



JOURNEY TO ROI

from Predictive Marketing and Selling

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Journey to ROI from Predictive Marketing and Selling

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MAKING PREDICTIVE MARKETING AND SELLING WORK IN LARGE ENTERPRISES

Predictive marketing and selling can provide an enormous upside for enterprises. By supplying insights into customer and prospect buying patterns and signals it enables companies to organize go-to-market priorities, align marketing campaigns to the needs of most attractive prospects, and align sales reps to high-likelihood high-value customers and prospects.

As a result, enterprises that have successfully deployed predictive marketing and sales solutions were able to achieve **a sustainable >15:1 annual return on investment** on their programs driven by revenue lift, competitive wins, increased customer lifetime value, category expansions, and improved retention rates. The magnitude of the impact grows with the size of company's customer and prospect base and product portfolio as predictive solutions help marketing and sales reps navigate the complexity and dynamically identify and capture growth opportunities. In other words, predictive solutions help **simplify sales and marketing, in a smart way.**

Lattice's work with leading enterprises across several industries shows that, like with any other high impact initiative, **realizing the full potential of a predictive program requires thoughtful preparation and effective change management.**

Beyond the basic change management roadblocks that often need to be overcome, such as lack of overall vision and alignment, resistance to change, competing priorities and insufficient resources, there are plenty of other mistakes, specific to the predictive domain, that enterprises might make when designing predictive recommendations and distributing them to their sales and marketing teams.

We discussed this topic with our large enterprise customers and asked what makes a predictive program a success.

There are four areas in which focused and coordinated predictive program management can lead to realization of substantial value for enterprises in the form of increased revenues and margins.



1. Obtaining organization's buy-in into predictive programs

The first of our practical tips and tactics deal with buy-in. In order to realize the full value of predictive, your company must be fully bought into the concept of predictive marketing and selling.

Most of our customers emphasize the importance of buy-in into the program. Without buy-in there is a risk that predictive solution will be perceived as another burdensome tool pushed on the sales team.

Best-in-class organizations introduce holistic cascading communication to drive broader buy-in.

Their goal is to make sure that all levels of sales organizations are committed to the program. You should be prepared for an iterative approach and budget enough time for it as achieving commitment may take multiple conversations at different levels of the enterprise:

- Sales leadership (e.g. VPs/senior directors) need to own the program and clearly understand the value it can bring and explain this to directors
- Directors need to coach front line managers
- Managers need to sit down with individual sales reps and account managers

One effective technique that our successful customers used is creating a **dedicated training program for sales managers or team leaders**. Predictive program leads should be spending time with their sales managers onsite,

providing hands-on guidance and getting their buy-in as sales managers will be ultimately responsible for training and coaching of individual sales reps.

Contrary to what one might expect, the key element of this training program should not be a comprehensive how-to guide for a predictive tool but rather a good discussion on **why predictive methods are important for the company and how they fit into sales team's culture and ways of working**. Since a transition to predictive selling impacts the entire selling stroke, inserting data-driven habits into day-to-day execution is going to be one of the key areas of focus for your team leaders in the beginning of a predictive journey – explaining this and getting them onboard is key.

Another method that helped our customers drive buy-in is simply **broadcasting wins to the whole organization**. This is especially important in the beginning of the program when buy-in is not broad enough.

You may consider using a mix of multiple communication channels (e.g. company and team meetings, enterprise portals and communication platforms) to cover a larger audience.

Sales team leaders at one of our customers use Salesforce Chatter to publish updates about wins from its predictive program on weekly basis. Here is an example post from our customer (shortened and sanitized):

... You won **\$.M** last week. Unbelievable!

I know you feel a difference with the predictive program. You can obviously see the numbers and see how many reps are using this tool with amazing results. **Help other reps by sharing your Predictive program success stories in the Chatter group. I've attached the wins from last week in a spreadsheet.**

You will be hearing about new campaigns and changes to existing campaigns shortly. We use the campaign transition feedback to build the responsive tool with the best data. **We are working to give you the best pre-call data right at your fingertips, but as always, your feedback is the most important element.**

Thanks for your continued support!

