Win Loss Analysis

It's not just for sales any more

By Steve Johnson and Jim Holland, Primary Intelligence

Primary Intelligence

Not just for sales any more

Win loss analysis is a seemingly tactical activity that delivers strategic insights and can pay big dividends.

Do you know why you win and lose deals? Sales teams say it's the product and price; product and marketing teams say it isn't.

Executives say, "I know what my people say but I don't believe it."

What do you believe?

Win loss analysis may be one of the most important success measurement activities—not just for sales, but for marketing and product leaders. Win analysis will explain clearly how buyers buy; loss analysis will tell you why they don't buy from you. You'll learn how to improve your product and your promotion. And most often, you'll learn where marketing can support the sales team with better sales tools.

Product managers and others assume that sales people are analyzing wins and losses. And sales people assume "someone at corporate" is doing it. And for the vast majority of firms, no one is doing it.

Why win loss analysis?

"The systematic process is certainly helping us to look at the wins as well and communicate and coach back to these engagement teams." —Vice President, Sales and Marketing

A client considers your product and buys it; that's a win. Another client doesn't buy it; that's a loss. But the issue isn't that there was a win and a loss. What's imperative is knowing why you won or lost.

In truth, many firms do not analyze their wins and losses; at best, most firms merely report them (and not all firms even report them!) The sales team updates a record in salesforce.com indicating that a decision was reached, usually with a superficial reason provided by the client or the sales rep.

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But who is analyzing for patterns?

Consider a football team. The quarterback throws the ball but the receiver drops it. What happened? The quarterback has his own opinion, based on his view of the field. The receiver has his own opinion, based on his view of the field. But on Monday morning, the coaching staff looks at the game films to discover what really happened. And they aren't just looking for mistakes; they're looking for patterns. It's not really important that the receiver dropped the ball this time; what's important is that he frequently drops the ball in similar situations. Or perhaps the quarterback throws long when he's rushed from the left. These are coaching situations, based on multiple events, showing patterns and trends.

The same is true for win loss analysis. A coach—a sales or product leader, for instance—looks for patterns and trends so that your organization can improve across the board. We need to stop looking at individual opportunities, and start looking at overall market opportunities. We need to start looking for patterns.

Touchpoints

"We have seen some consistent trends in the data that show us what triggers them to buy and, more importantly, what doesn't." —Director of Strategic Intelligence

There are multiple touchpoints in the life of a client relationship, multiple chances to win or lose their business. And we need to analyze each if we want to understand our customers and non-customers. It's all well and good to win a one-time deal or transaction but what you really want is a customer for a lifetime. We want more share of wallet. We want them buying (and renewing) year after year.

Think of the key interactions in the life of a customer relationship.

During the sale. There are touchpoints within the sales cycle. Clients move from interest to evaluation to purchase. And when they exit the "sales funnel" without buying, that's a loss that should be investigated.
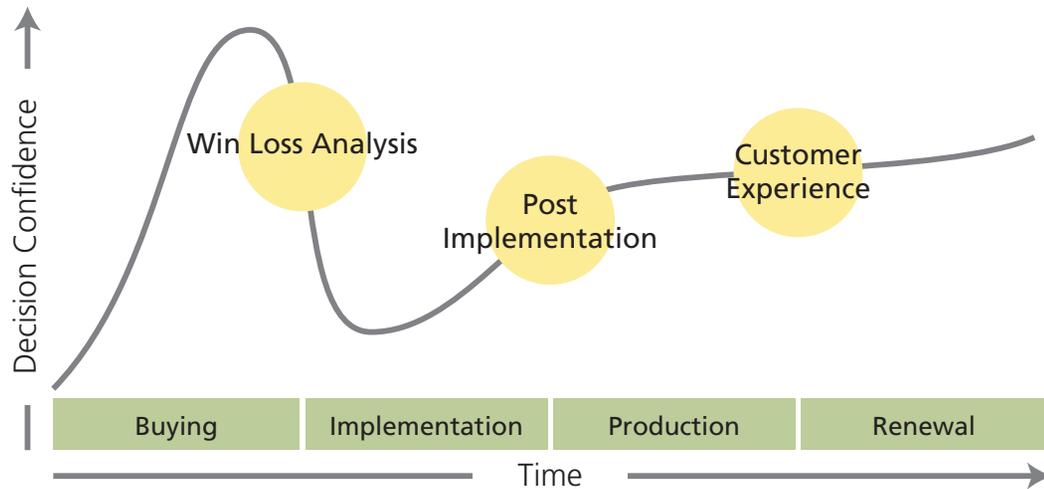
After the sale. The most common touchpoint—and the one most interesting to a sales team—is immediately following a purchase decision. They chose our product—or didn't. Or perhaps they made no decision at all. You'll learn about the buying process and the sales team's ability to nurture relationships from post-sales analysis. You'll learn about the key capabilities of your products and services that make or break a sale. Most of all, you'll learn whether it's easy—or not—to do business with your firm… and to be honest, if they like the company, not just the salesperson.

