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2024 Planning: Shifting From “More With Less” to Reinvesting in Growth

It's safe to say we all knew 2023 would be challenging, and so far it has certainly delivered. A lot of us were already making changes to growth forecasts (49% in our surveying) and expense forecasts (58% in our surveying) as early as March. And it hasn't gotten any easier from there.

As leadership teams kick off their 2024 planning processes across Q3, they face a hard backdrop:

- **Closing deals remains a challenge** for most – they are taking longer and coming back smaller, even with strong pipelines.
- **Executive turnover is high**, and likely to remain so as H1 results come in lower than expected, forcing sellers to rebuild relationships.
- **Market shifts driven by high costs of capital and demand swings are changing industry targets** and ICP profiles faster than commercial teams can rebuild segmentation models or reallocate territories.

These challenges will encourage a continued focus on value creation through margin expansion over rapid growth. But the time for cost-cutting is past us. Now is the time for commercial productivity – getting the most out of our commercial teams to grow profitably. The insights that follow in these pages, based on our surveying, interviews, and work with hundreds of commercial leaders over the past 18 months, will make sure you are planning for true value creation in 2024.



Mike Hoffman
CEO, SBI - The Growth Advisory

Getting Beyond Cost Cutting to Growth-Enhancing Commercial Productivity

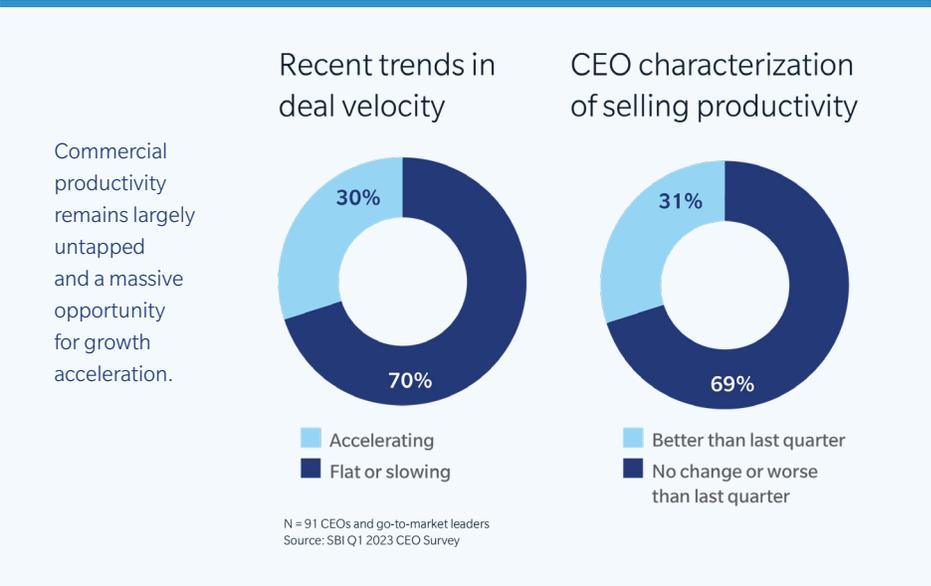
Efforts to drive commercial productivity across 2023 were largely “just” cost-cutting exercises, reducing expense base relative to growth rates in a thinly-veiled effort to preserve EBITDA. Most organizations still have massive, albeit latent, commercial productivity gains to be had even as they consider reinvesting for growth.



Four untapped levers for growth-enhancing commercial productivity

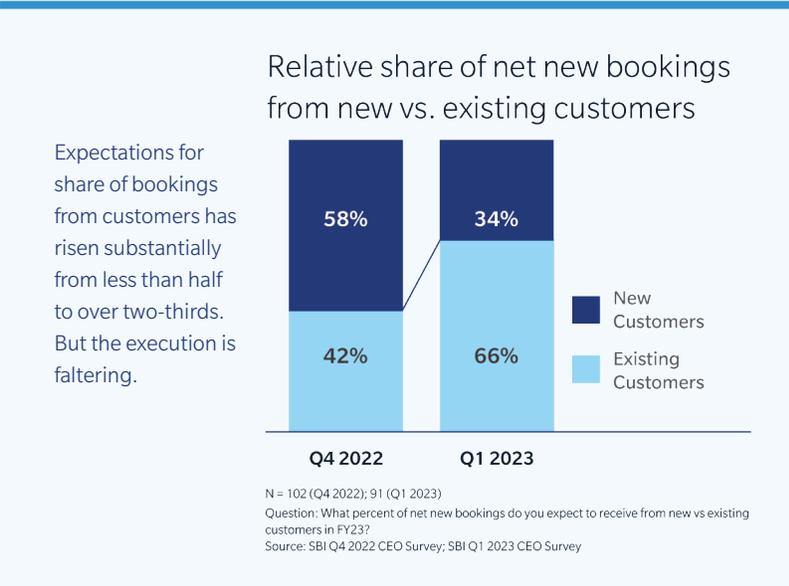
SBI’s research and consultations with clients through the course of 2023 have uncovered four big bets that companies can pursue to go beyond cost-cutting to drive commercial productivity. We will dive into each of them in the following pages.