2. Designing a portfolio of predictive campaigns

Now when there is excitement in sales organization about a predictive program, one needs to start working on a **portfolio of predictive campaigns**.

A campaign is a focused scenario designed to enable sales reps to identify and engage relevant targets for a particular offering. In the Lattice solution every campaign has an underlying predictive model that identifies the highest propensity targets for this specific campaign based on the purchase history and various buying signals. So, what is the best way to design and manage such portfolio to make it most effective and impactful?

Best-in-class organizations are starting with **establishing a “campaign council”**. Typically it's a cross-functional committee making key decisions about the campaign portfolio and acting as a sounding board for future improvements.

It's important to ensure that the “campaign council” is **aligned with the organizational structure and decision-making process** of your company. You need to have proper representation of teams working on strategic topics (e.g. deciding on which markets to

pursue), as well as teams focused on the operationalization and execution of campaigns.

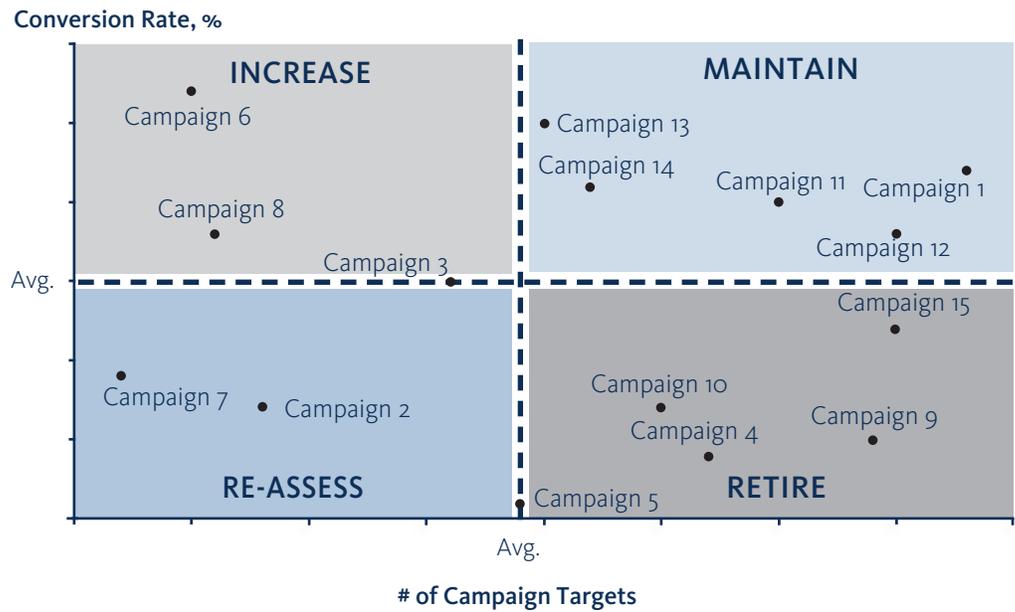
To emphasize the importance of both strategic and operational aspects, one of our customers decided to form two committees instead of one: “steering committee” – to define direction and take key decisions; and “campaign council” – to focus on execution planning.

Regardless of the structure, you need to ensure broad cross-functional representation and include **functions across all touch points of a campaign** – e.g. sales, marketing, e-commerce, product management and corporate communications. Ideally, all these parties should be in the same room and engaged in the discussion about predictive campaigns.

Typically campaign councils are held every quarter. Councils need to follow **clear criteria to evaluate predictive campaigns**. For example, one of our customers evaluates existing campaigns based on their past performance, expected value in the future and feedback from the field.

New campaigns are evaluated based on expected value and feedback from people who will execute them.

Or it could be just conversion rate and number of campaign targets (see exhibit below – example of a decision matrix used by one of our customers).