After the initial deployment. In most cases, a new client runs a pilot or limited deployment before rolling the solution out to the entire organization. This touchpoint provides insights on acceptance criteria, how the support and services team performed and initial feedback from novice users.

After full-scale deployment. For deep insights from "regular" customers, you'll want to engage with the client after the solution has been deployed throughout the organization. Here

Buyer Touchpoints

Decision Confidence (vertical axis)

- Win Loss Analysis
- Post Implementation
- Customer Experience

| Buying | Implementation | Production | Renewal |

Time →

you'll find recommendations for new features and improvements of your interfaces, and how customer support or client services is doing. And where you'll find the most insightful reports about the health of your product.

Dave Winer, an industry thought leader, software developer, entrepreneur and writer, explains:

> *You only learn where a product needs improvement through serious long-term use. Users gain that kind of experience, but reviewers and pundits generally do not. Their observations tend to be superficial. That's why reviews written after a few days using*

a product often miss the mark. The real greatness or lack of greatness in a product doesn't show up for a few weeks or months. Sometimes even longer.

Before contract renewal. Each time a customer renews your product or solution is also an opportunity for them to evaluate alternatives. Don't wait to be surprised; anticipate! Contact those customers prior to renewal to understand their satisfaction with their current deployment. A good rule is to contact customers within a few months before the renewal date. If you're cloud-based software and have annual renewal, it's recommended that you contact customers six months before. If you have long-term contracts, you may want to schedule these at intervals that will provide information when you need it most.

Traditional research

"Our executive team tends to be suspicious of research. Happily they see win loss analysis as something else entirely. And they really value the results."—Chief Marketing Officer

When company leaders think of research, they often think of scientific labs, one-way glass, and consumer focus groups. Or they think of web and phone surveys, often from outsourced firms that have no idea what they're talking about.

A consumer got a call from a market research firm about traditional media. "Which of the following newspapers do you read?" He replied, "None, I don't read newspapers. I get all my news from the web." The interviewer continued with, "Do you read USA Today? Do you read the New York Times?"

> Competitive intelligence without buyer interviews shows only part of the picture.
> — Ken Allred, CEO, Primary Intelligence