1. Grow customer revenue by prioritizing customer marketing.
2. Increase deal velocity by reducing rep and manager attempts to push deals across the line.
3. Go beyond “toes in the water” to gain efficiencies from AI.
4. Get more time yield by deconflicting commercial roles.



Grow Customer Revenue by Prioritizing Customer Marketing

2023 saw GTM teams continue to shift their expectations about which segments will drive growth. As the bar for proving solution value remains high, challenges in booking new accounts endure. And with pipelines starting to age, there is a need to quickly rebuild heading into 2024. Companies need dedicated customer marketing strategies to mine their customer base for expansion opportunities that were under-prioritized during the past few years of cheap capital and easier net new acquisition.

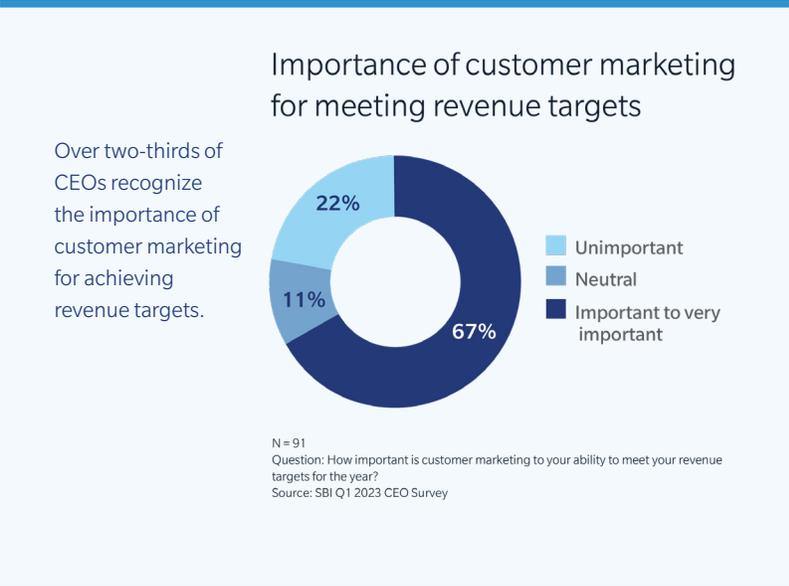


Implications for planning and go-to-market strategy setting

1. Build a dedicated customer marketing strategy to tighten focus and drive cross-sell, up-sell, and advocacy. Analyze customer data to find friction points in the customer journey that can become the centerpiece of the customer marketing program. And commit to focused ABM efforts on top fit/propensity accounts to activate the strategy.

2. Update your customer models to ensure better targeting and messaging with higher conversion. Update your ICP, account potential, and propensity with recent actuals and pipeline movement to reflect current market conditions and challenge historical assumptions.

3. Re-design roles and responsibilities to get crisp on the source of expansion activities. Establish data-driven assumptions about how much customer-driven revenue will be originated through marketing vs. sales vs. customer success. Use those assumptions for resource planning and reducing activity overlap, both for internal efficiency and to improve the customer experience.



