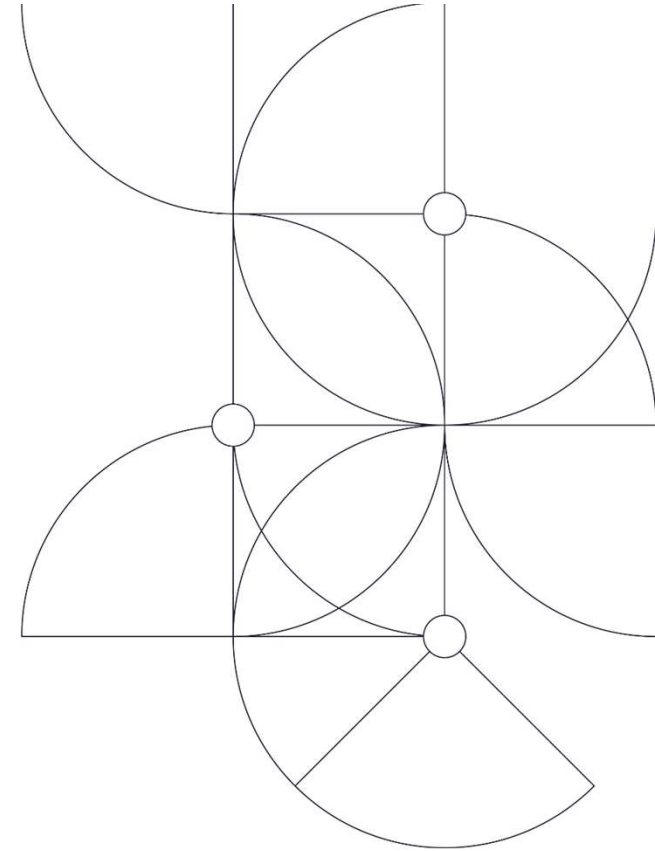ZS

"Commercial Excellence" Worksession
HSMAI Curate

Facilitator: Mike Moorman, ZS Principal

October 19, 2022

Impact where it matters.

Agenda

Activity	Time
Conducting CE 360s: Priorities & Road-mapping	10 mins
CE 360 Templates & Exercise Overview	10 mins
Individual Evaluations	30 mins
Survey (Current State Benchmarks)	10 mins
Table Talk	30 mins

A "Commercial Effectiveness" audit is a common starting point for many commercial effectiveness initiatives

Objectives:

- Common framework and language

- Shared understanding across leadership and key stakeholders

- Objective assessment of key priorities

- Clear and compelling roadmap and business case

- Clear charters and accountabilities

Common Framework

Current Effectiveness

Priorities

Roadmap

Business Case
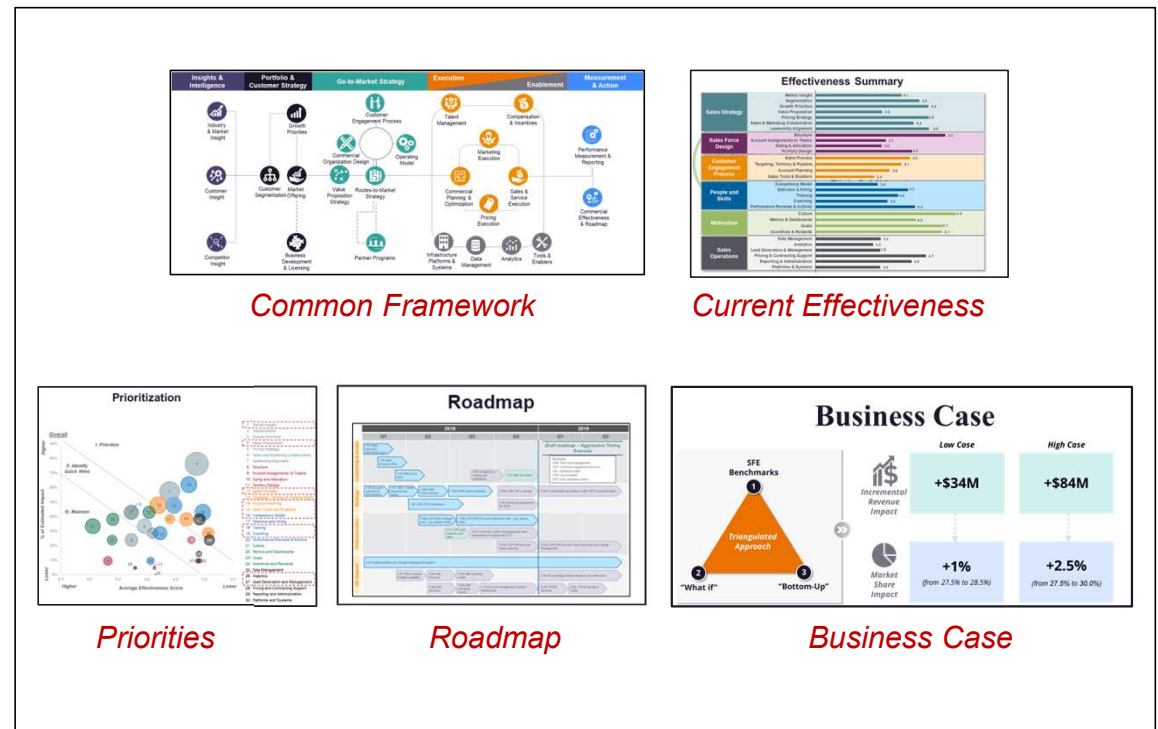
ZS' "Commercial Effectiveness 360" approach can serve as a reference

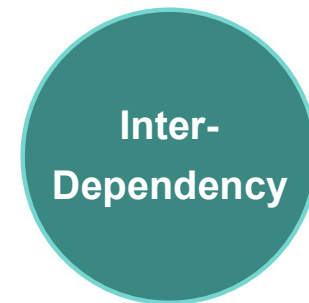| CE360 Modules	Objective	ZS Approach
1. CE Framework & Best Practices Level Setting	• Common understanding and language	• ½ - full day worksession
2. CE Navigator Survey	• Internal perceptions of effectiveness and degree of consensus	• Online evaluations completed by designated SMEs
3. Expert Audits	• Effectiveness evaluation conducted by ZS experts	• In-depth-interviews (functional leads & SMEs) • In-depth reviews: strategies, research, analytics, tools, collateral
4. Voice of the Sales Force (VOSF™)	• Field force time allocations and upward feedback	• Online survey; select in-depth-interviews
5. Voice of the Customer	• Customer perceptions and priorities	• In-depth-interviews and/or customer survey
6. CE Analytics	• Quantitative diagnosis	• Quick-check and/or deep-dive analytics
7. CE Priorities, Roadmap & Business Case Workshops	• CE priorities, roadmap and business case	• Leadership worksessions

Current effectiveness is just one consideration when determining priorities, roadmap and business case

Expected Impact + **Investment & Difficulty** + **Inter-Dependency**

Expected Impact	Investment & Difficulty	Inter-Dependency
• Current Effectiveness*	• Time & Resources	• Across CE360 Drivers
• Impact Potential	• Degree-of-Difficulty	• With In-flight & Planned Initiatives
• Speed-to-Impact	• Risk & Mitigation	

Template 1: Growth Priorities
Commercially, what are your "must wins"

Customer Segment		Growth Priority							Segment Priority
		Acquisition	Volume	Cros-Sell	Integrated Solutions Sell	Retention	Pricing	Cost-to-Serve	
Strategic Accounts									
Large Accounts	Existing								
	Prospects								
Medium Accounts	Existing								
	Prospects								
Small Accounts	Existing								
	Prospects								

