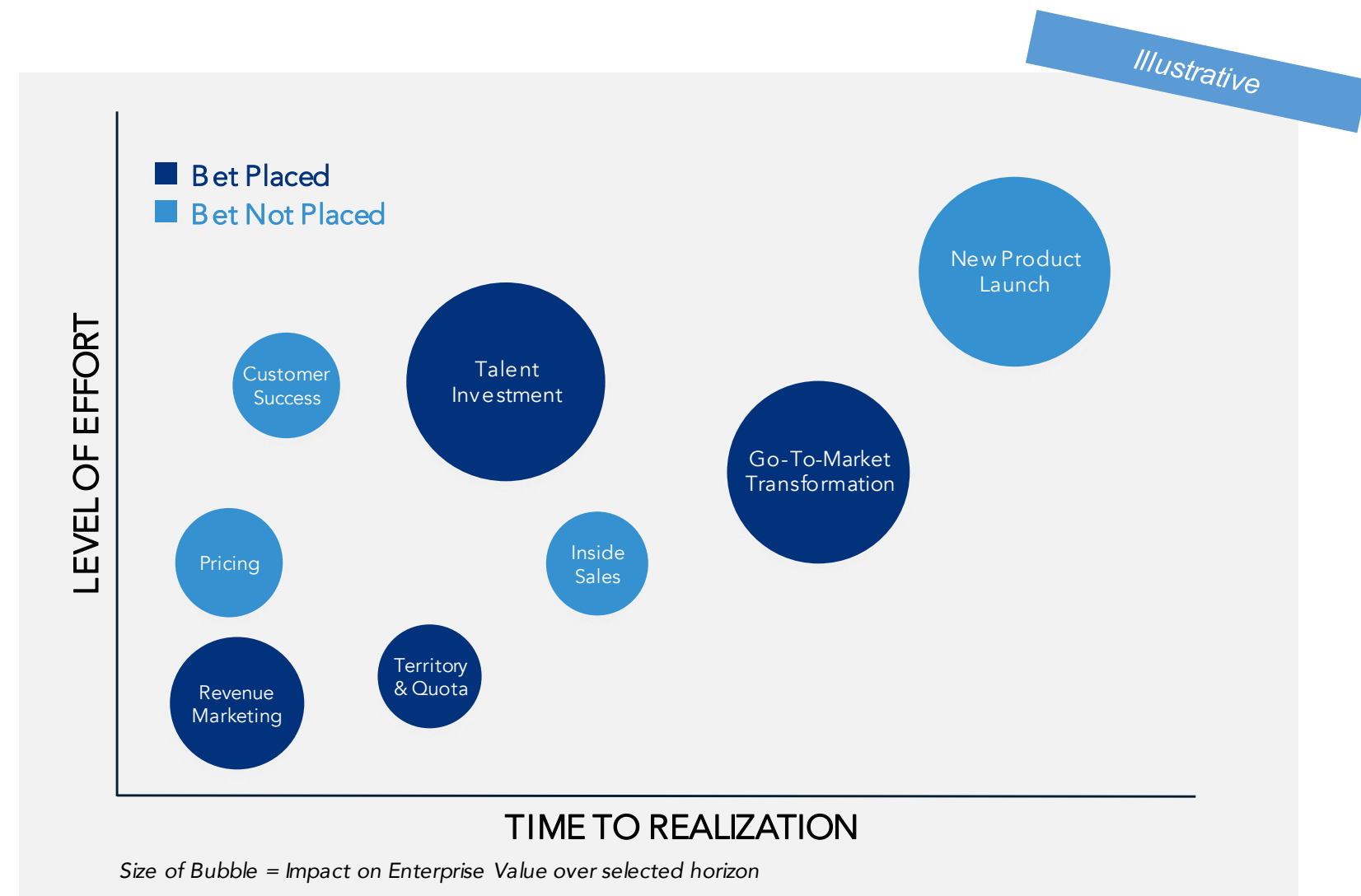
How long before you see return on your investment?
6-9 Months, 9-18 Months, 18-24 Months