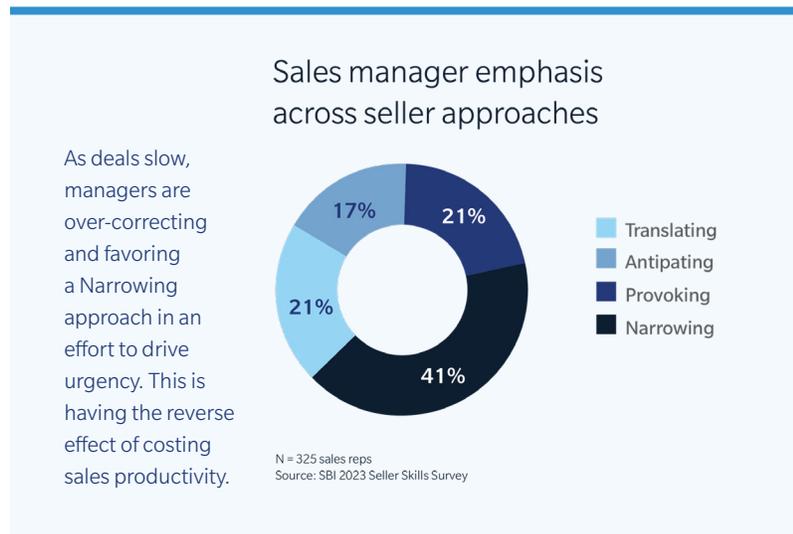
Increase Deal Velocity by Reducing Rep and Manager Attempts to Push Deals Across the Line

While pipelines have been strong, deal velocity slowed considerably at the end of 2022 and into 2023. The macro-economic environment played a big role, but this is also driven by evolving consensus requirements and conservative buying behavior. Most sellers are not equipped to handle this and are inadvertently slowing deal progress as they try to speed deals up.



Implications for planning and go-to-market strategy setting

- 1. Establish a baseline understanding of A/B/C players to target development and enablement time spend.** Take a data-driven approach to role reassignment, training and coaching planning, and performance management.
- 2. Upskill sellers toward high-productivity “pull-based” approaches to reduce buyer indecision and inefficiency.** Embed high-productivity sales approaches into sales playbooks, training, and other support materials. Train sellers on customer understanding and empathy, message tailoring, and deal planning.
- 3. Upskill sales managers to coach their teams toward faster deal cycle times.** Change the management conversation to be less about where deals are and how to push them forward, and more about how sellers are pulling buyers along.

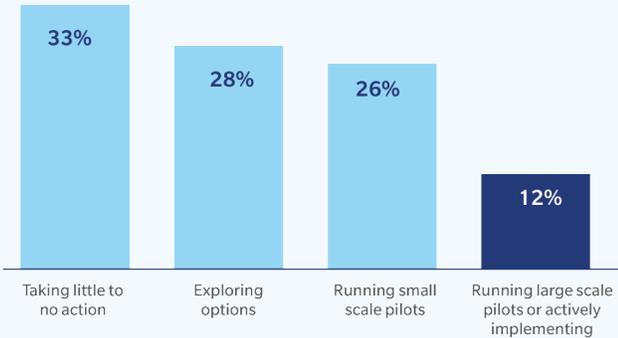


Go Beyond “Toes in The Water” to Gain Efficiencies From AI

While artificial intelligence has been steadily making its way into go-to-market activities with techniques like machine learning, the release of ChatGPT has captured executives’ imagination in new ways. Experimentation is critical, but without solid enablement and guidance, it will fall flat and stop momentum in its tracks.

Level of implementation of AI in sales

CEOs are approaching the massive productivity gains that AI presents in far too conservative of a manner.



N = 80
Source: SBI Q3 2023 CEO Survey

Implications for planning and go-to-market strategy setting

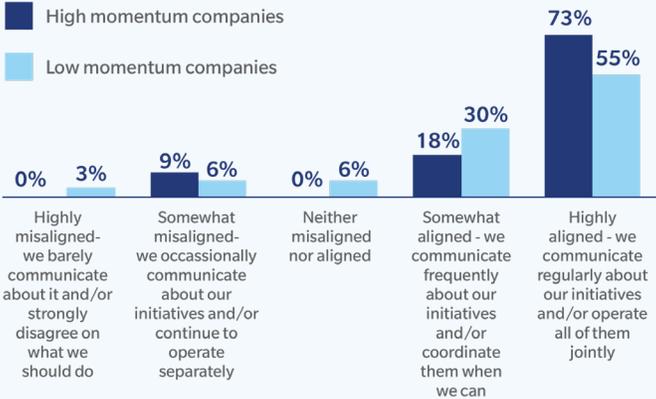
- 1. Apply AI to both customer-facing and internal sales capabilities to build momentum and demonstrate results.** Prioritize areas of high-friction commercial team time spend and/or customer time spend. Identify those by mapping repeatable tasks like email follow-up, or sales manager call reviews, and calculating time savings from task automation. Focus on quick wins where technology solutions are more mature, like AI chatbots or customer analytics.
- 2. Build a detailed playbook on AI usage to take efforts from experiments to drivers of commercial productivity.** Don't just give high-level guidance. Playbooks need to be clear on effective prompting and updated regularly based on evolving learning. Establish a client information and privacy policy to ensure that sellers aren't sharing proprietary customer information within these channels.
- 3. Focus on building commercial team comfort with AI as a “co-pilot” in their work to accelerate adoption.**