In any case decisions of the campaign council should be **respected**.

Thorough preparation for a quarterly campaign council meeting is critical. Some companies start their planning process one month before the meeting of the council. They hold subcommittee meetings to discuss existing campaigns and collect ideas for the next quarter.

Consider introducing a **log to collect ideas and concepts** throughout the quarter. This way you will have a starting point for your subcommittee and committee discussions.

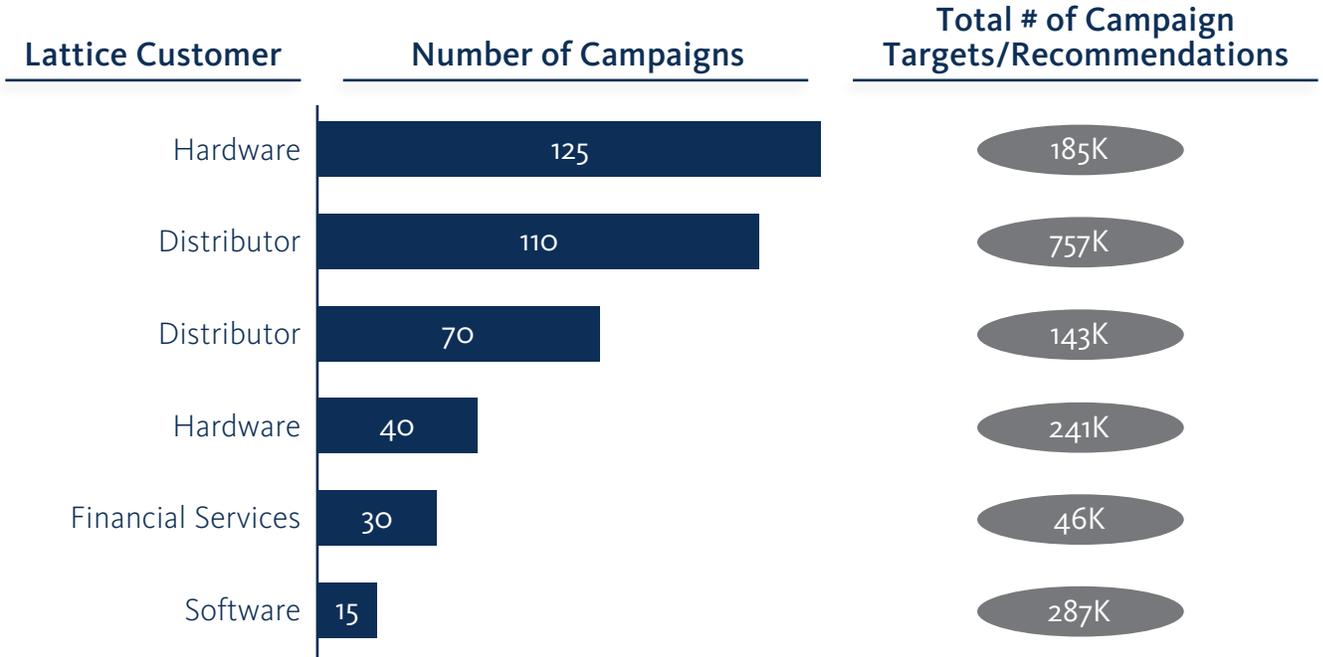
Wondering how to come up with impactful predictive campaign ideas? Best-in-class organizations align their campaign portfolios with their business goals (e.g. sales targets, customer segment priorities, product priorities, geographical priorities etc.) as well as the team's capacity.

When searching for good ideas

remember that a **predictive campaign portfolio should not be limited to a set of straightforward or obvious scenarios**. If you only focus on products that would be sold anyways you risk triggering higher skepticism and stronger adoption challenges – especially with long tenured sales reps.

