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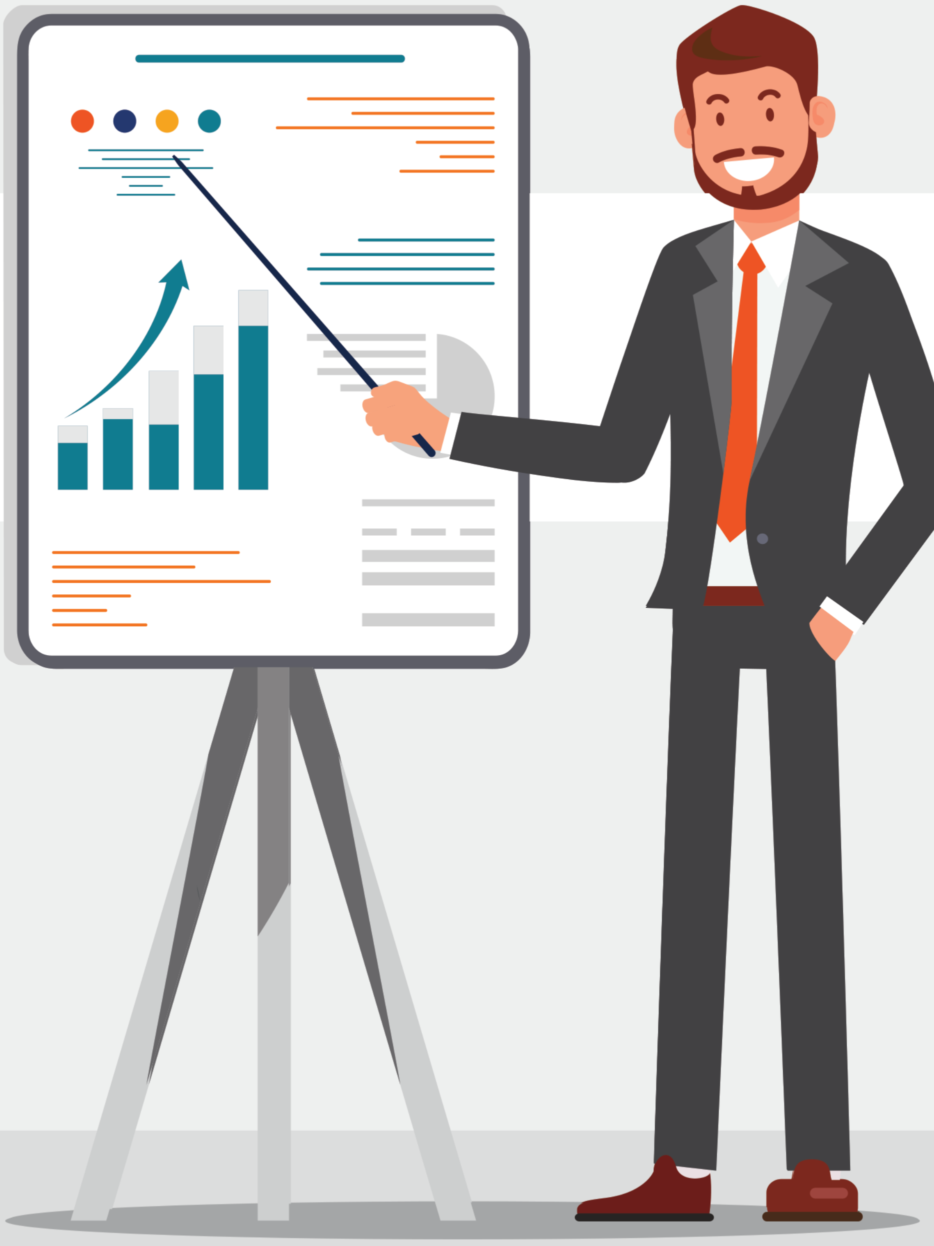
5 Tools to Unleash Intelligent Revenue



5 TOOLS TO UNLEASH INTELLIGENT REVENUE

If you're a scrappy start-up, all revenue is good revenue. But as soon as you start to mature, it becomes clear that revenue itself is not the answer. Your CFO wants to ensure that your investments in people, technology and programs are as profitable as possible. Your CEO wants revenue predictability that provides confidence for strategic decision making. And the entire company wants a revenue stream that's resilient, built to withstand unexpected events that shake the market.

Those three characteristics—profitability, predictability and resilience—describe what's become known as "Intelligent Revenue." This allows businesses to adjust their revenue streams to fit their revenue objectives. For start-ups, that may still mean they go after every possible dollar. But for more mature and more forward-thinking businesses, this often means pursuit of longer-term deals with higher revenue potential across the customer life cycle.

Narrowing company focus to prioritize the most lucrative revenue is far easier said than done. Many businesses have failed to make the pivot—not because the concept doesn't work but because mastering it requires the right tools. Intelligent Revenue depends on data. Without the right tools to handle and understand that data, revenue leaders are working without a complete picture and are forced to make guesses based on assumptions and anecdotes.

Getting a handle on intelligent revenue in your organization doesn't require a lot of tools, but it does require the right combination of these five:

A LOOK AHEAD:

1. Technology-assisted forecasting
2. Automated sales compensation
3. Territories driven by data
4. Real-time reporting and pipeline management
5. Profound connections to your systems of record

1. TECHNOLOGY-ASSISTED FORECASTING

Intelligent Revenue starts with the planning and predicting of the next quarter's results. Many companies still operate in a data vacuum while attempting to develop a forecast, using the manual methods and gut instinct assumptions they've always used.