Get More Time Yield by Deconflicting Commercial Roles

The average GTM motion sees approximately 8-10 commercial roles interact with customers. With customer success roles growing in importance and level of interaction, as well as an increasing number of specialists involved in the customer lifecycle, the amount of role and task redundancy (let alone the amount of customer friction) has never been higher. GTM teams need to get sharper and more closely coordinated. The advantages of integrated revenue motions are many, particularly when continuing to prioritize cross-sell/up-sell and retention.

Executive team alignment on growth initiatives

Exceedingly tight commercial interlock is one of the most differentiating features of companies succeeding in today's market conditions.



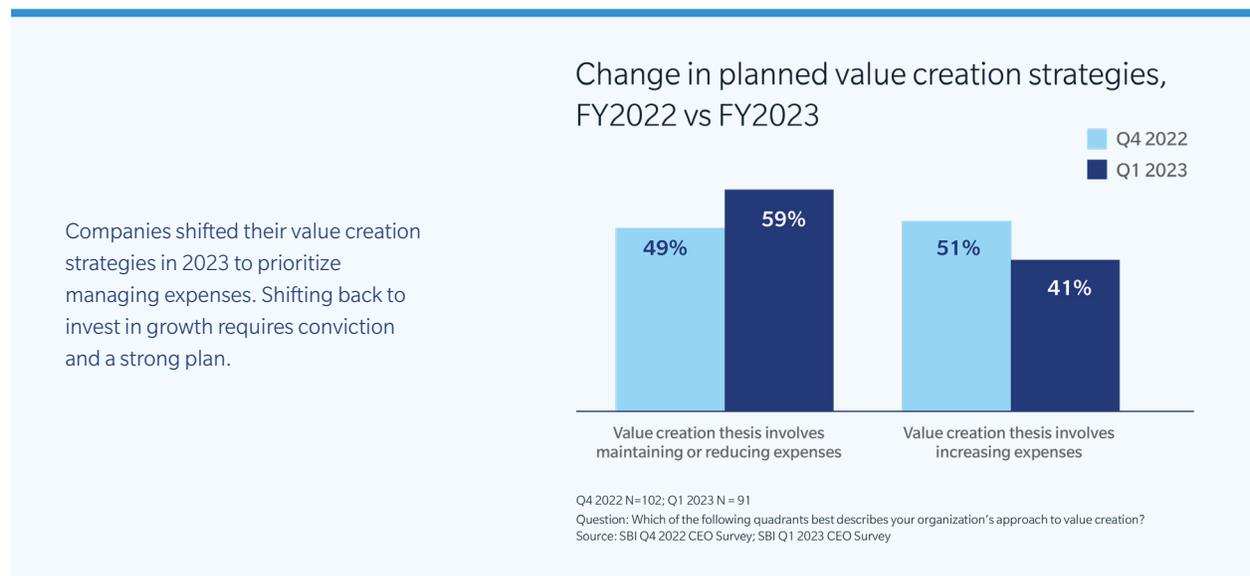
N = 91
 Question: Which of the following best describes the degree of alignment among your C-suite/executive leadership team on your growth initiatives
 Source: SBI Q1 2023 CEO Survey

Implications for planning and go-to-market strategy setting

- 1. Establish clear RACIs for cross-sell, up-sell, and retention activities to increase customer satisfaction and ACV.** Conduct a detailed role-based time and task audit to assess if teams are engaged in redundant time spend. Look for duplication of accountabilities in metrics, role expectations, and goals.
- 2. Establish or tighten Revenue Growth Office charter, operating cadence, and core metrics to reduce coordination time spend.** Drive cadences toward tighter coordination and initiative alignment. Agree on messaging to the broader commercial team to ensure all staff understand coordination points.
- 3. Drive growth strategy changes through the organization quickly with clear messaging and enablement.**