Optimal number of campaigns and campaign targets (i.e. specific recommendations within campaigns) for your company should be defined in such a way that it maximizes revenue and profit realized – because as with many other things, at some point marginal benefits become very limited. This tipping point is typically determined by the size and structure of company's product portfolio, its customer base and strategic priorities. As a result, campaign portfolio sizes may differ a lot between companies.

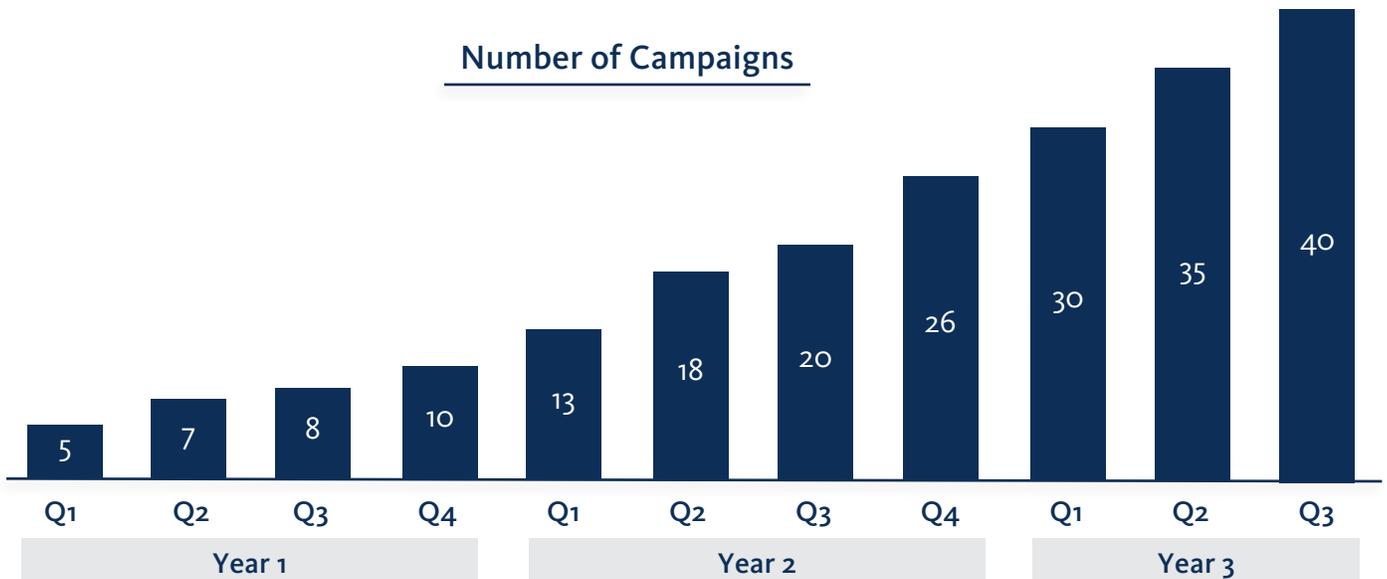
Here are a few examples of campaign portfolios from select Lattice enterprise customers:



One of our customers did analysis of its campaign portfolio every quarter and found out that starting from a certain number of campaigns revenue and gross profit were not growing as fast as the number of campaigns and campaign targets. Therefore the customer decided to stick to this “magic” number of

campaigns to focus efforts and maximize results. Our customers typically start with a limited number of specific selling motions and then evolve the campaign portfolio to increase value.

The next chart is an example of evolution of predictive campaign portfolio for one of our customers:



One thing we recommend to consider is giving your sales and marketing managers access to your predictive campaign design tool so that they can create and analyze their own predictive campaigns.