> Level of Effort

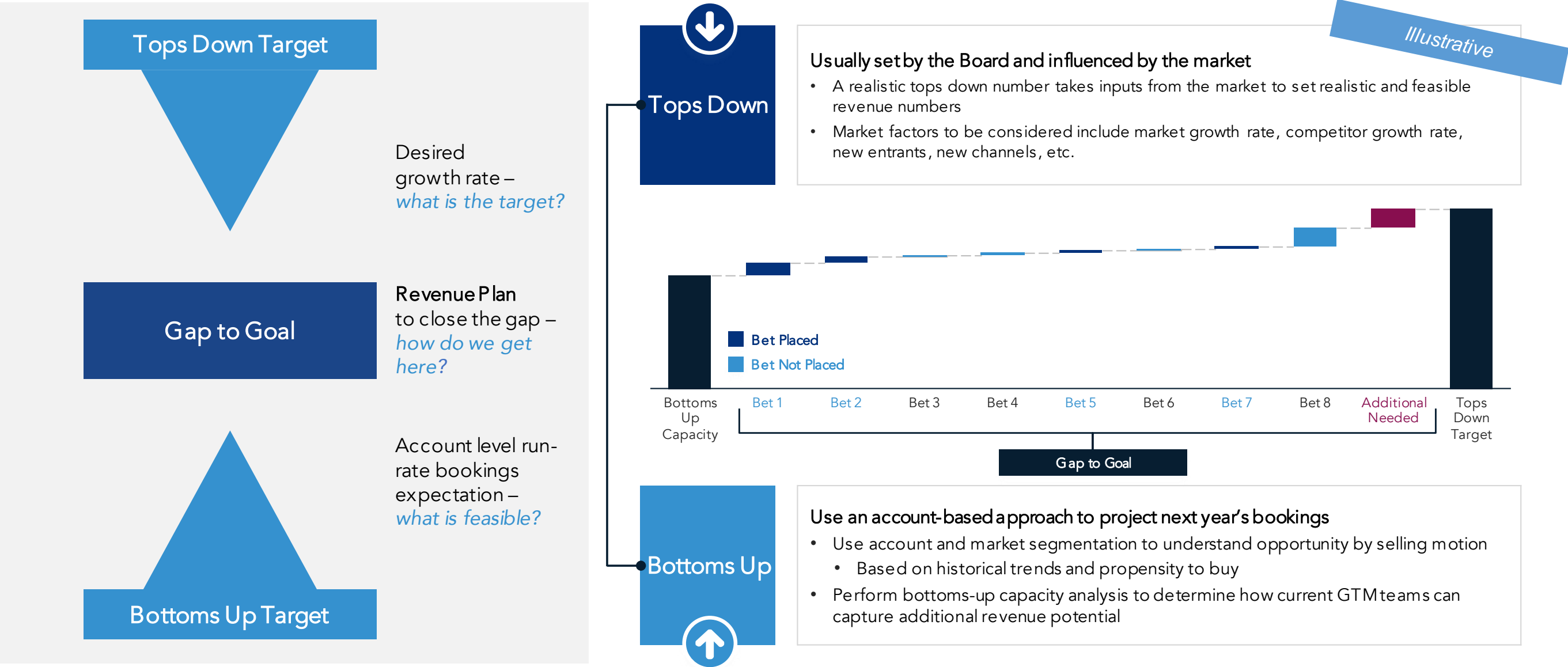
How many resources and change will this bet take to implement?
Low, Medium, High

> Impact on Enterprise Value

How much return on your investment can you expect?



Bottoms up capacity modeling is the foundation of building a revenue plan; it helps GTM teams understand what to adjust to meet the tops down target



The revenue plan identifies how the 3-5 selected bets will impact financial targets across five levers of revenue growth

A Good Revenue Plan...

- > Identifies where you can expect to obtain revenue growth through five levers
- > Shows how bets will impact the different levers of revenue growth and where dollars and resources should be allocated
- > Reflects a company's bottoms-up capacity to know if and how it can take advantage of market opportunities
- > Aligns bets with bottoms-up potential: How will they augment the company's ability to meet the tops-down number? Through additional capacity, capability, or efficiency?