By just listening to the terminology that many executives use, it is obvious that many initially base their impressions on this type of survey. For instance, the term "interview" is often used to describe what is actually a rather cursory survey.
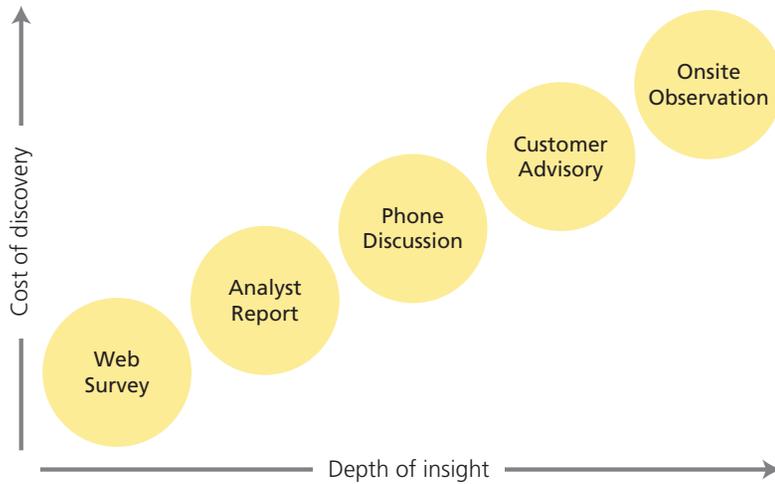
Which research methods do you employ?

- Web surveys
- Analyst research
- Phone interviews
- Customer advisory boards
- Onsite customer visits

Considering those methods, which provide the best insights? Most executives agree that onsite customer visits deliver the best insights but alas, onsite visits are expensive—in both time and money. Most firms can afford very few face-to-face customer visits—and these are generally reserved for selling situations.

Good news! You can get more responses at a reasonable cost using phone interviews and web surveys.

But first, let's clarify some terms. A survey is a list of questions, typically with a limited number of responses. Surveys can be conducted by phone

Typical Research Methods

Cost of discovery ↑

- Onsite Observation
- Customer Advisory
- Phone Discussion
- Analyst Report
- Web Survey

Depth of insight →

(like those political surveys we get during an election year) or can be conducted via a web service using tools from Qualtrics or SurveyMonkey. The primary benefit of a survey is the numbers. That is, you can learn the percentage of those who responded with one answer or another. However, the weakness of surveys is that responses are limited to those you anticipated. As Ed McQuarrie writes in *The Market Research Toolbox*, the problem with surveys is "you don't know what you don't know."

> You're going to be disappointed if you try to do win loss analysis without both interviews and surveys.

On the other hand, an interview is a discussion without a mandated set of questions. Whether over the phone, via Skype, or face-to-face, an interview is open-ended; the discussion can deviate widely from where you'd planned it to go. And that's brilliant. You'll be amazed at what you'll learn when you let buyers talk about their issues,

instead of trying to fit complex answers into a fixed set of pre-determined answers.

So quantitative research (such as a survey) involves a list of questions with a limited set of answers. Qualitative research (such as an interview) uses open-ended questions without pre-determined responses. Quantitative research gives you numbers and trends; qualitative gives you insights.

In general, reputable third-party research firms (like Primary Intelligence) combine both qualitative and quantitative methods to gather actionable market insights. You're going to be disappointed if you try to do win loss analysis without both interviews and surveys.

Interviewing is a skill that takes time and effort to master. And it helps to have someone that can mentor you along the way. A less skilled interviewer can go with the flow of the discussion, but still end up missing key information that would give a more complete picture of how the decision was made and why. That's why interviewing expertise is critical to a successful interview. You need someone who knows what question follows that answer and the one after that.

What insights result from win loss analysis?

"I think so often when you lose a deal, the reason why becomes a sound bite internally but it's never really that simple, is it?" —VP of Marketing

As teams plan their research, they tend to favor their own departments—and this is expected. It's natural for sales people to focus on selling issues while product leaders are more likely to concentrate on product capabilities. So product, marketing, and sales teams need to look beyond their own self-interests to the whole product, the entire suite, the comprehensive solution—as seen from the buyer's point of view.

Superior competitive position for company

Ultimately, your company wants to be the leader in your chosen market, right? Jack Welch, retired CEO of General Electric, author and management guru, famously proclaimed: "Be number one or two—or get out." After all, aren't the top two vendors the only ones that make any real money? So what would your buyers tell you? How do they see you in comparison with your competition?

What is your company reputation? In a recent interview, a client remarked, "Oh, are those guys still in business?" Yikes!