Template 2: Effectiveness, Impact and Prioritization

B2B Commercial Effectiveness Drivers	Current Effectiveness Rating (1-7)	Business Impact If Improved (H/M/L)	Investment Priority (Rank A, B, C)
1. **Market insight** (customers, competitors, environment)			
2. **Segmentation & growth priorities**			
3. **Offerings & value propositions**			
4. **Go-to-market model design**			
5. **Channel partner programs & management**			
6. **Pricing strategy & execution**			
7. **Leads generation & management** (closed-loop)			
8. **Field force effectiveness**			
9. **Sales enablement** (assets, tools)			
10. **Customer service effectiveness**			
11. **Commercial operations** (metrics, analytics, dashboards, administration)			
12. **Cross-functional organization design & alignment**			

1. Market Insight (customer, customer's customer, competitor, environment)

Effectiveness Rating

We have deep and comprehensive insight on customers, competitors, and the broader market environment that provide us with a significant strategic and tactical advantage

Underlying considerations:

- Primary and secondary marketing research methods and capabilities

- Depth of insight on customers and customer's customers (needs and priorities, decision journeys, engagement and channel preferences, decision criteria, addressable potential, profitability, current perceptions)

- Competitor intelligence capabilities

- Environmental scanning capabilities

- Ability to capture customer and competitor insights from field force and service personal who interact with customers
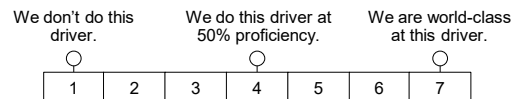
- Centralized "one source of truth"

2. Segmentation & growth priorities

Effectiveness Rating

Our customer segmentation strategy is highly actionable and factually based on important differences in customer potential, needs, buying processes and interaction preferences. Our growth priorities are clearly defined and quantified at the segment level.

Underlying considerations:

- Clear delineation of segments based on "what's valuable to the customer and how they want to interact" and "how valuable they are to us"

- Detailed segment profiles (e.g., total addressable market, current share, number of accounts, typical account profiles [needs, buying processes/preferences, key decision makers, decision criteria])

- Ability to map individual accounts to segments

- Defined and quantified growth priorities by segment, market offering, region and source of growth (e.g., acquisition, volume, cross-sell, integrated solution sell, retention, pricing, cost-to-serve)

We don't do this driver. | We do this driver at 50% proficiency. | We are world-class at this driver.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |

3. Offerings & value propositions

Effectiveness Rating

We have clearly defined, compelling and differentiated offerings and value propositions that address high priority needs and experience expectations for each of our target customer segments – and an ability to appropriately tailor to the individual customer level

Underlying considerations:

- Product/service lifecycle management, brand strategic positioning, and brand portfolio management
- Comprehensive mapping of the ways we do and could create value for each customer segment (including products, services, programs, systems, relationships, and social elements)
- Identification of the elements of our potential solutions that represent "antes" versus "key differentiators"
- Strategy for "basic offerings" vs. "advanced solutions", and options for tailoring solutions to individual accounts
- Compelling baseline value propositions that specify and prove the key benefits and worth of our solutions relative to competitors and status quo, and that can be tailored based on individual account needs and priorities
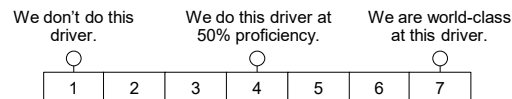
4. Go-to-market model design

Effectiveness Rating

Our go-to-market model delivers outstanding customer value and experience through an optimal mix of sales, marketing, and distribution channels that together provide the ideal balance between effectiveness, efficiency and agility

Underlying considerations:

- Routes-to-market strategy (direct, indirect, digital)
    - Direct sales force strategy
    - Channel partner strategy
    - Licensing partner strategy
    - Digital channel strategy
- Customer engagement process design aligned to Customer Decision Journey (CDJ) and engagement preferences

We don't do this driver. | We do this driver at 50% proficiency. | We are world-class at this driver.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |

5. Channel partner programs & management

Effectiveness Rating

We have segmented and selected the right channel partners; our partner programs and management ensure we receive the focus and channel partner service outputs we require to cost-effectively maximize our collective business results

Underlying considerations:

- Channel partner segmentation and selection considering customer coverage, channel partner capabilities, and cost-to-serve
- Channel partner programs and associated value propositions
- Partner enablement including assets, tools, and data
- Channel conflict management (e.g., "rules of engagement" that outline how direct sales and channel partners should interact across the sales process)
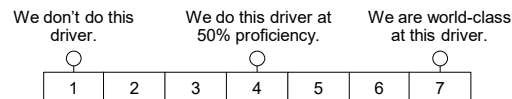- Partner management roles and engagement models

6. Pricing strategy & execution (aka. Revenue Management)

Effectiveness Rating

Our pricing is based on the value of our solutions relative to next best alternatives and our cost-to-deliver; our sales people, channel partners and e-commerce platforms each execute our pricing strategy to consistently capture our fair share of value and deliver our target margins

Underlying considerations:

- Pricing strategy and product lifecycle price management (including dynamic pricing)
- Next best alternatives and customer willingness to pay
- Pricing guidelines and policies that balance win rate and margin contribution
- Pricing architecture (discount, rebate, and commercial terms design)
- Contract architecture (contract design and development)
- Sales force and channel partner understanding of and adherence to pricing strategy, guidelines, policies; compliance management
- Pricing analytics and tools

We don't do this driver.		We do this driver at 50% proficiency.			We are world-class at this driver.	
1	2	3	4	5	6	7

7. Leads generation & management (closed-loop)

Effectiveness Rating

Our lead generation process is closed-loop and consistently provides high-quality opportunities to the sales force that they actively pursue and document; resulting in ever-improving analytical processes, leads scoring and leads pursuit

Underlying considerations:

- Agreement between marketing, sales ops, and the sales force on the definition of a "quality lead" and how leads will be managed and tracked
- Use of cost-effective channels to identify and generate target volume of quality leads (e.g., direct mail, internet, social media, trade-shows, inside lead generation, etc.)
- Use of quality data, analytics and tools (e.g., AI) to dynamically score, qualify, and prioritize leads
- Establishment of "closed loop" process for salespeople to provide feedback on the lead quality score and track if the lead was won or lost
- Seamless lead hand-off processes to ensure no leads are lost
- Use of effective lead-tracking and marketing automation tools as appropriate to achieve lead-generation objectives
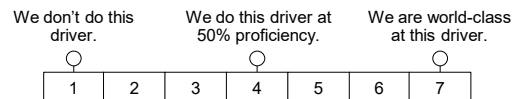
8. Field force effectiveness

Effectiveness Rating

Our field force design, deployment, talent, and motivation systems maximize our coverage of the most valuable customers and prospects and ensure each-and-every customer interaction is high impact, resulting in superior profitable revenue growth

Underlying considerations: (for both HQ and property level sales roles)

- Field force structure (roles, responsibilities, and reporting relationships) based on effectiveness, efficiency and agility considerations
- Team sizing and deployment (regions, districts, territories) to maximize coverage of the highest value customers and prospects
- Sales process aligned with customer decision journeys and aligned with the value proposition strategy and desired customer experience
- First-line manager and sales rep selection and skills development (e.g., learning journey, coaching and training)
- Motivation systems including field metrics, compensation, incentives and goals

We don't do this driver.		We do this driver at 50% proficiency.			We are world-class at this driver.	
1	2	3	4	5	6	7

9. Sales enablement (assets, tools)

Effectiveness Rating

We provide our sales force with a comprehensive set of tools, collateral, and information that maximizes their effectiveness and efficiency at every stage of the sales process.