The flip side of this approach is modern, technology-based forecasting. Instead of assumptions, it uses data. It then organizes and presents data in a clear way, factoring in more variables around company results, individual sales performance, attrition and territory changes than even the best manager could. - and it can do so constantly, as conditions change. Next-generation forecasting tools add AI to the mix, allowing the system to continuously learn from data and make the best recommendations at any given time.

The Xactly State of Global Enterprise Sales Performance survey found that "gut instinct" and "doing things the way they've always been done" together were the top decision-making criteria for 53 percent of organizations. **THIS IS A RECIPE FOR FAILURE.**

This AI-enabled intelligence doesn't change a business automatically. The talent of revenue leaders is still needed to translate it into decisive action. But forecasting technology gives revenue leaders a much better chance of making the right decisions about what types of revenue are most worthy of sales time and attention.

2. AUTOMATED SALES COMPENSATION

Once you have a forecast, you need to motivate your sales force to achieve it. In the past, the forecast and the comp plan often had little to do with each other. They were both complicated manual processes that were difficult to manage individually, and aligning them increased complexity exponentially. Setting the forecast number was an anxiety-producing exercise, because at that point sales leaders were at the mercy of the sales force and its talents. If individual sellers came through, all would be well. If not, it would mean another missed forecast, with all the accompanying fallout.

The comp plan—and adjustments to it—are the secret to hitting your forecast numbers. Relying on a manual approach deprives revenue of the ability to fine-tune the comp plan and change the sales trajectory for the business. Instead of modifying seller behavior, it forces them to be spectators, powerlessly rooting for sales to come through.

Automated incentive compensation management transforms revenue leaders from passive observers into active participants in your organization's success. Much of the data required for forecasting is gathered by the incentive compensation system, but it also provides a real-time view into plan performance. That allows revenue leaders to adjust the plan to emphasize the right kind of revenue and to make the most desirable deals for the company the most rewarding ones for the sales force. It also keeps the sales force stable by allowing sellers to see their comp numbers, eliminating disputes and motivating them further.

3. TERRITORIES DRIVEN BY DATA

Ensuring that your sales efforts yield the most profitable results depends on using your sales talent to its fullest. That means your sales territories must be drawn with precision based on the potential of the geography and the ability of the seller assigned to it. Again, no manager could deal with all of the variables in play while working with spreadsheets and maps.

A McKinsey study indicates that AI-based forecasting improves forecasting accuracy by 10 to 20 percent. This translates to revenue increases of 2 to 3 percent.

According to Gartner, only 24 percent of sellers can easily calculate their total variable compensation.

An automated territory management system is armed with insights about individual seller performance gleaned from the compensation management system. An automated system suggests territories that distribute the sales load across the team based on each member's success rate and the potential for the geography. For example, a new seller might have a smaller territory than a top performer with a record of working more deals. As the sales force evolves - as new sellers ramp up, or as sellers leave and leave new areas to cover - automation enables territory flexibility to accommodate change and keep success rates stable, ensuring revenue predictability and resilience.

4. REAL-TIME REPORTING AND PIPELINE MANAGEMENT

Your existing systems may allow you to change your comp and territory plans in response to new data. But without a view of the big picture, it's difficult to see what changes need to be made. Effective reporting is the key to knowing when and where to make changes. Instead of waiting for a set of trailing indicators to suggest the way forward, real-time reporting gives revenue leaders an immediate window into where improvements in their organization can be made.

Similarly, understanding the pipeline is not useful only in developing the forecast. It's your secret weapon to helping sales decide where to focus its efforts to hit your numbers.

In an Intelligent Revenue context, this is especially important. If your current comp plan is not delivering deals aligned with your revenue goals, you need to correct it now, not at the end of the quarter. A last-minute sprint may put more money into this quarter's numbers, but it may do so by disregarding all the criteria your organization sets for contract length, margin and growth potential. Pipeline management allows sales leaders to spot the right kinds of deals and how near they are to closing, then prioritize the deals that best align with goals.

5. PROFOUND CONNECTIONS TO YOUR SYSTEMS OF RECORD

It's not only the core sales-based systems that deliver useful data for intelligent revenue. All the systems that are connected to the selling process hold valuable data that can be used to effectively target intelligent revenue. CRM, ERP and customer support systems hold vast repositories of data that can indicate upselling opportunities, patterns of buying, and problems that may damage lifetime customer value or force a customer into the arms of a competitor.

30%

Research done by Xactly and the Sales Management Association showed that effective territory design results in 30 percent higher sales performance.

44%

A study conducted by Vantage Point Performance and the Sales Management Association revealed that 44% of B2B executives feel that their current pipeline management is ineffective.

This rich data is already being collected. If your sales management software can't integrate with it, you lose an important dimension that can be vital in retaining a customer or deepening your engagement with them. Today, long customer lifecycles are the secret to revenue success. You can't afford not to take action to become a more attractive vendor for the customers you value most.

Transforming revenue within your organization requires a set of specific tools - and, more critically, a strategy for connecting those tools to share data to uncover insights and allow your organization to intelligently pursue the right revenue.

To learn more about how Intelligent Revenue can make your company's results more profitable, resilient and predictable, visit our Intelligent Revenue Hub.

Studies by Bain & Company and Earl Sasser of the Harvard Business School have shown that even a 5 percent increase in customer retention can lead to an increase in profits of between 25 and 95 percent.

Xactly

Xactly has helped thousands of companies and millions of sellers around the world beat their revenue targets. Using the Xactly Intelligent Revenue Platform, leaders look past the current quarter to create revenue streams for long-term growth. It is the only solution that aligns seller behavior with boardroom strategy to create a resilient, predictable and profitable business.

To learn more about Xactly and the latest issues and trends in intelligent revenue, follow us on Twitter, Facebook, and subscribe to our blog.

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