Bolster Revenue with Win/Loss Analysis
by Laura Patterson, President, VisionEdge Marketing

In today's environment win/loss analysis is something any company can do to bolster revenue efforts; yet many companies fail to do this work. When done properly win/loss analysis provides clarity and insights into customers' perceptions of your product, experience throughout the sales cycle, and expectations created by your company messaging. Institutionalizing win/loss analysis will create requirements to product development, feedback about messaging to marketing, and may help uncover new sales strategies and initiatives. For win/loss analysis to be beneficial it needs to be done in a timely fashion with accuracy and objectivity.

When conducted properly a win/loss analysis helps a company answer these questions:

- Why do customers select your products and/or services?
- Why did your prospects select your competitors' products and/or services over yours?
- How do your competitors position themselves when they compete with you?
- How do your customers and prospects perceive your sales and marketing efforts?
- How do your customer's and prospects perceive competitors and their products/services?
- What are the most important criteria a customer looks for when selecting products and/or services in your category?
- How effective is your marketing and sales team in presenting your company, your value proposition, and your products and/or services?

Many companies think they know the answers to these questions based on anecdotal information from their sales organization. Perhaps you've even heard: "We could have won this deal if we had X feature in the product." Maybe adding the feature is the right thing to do, but maybe it isn't. Adding a feature for a market of one is a very expensive undertaking. Using anecdotal information creates a reactive rather than a proactive process. The implications of win/loss analysis extend beyond your sales team and enterprise. It should provide a complete picture into the competitions product, services, price, sales channel, and marketing, in addition to the prospect/customer evaluation process.

Relying on an outside organization to conduct win/loss analysis is a good idea because it allows for more candid and detailed responses. Oftentimes companies have sales or marketing people perform the win/loss analysis and this can result in skewed data. The reasons offered by customers and prospects for winning or losing are surface-level, such as price, feature set or lack of budget. It takes an experienced interviewer to glean the underlying reasons, provide proper analysis to identify the strengths and weaknesses of your competition (beyond their product), and then identify patterns that you can use for setting strategic and tactical direction on sales, marketing and product development hiring, training and management. While using an outside party may appear more expensive, the benefits outweigh the cost. Prospects and customers tend to be willing and candid with a third party, and can really provide the individual's confidentiality. Third parties don't have a vested interest in a particular answer, their goal is to seek the truth, and as a result, bring the perception of objectivity to the process. An additional benefit is that an experienced third party brings expertise including framing the questions, analyzing the results, and identifying the patterns that will affect key decisions.

Defining Win/Loss Analysis:

Win/loss analysis is not a customer satisfaction study. It is a process for differentiating why one sales effort wins, and others fall short of the mark in order to adjust go-to-market strategies and tactics. The purpose of win/loss analysis is to learn the pros, cons, likes, dislikes, competitive advantages and disadvantages from the specific people responsible for the purchase decision.

Upon completing the win/loss analysis you will actually have a metric, win/loss ratio. The ratio is based on the total number of deals won compared to the total number of deals lost. For example, if there were 100 opportunities in the final consideration phases in your pipeline, 60 closed and 40 lost, your win/loss ratio would then be 3:2. The ratio doesn't account for revenue; it simply measures your win/loss track record. Over time it will be important to understand whether the deals being won are smaller than the deals being lost, or vice versa. The win/loss ratio can serve as powerful indicating metric. A declining ratio serves as a huge red flag that should create urgency internally to learn the underlying causes behind the trend.

An improving ratio signals the need to understand what is or isn't working in order to establish a process that can be duplicated by the entire team. As you delve deeper into the win/loss analysis, you be able to use the data to quickly identify when a competitor is outflanking you or establishing requirements in an account before you're even a part of the deal.