Even if these campaigns are not approved by campaign council to be

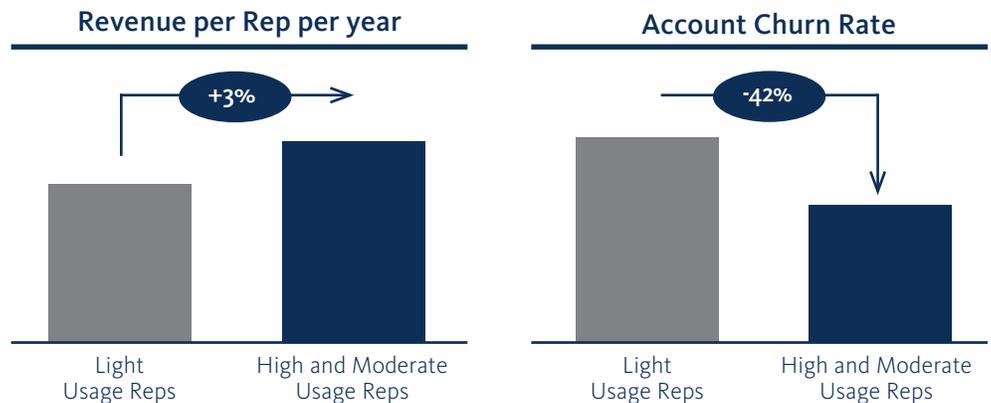
included into the overall portfolio, this could be an excellent tool for your teams to test ideas and understand the market better (e.g. size target addressable market, develop guidance for partners to help them plan investments and launch campaigns etc.)

3. Driving adoption and thorough execution of predictive campaigns

We at Lattice believe that business value realized from a predictive selling program is a function of both accurate predictive models and effective sales rep engagement.

This is also confirmed with experiences of our customers.

One of our customers compared results between different groups of sales reps – more engaged group achieved more impressive outcomes:



Light Usage Reps: **17** activities on play targets per rep per quarter (avg.)
 High and moderate Usage Reps: **157** activities

Our most successful customers understand the importance of adoption and put a lot of emphasis on achieving a **balance between hitting activity targets and preserving quality of execution while doing that.**

Sales leadership should explain to sales reps how to use predictive tools strategically as opposed to just

transactionally. The team shouldn't just be task-oriented or prioritize basic activity metrics to the detriment of overall quality of their engagement with customers – e.g. focus on checking off as many predictive campaign recommendations as possible during a short timeframe without really investing time and effort into engaging with customers and prospects.

The key report for sales leadership to work with is the one comparing total number of predictive campaign recommendations, number of recommendations acted upon and sales volumes by sales rep. Sales managers should keep in mind that **100% engagement of recommendations may actually be a bad sign indicating rep's higher focus on quantity as opposed to quality of action.**

It goes without saying that managers should refrain from sending flame emails when someone is below engagement targets (in this case reps will just check off predictive recommendations the next day) – it was actually one of the key learnings for an enterprise customer of ours. Asking reps directly and getting to the bottom of **why they prefer behaving this way (i.e. why they think doing so is in their best interest)** – not hitting targets and not acting upon predictive recommendations – is a much better approach to foster quality execution.

Our successful customers usually agree upfront on a **clear definition of a “transition” of predictive recommendations** (a recommendation is “transitioned” from a pool of predictive recommendations when a rep has actually acted upon it). E.g. a “transition” could be defined as “I spoke to a decision maker at a prospective account about a specific predictive campaign”. Based on this definition, sending generic email won't qualify as “transition” and won't count towards achieving engagement targets.

Among other (surprisingly) powerful techniques used by our customers to drive engagement is a **contest**. To make this happen companies identify a business objective and success metrics (e.g. number of closed deals sourced from predictive recommendations,

largest deal size, or a most impressive success story), report on them frequently and visibly announce top performers. To make it most effective, a contest should be run not among individual sales reps but **among teams**. This way you will be able to incentivize the whole team more effectively and emphasize the importance of process change for the whole team.

Our select customers introduce **certification models** for Lattice solutions. The idea is that sales reps are able to get certifications, and, as result, they qualify to become mentors for other sales reps. Of course, the technique is even more effective if mentorship is linked to reps' incentives. An example definition of a mentor role is to act as an advocate for the predictive program, drive champion meetings, coach peers, introduce the program during new hire trainings, help test new features and ideas, and capture feedback from other sales reps.