Align on Your Value Creation Thesis for 2024

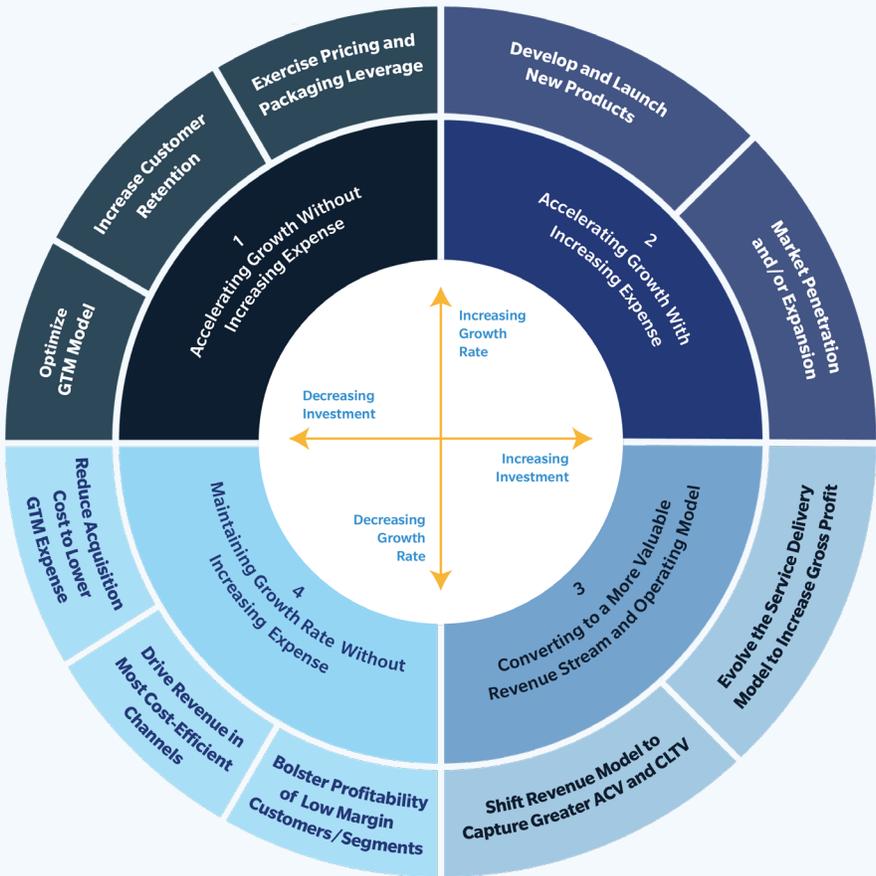
The foundation of annual planning is the leadership thesis regarding the sources of value creation. Leadership teams need to assess how they have delivered on their thesis for 2023 and align on where they are going for 2024. If that direction involves increasing expenses, it's critical to commit the resources now, and put in place metrics to provide confidence as you execute



Implications for planning and go-to-market strategy setting

- 1. Avoid timidity when investing in launching new products or capturing new markets.** Get aligned with your leadership team and your board on whether you are truly shifting to an investment posture, and if so build a plan that supports it without hedging.
- 2. Align your commercial initiatives tightly to your value creation thesis to ensure resource efficiency.** Establish clear plans and metrics that re-enforce your growth and investment targets. Drive commercial activities and resourcing away from initiatives that don't support the thesis.
- 3. Carve out dedicated GTM motions for innovations to accelerate revenue capture.** Gain alignment on metrics for success and how they will differ from core products and services. Use benchmarks from past and competitor launches to set expectations.

SBI's Value Creation Compass: Aligning Initiatives to the Value Creation Thesis



Q1 Accelerating Growth Without Increasing Expense: Companies in this quadrant have commercial spend levels commensurate with peer benchmarks, however, the business is not growing at the expected rate given those investments, requiring productivity gains.

Q2 Accelerating Growth With Increasing Expense: This is an "art of the possible" thesis for high-growth companies focused on extracting breakout growth with increased investments in commercial functions.

Q3 Converting to a More Valuable Revenue Stream and Model: Often a use case for shifting the revenue model dramatically (e.g., on-prem to SaaS revenue model conversions), these companies focus on making a step-change in their revenue model to drive future growth and enterprise value creation.

Q4 Maintaining Growth Rate Without Increasing Expense: Often seen in public-take-private scenarios or large legacy businesses, this quadrant describes businesses that are commercially overspending, yet achieving sub-standard growth rates.



Growth Advisory

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2021 McKinney Avenue
Suite 550
Dallas, TX 75201
www.sbigrowth.com