Topics to Include In The Discussion:

To learn why you are winning or loosing in order to understand what are doing right or wrong, you'll want to be sure your analysis includes the following topics:

- How they found out about your company and the product category?
- What problem were they trying to solve with your product or service?
- Who they received advice from during the buying process?
- Whether there were any breakdowns during the sales cycle, if so what were they?
- What is the competition doing right, and what are they doing to win?
- What do you need to do in terms of technology, service, selling, product, etc to win have won the deal?

When and How to Conduct the Analysis:

Win/loss analysis should be performed about 2-4 weeks after the deal is completely closed. By closed we mean either you or the competition have solidly won the deal (the contract is signed and the purchase order has been issued). Avoid doing the analysis before this point because you don't want to throw any wrenches into the process. However, you don't want to wait too long after the deal is closed because the buyer's memory will fade, and the conversation will turn more toward what they are experiencing with the product/service rather than their experience and thinking during the buying process. Remember, the goal is to measure what happened during the buying process.

Successful analysis rests on being able to capture unbiased, in-depth information with all the key decision makers and influencers. It is ideal if the analysis can be conducted in person, however this is often impractical. Instead, phone interviews are the most common approach and much better than having these people complete a written survey. Written surveys sometimes supplement telephone interviews when you require more detailed help in ranking customer wants and needs.

It helps to think of the analysis in three steps: pre-interview, the interview, and post-interview

<u>Pre-Interview:</u>

- **Define the key questions:** This should be a collaborative process that includes a variety of people from your organization such as sales, marketing, product, and customer service and the team conducting the analysis. The questions should cover every touch point associated with the buying process, from initial contact and messaging, the qualification process, through the product evaluation and reference check, pricing, terms and condition, and sales team behavior.

- **Develop the interview list:** Ideally you want to have every win and loss included in the process, however this is not usually feasible, so companies will either attempt to analyze a percent of deals or will focus on conducting interviews with the most important lost and won opportunities.

- **Contact and schedule the interview with the customer/prospect**: Provide a list of topics that will be discussed in advance.

Conduct the interviews:

If you are using a third party they will know what to do. If you are attempting this solo, be sure to explain upfront that the purpose of the interview is to learn as much as possible about the customer or prospect's perceptions and experiences during the recent sales process. In addition, clarify that your organization can continually improve, and state that all the individual feedback is confidential.

Post-Interview:

- **Thank the participants.** Your company should send a thank you note to the customer/prospect. It serves as a valuable touch point and demonstrates your commitment.

- **Analyze the data and prepare a report**. Some of the things that should be included in the report are:

    - Opportunity Assessment: While only qualified opportunities should have made it this far into the process, sometimes you really weren't a good fit. The analysis should look at the degree of fit for all the opportunities to determine whether there is a fit issue.

    - Competitive Assessment: Who was the competition? Not just the other potential providers, but also whether there was an internal competition. This section should also include why these competitors were included and provide insight into the competitive process. It is important to understand how you stack up against the competition, and what the customers/prospects evaluates as each players strengths and weaknesses.

    - Buying Process: Why your company won or lost, and what was the decision making process? Who was involved and what were the key selection criteria?

    - Perceptions and Patterns: The perceptions of the customers and prospects' prior to the business process are important in understanding their final impression of you. For instance, whether their perception changed during the process, thoughts regarding the quality of your management in comparison to your competitions, and thoughts regarding messaging, proposal, presentation, capabilities, pricing/value, etc.

  - Recommendations: What advice customers and prospects offered and what changes if any need to be made.

- **Debrief the team.** Conduct the debriefing meeting which include the results, action items, and plan of action.

By integrating win/loss analysis as an ongoing process you will have data in real-time that sales, marketing, and product development can use to act and adjust more quickly to offset problems and exploit advantages. Win/loss analysis isn't about determining who is "at fault" for a lost deal; it is about gaining insights to improve results and bolster revenue. The value of win/loss analysis and data is in its ability to affect sales training, define marketing strategies, and prioritize product development efforts all aimed at one thing – improving your organization's competitive advantage.