It's impossible to drive effective adoption of a predictive program if your reps are not **properly enabled to be successful**. One of the basic mistakes is securing buy-in from executive leadership but failing to ensure that all important fundamentals are in place before launching your predictive program.

That is why our most successful customers perform a housekeeping effort to ensure that sales reps have good level of understanding of their sales and CRM systems (you may consider conducting additional trainings as needed), that sales assets and playbooks are available and up to date, that sales processes and procedures are clear.

No predictive program would be complete without push-backs. That's natural and to be expected as part

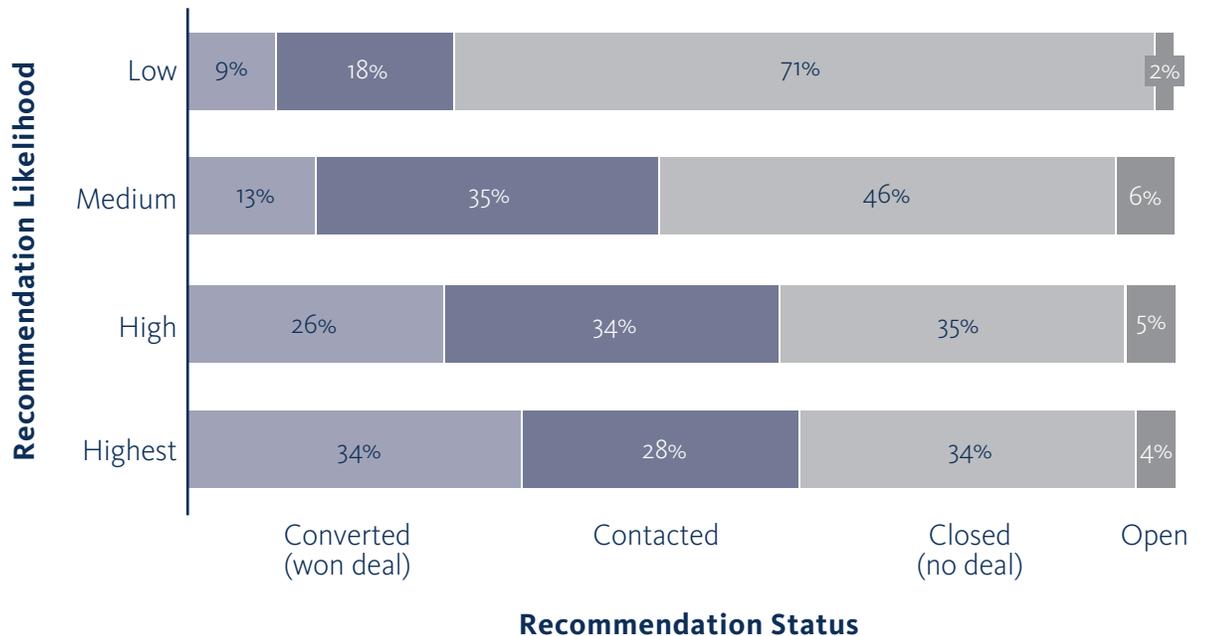
of any change management effort. Therefore it's always a good idea to take time in advance to **understand possible push-backs and think about the right reasons that can help you win over your sales reps.**

One of the challenging groups to handle is “veterans” or long tenured reps. They typically know personally at least top 20% of their account portfolio on their territory and at the beginning tend to be extra skeptical about added value of predictive recommendations.

One of the arguments that worked with veterans at one of our customers was that if predictive campaigns

were “obvious” (i.e. provided correct recommendations) for the top 20% accounts that those reps knew well, then they would most likely be valid for the remaining 80% of the portfolio too and ultimately could help the reps become more effective.