	Levers for Revenue Growth					
	New Logo	Cross-Sell	Upsell	Price Change	Churn	Total
Current Bottoms Up Capacity	\$ 34.0	\$ 4.4	\$ 6.8	\$ 3.7	\$ (3.4)	\$ 45.5
Bet 1 – GTM Transformation	\$ 2.0	\$ 1.5	\$ 1.2		\$ 0.5	\$ 5.2
Bet 2 – Talent Investment	\$ 1.8	\$ 0.2	\$ 0.4			\$ 2.4
Bet 3 – Launch Inside Sales	\$ 0.5					\$ 0.5
Bet 4 – Customer Success		\$ 0.4	\$ 0.2		\$ 0.2	\$ 0.8
Bet 5 – Optimize Rev Marketing	\$ 1.0	\$ 0.2				\$ 1.2
Bet 6 – Pricing Improvement				\$ 0.3		\$ 0.3
Bet 7 – Territory & Quota Redesign	\$ 0.9	\$ 0.2				\$ 1.1
Bet 8 – Launch New Product	\$ 5.2	\$ 2.3				\$ 7.5
Revised Bottoms Up Capacity	\$ 45.4	\$ 9.2	\$ 8.6	\$ 4.0	\$ (2.7)	\$ 64.5
Tops Down Board Number						\$ 72.0
Gap to Goal						\$ 7.5

Illustrative

Use a detailed execution cadence to align the Executive and GTM teams to drive desired results

Steps to Execute

- > Map out the details of each strategic objective ranging from a long-term to short-term view
- > Break down the objective into quarterly and weekly milestones so the team has clarity on how to execute on the strategic goal in the mid and short-term
- > Remain agile; reassess and pivot every week/quarter on the actions that help achieve the goal
- > It is not a requirement to adhere to a multiyear project plan

Select the best 3-5 options

Create a 3- to 5-year vision that can be allocated by function and by year, quarter, and week

3-5 Year

Annual

Quarterly

Weekly

Big Bets

1	
2	
3	
4	
5	

Key Initiatives

1	
2	
3	
4	
5	

Priorities

1	
2	
3	
4	
5	

Goals

1	
2	
3	
4	
5	

There are steps that should be taken to introduce the plan at an SKO or similar annual strategy forum

04	03	02	01
Months Before	Months Before	Months Before	Month Before
<div>1. Account Segmentation: Understand which customers and prospects are most likely to generate the most 2023 revenue.</div>	<div>2. Routes to Market: Use the output of Account Segmentation to ensure your routes to market are the most effective to reach the highest value customers and the most efficient to reach lower value customers.</div> <div>3. Coverage Plan: Use the output of Account Segmentation to determine the number of people you will need for each type of role in the coming year.</div>	<div>4. Org Structure & Design: Given the understanding of where next year's revenue will be generated, validate that you still have the right org design model. Refresh your headcount and productivity model to ensure you have the right number of people.</div> <div>5. Talent Assessment: Determine if you have the next wave of leaders internally, or if you need to source them externally. Identify the A-player reps that you need to retain and build a plan to transition C-player reps' accounts to A-players.</div>	<div>6. Territories, Quotas, and Compensation Plans: Market leaders ensure that at the beginning of the Acceleration Summit, every rep has his/her territory, quota, and comp plan.</div> <div>7. Accelerate the Employee Lifecycle: Develop an Employee Life Cycle Management Plan which Improves Bookings per Sales Rep through key inflection points in rep tenure.</div>

03 Next Steps & Key Takeaways

Key Takeaways & Next Steps



Visit us at sbigrowth.com/annual-growth-planning for support and resources on these actions

Annual Planning Webinar Series:

August 29th – Driving Sales Effectiveness Through Account Segmentation & Coverage Strategies

September 26th – Do You Have the Right Commercial Talent?

October 31st – Control Your Own Destiny Through Forecasting & Pipeline Management Programs

November 28th – Getting a Fast Start With a Best-in-Class Sales Kickoff Event

More information at sbigrowth.com/webinars



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Thank You