And as you step back from your current competitive marketplace, what new competitors are emerging? Often we're so caught up in operating our businesses that we fail to see a game-change as it's happening—but your buyers see it and often hear about it before you do.

A CEO we know looks at the details of every win and every loss. It helps her stay on top of market trends, the changing competitive landscape, and her company reputation. Who doesn't want to know these things?

Better decisions for product and portfolio

Product teams will benefit from study of the key capabilities of the product and portfolio, and assess what capabilities and features are missing. Which matter to customers and which

don't? They may want to look at the competitor's solution and capabilities as well. These insights will help focus your roadmap.

Further, you can identify the ideal market profiles for your products and services. Do you have "bad" customers? Those who are difficult to please and are constantly harping on missing capabilities? Maybe they're representative… but maybe they're not. Perhaps it's time to reevaluate all customers and identify those who are no longer profitable for whatever reason. Most likely they're in a market segment that doesn't value your unique capabilities.

> The challenge of building products is not what you can include. The challenge is what you can omit.

The challenge of building products is not what you can include. After all, anything is possible. The challenge is what you can omit. You need to ensure that you're focused on the right capabilities so you can allocate your limited resources on high-priority items.

Greater precision in marketing

Product marketing managers and marketing specialists have long appreciated the value of buyer interviews. Direct contact with real people helps hone your message and identifies where your buyers can be found, online and offline.

Win and loss interviews explain buyer roles and their buying process to create more effective marketing programs and better sales enablement tools. Understanding how your customers communicate results in better company and product messaging, particularly within your competitive landscape.

Increased win rates in sales

Lack of preparation by the sales team is the number one complaint we hear from our clients' buyers. What about yours? Are your sales teams really engaged or do they just "show up and throw up"? Which sales tactics work and which fail? What are the best practices for your product in your market with your channel?

And how important is price, really, in the competitive sale? You might be surprised! Fewer than half the clients we interview consider price a key factor in their decision and less than 10% of buyers mention it as a primary decision driver.

Analysis of wins and losses provides insights for coaching on pricing strategies, competitive positioning, negotiation skills, and an improved selling process.

Who owns win loss analysis?

"Responsibility is always a big challenge. Sales people don't want to do it but they want the information. Yet they don't want anyone else in their accounts either."—VP of Sales

As you examine each of the touchpoints in the lifetime relationship with a client, it's clear that different teams within your organization have different objectives as well. Most companies want to ensure a client doesn't defect, so contacting clients before contract renewal falls to sales reps or sales operations. Or they want deeper insights on marketing effectiveness so they put it in marketing.

Whoever has responsibility should approach win loss analysis procedurally, with focus on all aspects of the company delivery

Who should own the responsibility for win loss analysis? It really depends on what you need to know.

Companies with a strong sales culture tend to assign responsibility for win loss analysis to the **sales team**. However, since they shepherded the client through the sales cycle, the sales team is the least likely to hear negative information from the client. I mean, after all, could you tell your friendly sales rep the truth about why you didn't buy from him or her? Furthermore, sales people tend to focus on the next deal, not the last one, so they usually give little attention to win loss analysis and reporting. Yet our experience shows that the best performing sales reps are quite interested in win loss data and in learning how they can improve based on that data.

A better choice perhaps is to assign win loss analysis to **sales management** or sales operations. Sales managers will look for opportunities to coach their teams for better sales effectiveness. They will find areas where sales reps need product training or better competitive strategies or better negotiation skills.

Many firms have a **competitive intelligence** group and they often take responsibility for win loss analysis. And this makes sense, as long as the team looks at more than just competition. They need to also consider product, marketing, and sales capabilities.

Another choice is to assign ownership to **marketing**. The marketing team will focus on many deals, rather than single opportunities. They'll evaluate a market full of opportunities. They'll look for patterns of behavior that result in better sales enablement, better messaging, and better competitive positioning.