Our customers analyzed predictive recommendations made by Lattice solutions and confirmed that recommendations with stronger likelihoods yielded better commercial outcomes (see below). They used these results to demonstrate effectiveness of their predictive tools to their sales reps.



4. Evaluating predictive campaigns and measuring impact from the program

When it comes to measuring results of predictive programs there are typically two key dimensions to consider:

- Reviewing performance of **individual campaigns**

- Measuring incremental **program lift** and calculating overall program ROI

Best-in-class organizations work with metrics from both dimensions and perform **quarterly analysis** of

performance indicators like engagement of sales reps with predictive recommendations, conversion of predictive recommendations into leads or opportunities, revenue and gross

profit delivered by predictive campaigns. Here are examples of quarterly report templates used by our enterprise customers:

METRICS	...	Q4 2014	Q1 2015	Q2 2015	Q3 2015	...
Predictive Recommendations	...	...	...	...	...	...
Positive Transitions	...	...	...	...	...	...
Quotes	...	...	...	...	...	...
Orders	...	...	...	...	...	...
Transition Rate	%	%	%	%	%	%
Transition to Quote	%	%	%	%	%	%
Quote to Order	%	%	%	%	%	%
Revenue	\$...	\$...	\$...	\$...	\$...	\$...
Revenue per Order	\$...	\$...	\$...	\$...	\$...	\$...
Gross Margin	\$...	\$...	\$...	\$...	\$...	\$...
Gross Profit per Order	\$...	\$...	\$...	\$...	\$...	\$...
ROI	... to 1	... to 1	... to 1	... to 1	... to 1	... to 1

CAMPAIGN NAME	INITIAL LAUNCH or LAST REFRESH DATE	PRODUCT GROUP	TRANSITION ACTIVITY					CLOSE/WON		PIPELINE	
			# Targets	# Targets Transitioned	# Interested	# Opps Created	% Positive Transitions	# Opps Won	\$ Opps Won	# Opp Pipeline	\$ Opp Pipeline
Campaign 1	..../..	Group X	...	...	...	...	%	...	\$...	...	\$...
Campaign 2	..../..	Group X	...	...	...	...	%	...	\$...	...	\$...
Campaign 3	..../..	Group X	...	...	...	...	%	...	\$...	...	\$...
Campaign 4	..../..	Group X	...	...	...	...	%	...	\$...	...	\$...
Campaign 5	..../..	Group X	...	...	...	...	%	...	\$...	...	\$...
.../..	Group X	...	...	...	...	%	...	\$...	...	\$...

In addition to quarterly analysis, sales managers work with key engagement and conversion reports on a **daily basis** to evaluate performance of campaigns and provide guidance to their teams.

Some of our customers have **weekly meetings** to talk about predictive campaigns and results.

The key is to make sure that these meetings result in concrete actions to help drive predictive program.

They do revenue estimates on each campaign recommendation served to sales reps and drive all engagement conversations with sales reps around revenue realization.

Experience of Lattice customers shows that a focused and coordinated

predictive program management yields stronger results.

Choice of tactics and tools may vary company by company. We hope that ideas described here will help you accelerate your journey to ROI.

ABOUT LATTICE

Lattice's complete set of marketing and sales applications predicts who will buy, what they are likely to buy and when. As the market leader, Lattice's proven applications combine billions of buying signals and apply advanced machine learning to help drive predictable marketing and sales performance.

Companies of all sizes including Dell, Staples and SunTrust Bank use Lattice to deliver proven value, ultimately resulting in increased conversion rates and accelerated revenue growth. Lattice has headquarters in San Mateo, Calif.

ABOUT IRINA EGOROVA

Irina Egorova leads Value Realization for Lattice and helps the company's enterprise and high-growth accounts to capture the promise of predictive with pragmatic approaches for operationalization.



This eBook was originally written by Lattice Engines which was acquired by Dun & Bradstreet in 2019. Learn more about D&B Lattice, our market-leading Customer Data Platform, by visiting dnb.com.

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