Underlying considerations:

- Accurate and complete account information
- Efficient and valuable account-planning and pipeline-management tools
- Value-based selling tools and collateral (Marketing provided)
- Social selling media and networks
- Internal repositories of information, best-practices, collateral, experts, and peers
- Phone and video technology
- Interactive voice response and call-routing capability for inside sales (inbound)

10. Customer service effectiveness

Effectiveness Rating

Our customer service function provides service levels that maximize customer value and experience, and that significantly increase customer retention and future growth opportunities

Underlying considerations:

- Service level specifications (e.g., wait times, handle time, response time, fulfillment rates, error rates, etc.)
- Service team structure, sizing, IVR strategy and physical locations (e.g., consistent with service level targets and expected call volumes and variation)
- Service team processes, tools and enablement
- Service team member hiring/selection, coaching and training
- Motivations systems and performance management

We don't do this driver.		We do this driver at 50% proficiency.			We are world-class at this driver.	
1	2	3	4	5	6	7
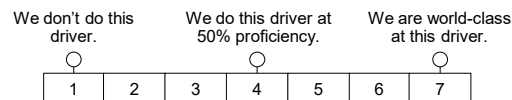
11. Commercial operations (metrics, analytics, dashboards, administration)

Effectiveness Rating

Our commercial operations function(s) expertly supports sales, marketing, channel partners, and pricing and is a force multiplier for integrated commercial effectiveness

Underlying considerations:

- Commercial effectiveness metrics, dashboards and reporting
- Marketing operations (e.g., analytics, omnichannel orchestration, marketing execution)
- Sales force and channel partner targeting and "next-best actions"
- Sales force and channel partner territories, programs, compensation plans and goals administration and reporting
- Pricing management (e.g., deal desk and RFP support, contract management, price maintenance, reporting)
- Field tools management (e.g., CRM)
- Data management and analytics

12. Cross-functional organization design & alignment

Effectiveness Rating

Our commercial organization functions, structure, processes, accountabilities and culture facilitate a high degree of expertise and cross-functional alignment necessary for superior commercial effectiveness

Underlying considerations:

- Commercial organization structure and operating model (effectiveness, efficiency, agility, clarity)
- Functional leadership selection and aligned/harmonious accountabilities and motivation systems
- Executive leadership and engagement
- Career progression framework (e.g., cross-functional rotations)
- Collaborative culture

We don't do this driver.		We do this driver at 50% proficiency.			We are world-class at this driver.	
1	2	3	4	5	6	7
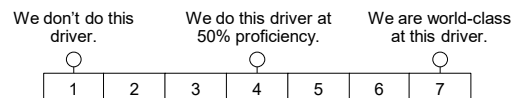
Template 3: Roadmap

	Now	Mid-Term	Longer-Term
Timeframe (e.g., start month / end month)			
Drivers to Be Addressed	• • • • •	• • • • •	• • • • •

Template 4: Charters

Charter Name:
Timing:
Deliverables:

Major Milestones
- …
- …
- …

Resource Requirements

Team	% of Time
…	%
…	%
…	%

Interdependencies
- …
- …
- …

Risks & Mitigation
- …
- …
- …

Expected Business Impact
- …
- …
- …

Individual exercise: gaining an initial "feel" for commercial effectiveness 360's

Template 2

1. Rapidly complete column #1 using the leading practice references provided (no more than 2 minutes per driver)

2. Rapidly complete columns #2 & #3 (no more than 2 mins per column)

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Survey 1:

What were your top three priorities based on this initial exercise (pick 3)

- Market insight
- Segmentation & growth priorities
- Offerings & value propositions
- Go-to-market model design
- Channel partner programs & management
- Pricing strategy & execution
- Leads generation & management
- Field force effectiveness
- Sales enablement
- Customer service effectiveness
- Commercial operations
- Cross-functional organization design & alignment

Survey 2:

What are the likely biggest "barriers" to commercial effectiveness at your company? (pick up to 3)

- Blind spots
- Functional silos
- Expertise in external leading practices
- Capacity (e.g., given day jobs)
- Risk aversion
- Change management
- Senior executive support

Survey 3:

What is the potential upside at your company associated with investment in commercial effectiveness?

- Very little
- Small
- Moderate
- Significant
- We won't succeed without it

Table Talk: What did you take away from this exercise?

- How well do you think your organization understands "commercial effectiveness"?

- Who from your company would need to be involved?

- How readily would the group be able to "objectively and accurately" evaluate current effectiveness relative to leading practices?

- How will you address barriers that may exist?

- What are your next steps?