Nowadays, we're seeing more companies direct their **product management** teams to use win loss interviews and analysis as a key research tool. Not only do these customer experiences build credibility for product managers and product marketing managers, it also gives them access to up-to-date market information. After all, how can one prioritize features without recent experience in the market? How can you determine the right tone for marketing materials if you haven't talked to customers?

The ideal solution may be to create a dedicated win loss department, comprised of representatives from each functional area. This group works with multiple product teams and sales organizations. Everyone is involved and has ownership at some level.

The key is to ensure that no customer gets more than one call at the same touchpoint. Imagine how irritating it would be to get a dozen phone calls from different employees of the same vendor.

Whoever has the responsibility should approach win and loss analysis procedurally, with focus on all aspects of the company delivery: the sales team, the marketing tools, the product and portfolio of solutions. They should take a company view, not just a departmental view.

A buyer intelligence program

"We just lost the biggest deal of the year. How did we screw it up?"—VP of Sales

That's how most win or loss events begin: one deal goes south and your firm wants to know why… and they want to know now!

But assessing success and failure on a piecemeal basis doesn't really provide a true view of what's really going on with your customers. One VP told us, "What's nice about our win loss program is it gives an on-going voice to our clients' view—one that doesn't get filtered out or over-simplified by internal conversations."

10 discussions are better than 1,000 survey responses. —Steve Johnson, CMO, Primary Intelligence

For successful buyer intelligence, you need to make it a repeatable program, focused on each of the touchpoints in the customer life cycle.

See the BuyerVoice™ methodology for a repeatable approach to gathering and communicating buyer intelligence.
www.primary-intel.com/workshops

Treat it like a conversation, not an interrogation

Think of your discussion as a two-way conversation between friends or colleagues. It's not a job interview or a sales event. You're both expressing points of view and industry experiences. And of course, sharing specific information about your product, service, and company.

At Primary Intelligence, our consultants follow a discussion guide (not a survey questionnaire) to keep the interview from getting derailed. We like the open-ended approach. You'll find this particularly helpful whenever you find yourself wandering too far off topic. To get the best results, be very clear what you want to learn more about: product, marketing, sales, company.

And you'll want to keep it short. There's a concept in the research industry called "survey fatigue." It's when a client replies to a survey

and it just goes on and on and on, with no end in sight. Many respondents just bail out of the survey. You can tell easily enough: look at the number of people who start the process who never finish. A high "abandonment rate" indicates you're trying to ask too much. Or if you see all the ratings are in the middle, it's clear that they're not really thinking about their answers but only trying to finish the survey.

So be careful: there are many in your organization that will ask to "add just a couple of questions." And before you know it, you have an hour-long questionnaire instead of a brief conversation. Think ten to fifteen questions, maybe 20—and about a half-hour on the phone.

> One incident is a mistake; three is a pattern.
> —Jim Holland, Advisory Consultant

You can safely allocate more time for more expensive products, particularly if the product or buying process is somewhat complicated. Also, a more engaged interviewer will be able to do longer interviews. For example, the buyer will grow impatient if you are just going through the motions and asking the questions. However, buyers will give you additional time if they believe you're really listening and truly interested in their feedback.

Use the discussion guide in the section below called "a simple discussion guide" for some questions to get you started.

Analyze the results

Analyzing what you've learned from a win loss program is a great teamwork exercise. Get people from each area of the company involved. Of course, you'll need one person to be in charge of the analysis but it's astounding what insights come from different people in different roles. After all, we all have varying backgrounds and unique experiences. You'll be surprised at some of the ideas on selling that come from non-sales people as well as the product and marketing insights that sales people can share. As you review the data from multiple interviews across multiple touchpoints, you'll start seeing patterns—incidents that occur again and again—and you'll also find trends, changes in patterns that occur over time.

Patterns help you identify a problem to be addressed, perhaps with a new marketing program or a change in the compensation plan. Trends show changes in the patterns that result from your actions.

