

# How to Create the Account Score Algorithm

Account scoring, otherwise known as Propensity to Buy (PtB) is a crucial component of an Account Segmentation project. Without an account score, all account potential dollar values are based only on history and firmographic data - such as employees or revenue. This means that high revenue firms may show a lot of potential, despite being an unlikely customer.

The Account Scoring algorithm fixes this. By gathering sales, management, and sales operations together, you can determine an algorithm that will help weigh accounts on their likelihood of purchase. This way, sales won't waste time on high potential accounts with a very low probability of purchase. To create a good algorithm, here are the steps one should take:

- 1) Conduct account analysis on current data:
- 2) Select your Expert Panel
- 3) Brainstorm a list of factors that influence an account's likelihood to buy
- 4) Rank the factors' feasibility and importance
- 5) Assign weights to the factors
- 6) Create a straw model with 100 Prospects
- 7) Get feedback on the model - change factors, adjust weights as needed
- 8) Finalize the model
- 9) Review with sales leadership

## Preparing for the Factor Assessment

1. **Conduct Analysis on Current Data:** Before you pull everybody in a room to talk about what makes an account attractive, it's good to have facts behind you. Use pivot tables and summary formulas in Excel to understand WHO is spending money on WHICH products.

Sum of 2014 Sales	2014 Revenue						Grand Total
	\$500M-\$750M	\$750M-\$1.5B	\$1.5B-\$5B	\$5B-\$10B	\$10B-\$50B	\$50B-\$150B	
Telecommunications	\$ 1,115,788	\$ 3,390,766	\$ 9,418,000	\$ 4,760,000	\$ 3,000,000	\$ 15,939,000	\$ 37,623,554
Computer and Electronic Product Manufac	\$ 1,027,108	\$ 1,409,717	\$ 7,173,050	\$ 2,114,000		\$ 21,328,000	\$ 33,051,875
Educational Services	\$ 2,142,000	\$ 2,688,000	\$ 18,016,100	\$ 2,821,864			\$ 25,667,964
Hospitals	\$ 3,513,980	\$ 2,031,885	\$ 3,114,226	\$ 4,150,000			\$ 12,810,091
Insurance Carriers and Related Activities	\$ 1,553,440	\$ 4,042,896	\$ 6,342,800	\$ 184,800	\$ 684,000		\$ 12,807,936
Data Processing, Hosting, and Related Se	\$ 518,000		\$ 674,000		\$ 7,600,450		\$ 8,792,450

By conducting analysis on the current spend, you'll be able to form hypothesis about the ideal customer profile. More importantly, you may be able to thwart some commonly held beliefs that don't actually have any effect on propensity to buy. Many sales reps make assumptions that don't actually hold up. However, avoid trying to steer the Expert

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Panel with these findings PRIOR to the event. This will encourage free flowing ideas and hypotheses.

- Select the Expert Panel Group:** Your expert panel should consist of top performing reps, a manager, and sales ops to assist on data queries. You want reps with a varied customer base, if possible. Try to avoid vertical specific or sales overlay functions, as they typically deal with one type of customer. This group will review what makes a customer likely to buy your product, and why. Your job is to take this qualitative input, and figure out how it can be quantified. By getting input from the ground level, you'll get a much more accurate algorithm that targets the right prospects.



## Conducting the Expert Panel

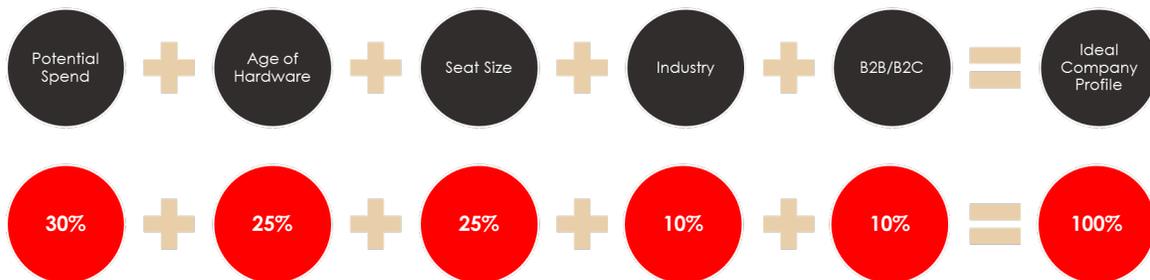
- Brainstorm a List of Factors:** When you conduct the expert panel, avoid trying to put words in the reps mouths. Let them brainstorm a bunch of different factors, without critiquing. Reps may be able to think of a few unique ways to identify great prospects that are unconventional. You'll have plenty of time to reduce the list later.

Potential Factors		
1. Solutions Group	2. Channel Heavy	3. Region
4. Industry	5. Revenue	6. Employee Count
7. Seat Size	8. Family Size	9. Manufacturer?
10. Acquisition	11. Private vs Public	12. B2B vs B2C
13. Outsourcing	14. Age of Hardware	15. Market Cap
16. Cloud Based	17. High IT Spend	18. Growth Rate

- Rank the Factors Feasibility and Importance:** Once you've got the list of factors, it's time to examine them in more detail. Eliminate subjective factors like "Likes our Product" and focus on factors you'll be able to gather from a data provider. Also, ask how important each factor is to the sales organization. If you have data on hand, be ready to run a quick correlation for verification.

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6. **Assign Weights to the Factors:** Once you've stack ranked your factors - it's time to determine weights. Take the 3-6 most important factors and assign weights. If you serve IT Companies, for instance, Industry might get the biggest weight at 40%. Once you've agreed on some preliminary weights, thank the expert panel for their time.



7. **Create a Straw Model with 100 Prospects:** Once you've got the weights, and all the factors completed, it's time to build a model. Ask sales ops for a short list of mixed prospective accounts - the list should be varied - and run the companies through each algorithm. The output is the first cut of your new account scoring model. Once you have the score as a percentage for each account, multiply it by the Account Potential model to determine the Weighted Account Potential. This will provide the true value of the opportunity, as it incorporates your likelihood of winning the deal.
8. **Get feedback:** With the results of account scoring in-hand, send out a report with the account scores from the 100 Prospect Accounts to the members of the expert panel. Include a list of questions that stimulate thought like -
- Is Company A really a better prospect than Company B?
  - What companies seems overvalue?
  - Which seem undervalued?
- The purpose is to get actionable feedback to tweak the weights, and possibly change the metrics.

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1	Company Name	Weighted Score	Weighted Account Potential
47	ALBERTSON'S, LLC	39%	\$ 6,198,500.00
48	ALCATEL-LUCENT HOLDINGS INC.	83%	\$ 534,000.00
49	ALCATEL-LUCENT USA INC.	94%	\$ 2,224,280.00
50	Alcon Laboratories Holding Corporation	39%	\$ 915,880.00
51	Alcon Laboratories, Inc.	33%	\$ 90,066.67
52	Alexandria, City of (va)	50%	\$ 135,100.00

- Finalize The Model:** Once the adjustments have been made, it's time to finalize the model. Create an overview sheet that explains the assumptions made, factors that determine the score, and the weight you assigned each factor.
- Share with Leadership:** Aggregate the overall Weighted Account potential by category. Use the same analysis you conducted with the Account Potential, now using the Weighted Account Potential. The values should show a much more accurate picture of the overall value of each account.