One team found that a very high percentage of potential customers "walked away" after the demo. A discussion with the sales team revealed that they had carefully customized the sales presentation and demonstration specifically to the expressed needs of the clients. But loss analysis revealed that clients were unaware of the most important product capabilities—those they didn't ask to see but were critical nonetheless. On isolating this pattern, the marketing team developed a standard demo script that was used by every sales team. A few months later, the pattern changed substantially; the percentage of clients opting to move from demo to evaluation quadrupled.

Take action

Research without action is ultimately a waste of time. Why bother getting information if you can't—or won't—use it? Find a pattern, make a change, see what trend results. Look for new patterns and repeat. That's how teams—and companies—improve. Doing more of the things that work and correcting those that do not. One common mistake that people make (especially those that are new to win loss analysis) is to hide portions of the results, or not pass along candid feedback because it might make someone look bad. It's a slippery slope when you start doing this! The best approach is to establish a culture of learning and openness with the understanding that, at times, buyers can be pretty direct and candid—and that's always preferable to the alternative.

> Arguments can be avoided simply by having current customer information at your fingertips.

Communicate, communicate, communicate

> *"We have seen some consistent trends in the data that show us what triggers them to buy and, more importantly, what doesn't."*
> —Director of Strategic Intelligence

So as you gather information about buyers, you'll want to share what you're learning with key stakeholders. You'll find this comes easily. You'll be in a conversation and say, "You know, 62% of our customers make that same point." Or "fewer than 10% said that they needed that feature." And before you know it, everyone wants to know more about the research. Arguments based on opinions can be avoided simply by having current customer information at your fingertips.

As you think about sharing the information you're learning with others, think of how they like to learn. Sales people tend to prefer deal-

specific information, peppered with real quotes from real people. On the other hand, marketing and product people tend to prefer written communications with lots of statistics (53% say this; 13% say that) but also quotes that provide some "color" for the stats. Most executives would like your information digested and presented with recommendations. After all, we've all encountered (often annoying) employees who have seen the problems but have no ideas for solutions.

In rare cases, you'll encounter a statement that is so exciting—or so damning!—that you'll want to notify your team immediately: "We've been awarded 'best of class' at an industry event" or "our top competitor has just lost a huge deal." Don't let your sales team get blind-sided about company news—whether the news is good or bad. Set up an alerting tree to get the information into the sales and executive teams' hands as soon as possible.
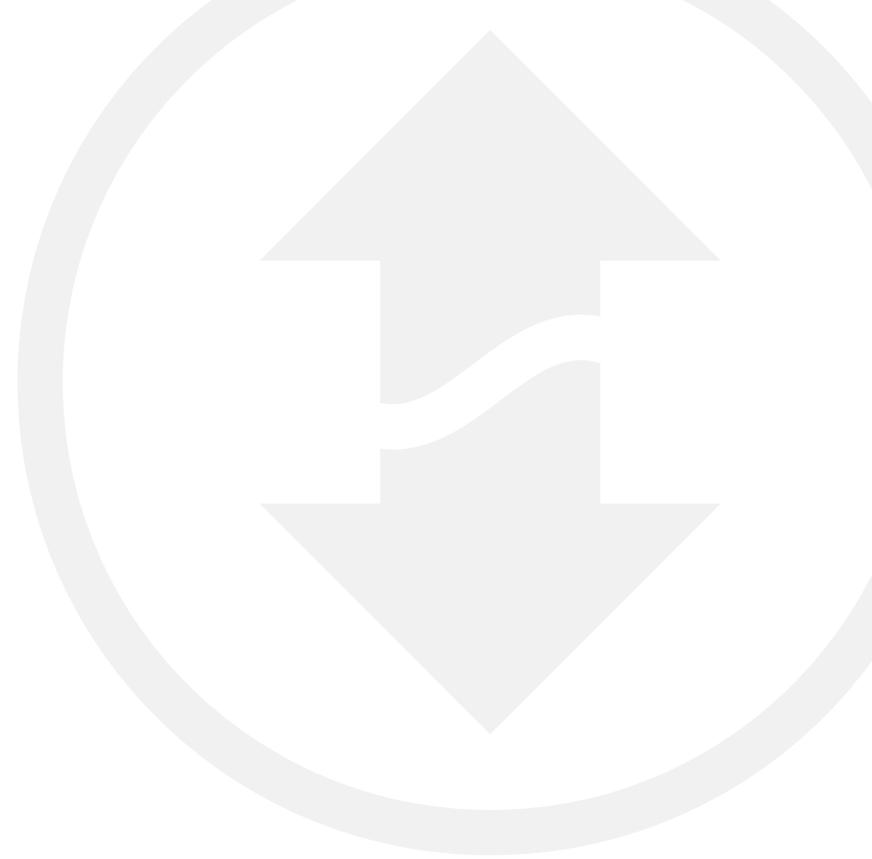
What's really going on?

"I've used the information to evaluate how our customers view our competitors and ourselves. We then work that into everything we do with customers." —Director, Customer Engagement

Do you really know what customers think of your products? Or what prospects think of your sales and marketing? For that matter, what is your company reputation? Is your "aura" growing or shrinking?

You can know—if you ask buyers. They've had experience with every aspect of evaluating and choosing a product—whether they chose your product or (sadly) your competitor's.

Buyer intelligence is the key. At every stage in the client life cycle—from buying to implementation to production to renewal—if you want to know what the buyers think, just ask.

A simple discussion guide

Use this as a template to start your own buyer and customer interviews.

About the PRODUCT and PORTFOLIO

❑ Overall, what do you think of our products?
❑ How well did our product capabilities meet your expectation?
❑ How would you characterize the completeness of our portfolio?

About the MARKETING and PROMOTION

❑ What marketing messages resonated during the buying process?
❑ What marketing tools were most effective?

About the SALES teams and methods

❑ Did the sales team focus on your business needs?
❑ How well did we explain our solution in your environment?
❑ What was the primary driver in your decision?

About the COMPANY

❑ Did future direction factor into your decision?
❑ Did anyone share a roadmap of company strategies?

Need help? Call Primary Intelligence

The leader in Win Loss Analysis and other client touchpoints, Primary Intelligence answers your questions—in the words of your buyers. Gain deeper insights from wins, losses, and other buyer experiences so you can improve your product and sales success immediately.

Buyer Touchpoints

Sales teams have opinions; so do executives. But what do your buyers say? Each Primary Intelligence product embraces the idea of buyer touchpoints—in-depth conversations with buyers of your products at different stages of their implementation cycle—so that you can get the answers you need in the voice of the only person that matters: the buyer.

❑ Learn more about our buyer intelligence offerings at

www.primary-intel.com/flagship-services

Industry expertise

We've done customer interviews for years. We know which questions work and which don't. We know how to ask the next question, and the one after that. We know what information you need to achieve your objectives so you can focus on how to use it, not how to get it.

❑ Learn more about our leadership and sales briefings, designed to give you actionable recommendations based on your interview data at

www.primary-intel.com/shop/workshops

Proven methodology

Our BuyerVoice™ methodology is based on years of experience from tens of thousands of interviews with buyers. Our "voice of the buyer" approach ensures stakeholders define and achieve their objectives, by gaining insights from the right people and providing actionable results that you can put into practice immediately.

- Learn to implement our BuyerVoice™ methodology in a workshop environment at www.primary-intel.com/shop

Supported by software

What good is your information if you can't get to it? Using TruVoice™, we store all your results in a single location with a simple dashboard—not scattered on hard drives across your company— so you can look for patterns and trends in the data instead of looking for the data. And because we're integrated with SalesForce.com, your sales team has instant access to what works when they're up against competitive products.

- Learn more about our TruVoice™ software at www.primary-intel.com/software-solutions/truvoice

About the authors

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Your questions answered—in the words of your buyers.

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