

2021 Predictions for Sales Leaders:

# THE YEAR OF VALUE

**Maximizing Customer Lifetime Value:  
Strategies for Navigating New Challenges  
and Changing Expectations**



2021



The ultimate differentiation.



## ► INTRODUCTION

In the early 2000s, businesses began to shift their organizational structures – from having a Chief Revenue Officer with oversight for all go-to-market activities, field marketing, sales, indirect channels and customer relationship management, to fragmenting the organization where each department existed independently. This created silos between departments and the overall sense of account centricity and accountability for customers began to fade. Businesses were more focused on organizational charts and respective P&Ls than the customer experience and building deeper relationships.

### THE GROWING IMPORTANCE OF THE CHIEF REVENUE OFFICER ROLE

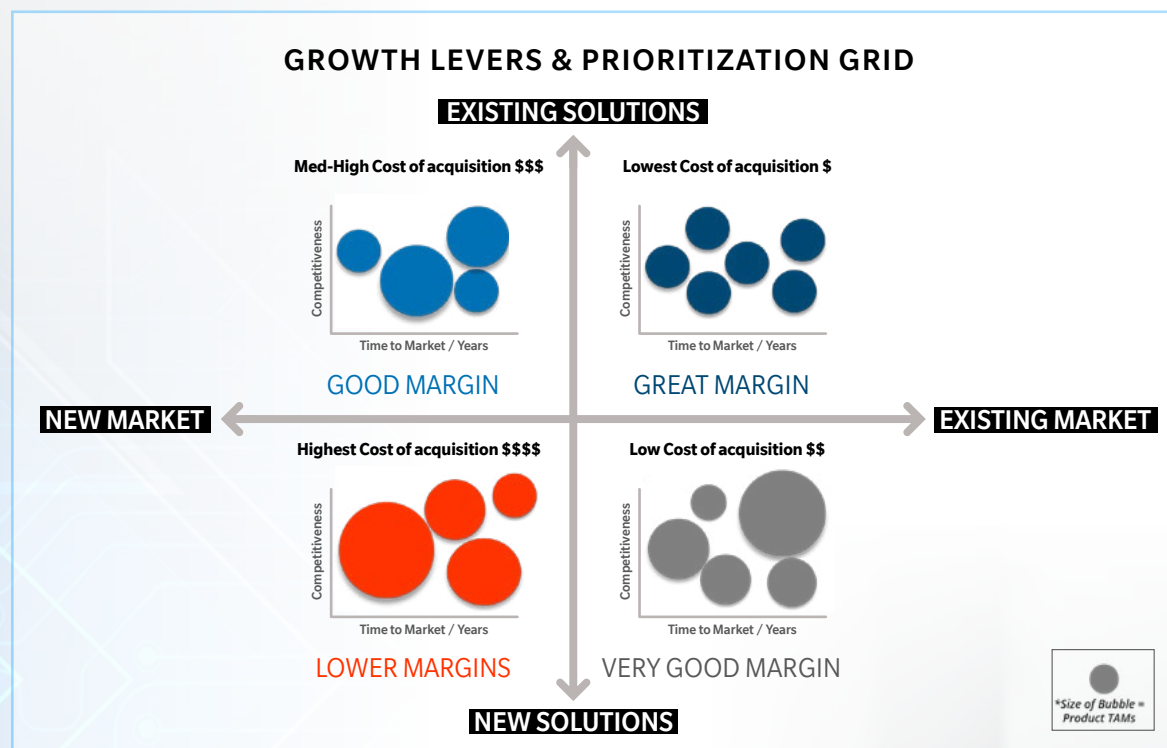
In 2020, the pendulum started to swing again. With COVID-19 and the growth of the SaaS economy, where contracts are up for renewal every year, organizations realized that maximizing **Customer Lifetime Value** is a critical component for growth and success. This has positioned the Chief Revenue Officer as a linchpin to the business. Today's CRO is more than simply an expansion of the CSO or VP of Sales role. A CRO's role is to look at ways to generate and retain revenue across multiple channels with a long-term perspective, rather than the short-term horizon usually embraced by sales departments. Their focus is on three key pillars of the business:

1. **Customer Acquisition**
2. **Customer Retention**
3. **Customer Expansion**

Traditionally, B2B companies pull one or more levers to drive growth: investing more in sales and marketing resources to target new offerings in new markets, existing offerings in new markets, going deeper in existing markets with new offerings, or just cross-selling and upselling existing offerings into existing markets. Generally, these decisions are based on total opportunity size, competitiveness, time to market, profitability, cost of acquisition, and more, as illustrated in the Super Quadrant\*, next page. This type of planning allows enterprises to either add new logo accounts to gain market share, or to go deeper into their existing markets/customers to grow wallet share, or a blend of both.



## ► INTRODUCTION



*\*Super Quadrant™ is a proprietary methodology of JCurve Digital Partners, LLC.*

With the pendulum swing companies are experiencing today, the customer experience and touch points along a customer's journey, have become a critical means of growth across all 3 of the CRO's pillars of business. In today's SaaS economy, if a business can incorporate digital into the mix to develop new and highly accretive service models and if they will offer flexible, subscription pricing buyers enjoy an "as-a-service" consumption model, with generally lower entry points, continual support, and a less capex-intensive approach overall. On the supply side, this enables businesses to create differentiation based upon service, increase margins, improved customer experiences, and the ability to create long term stickiness — if customer value is realized.

It's a win/win for both sides of a service-based economy, but there are some risks around "stickiness" and the need to prove the economic impact of a buyer's investments is critical for success.



### THE FIVE BASICS FOR SALES SUCCESS

Companies operating in the service-based economy quickly learn that business success and true profitable growth depends on the full adoption and stickiness of their solutions, especially including renewals and expansion, as opposed to just winning net new customers.

Whether selling through a direct sales force, an ecosystem of channel partners, or through web-based inbound marketing programs and inside-sales teams, **most companies have focused on establishing these five key sets of competencies:**

- **1. Solid sales methodology.** Successful sales executives want to ensure that all sellers work to the same methodology designed to the strengths of their offering, providing sellers and managers with a repeatable, scalable and predictable way of operating that ultimately determines an organization's ability to achieve process maturity and improve win rates. Working to a common methodology also ensures that sales leaders can measure progress along the sales cycle and promote a consistent message to all customers.



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- **2. CRM adoption.** Initially, CRM adoption was a challenge as many sellers (the primary users) viewed first-generation Customer Relationship Management (CRM) systems as a burden rather than an aid. But modern CRM systems have better sales user interfaces, integrate with other systems, and include popular sales enablement features. The CRM system allows sellers and executives to measure progress and success, while capturing important customer data in one place.



## ► INTRODUCTION

- **3. Sales and Marketing Collaboration.** The last five years have seen the rapid adoption of digital marketing, sales enablement, and social selling programs. Marketing has learned more about the needs of sellers, while sales has learned how to do their own one-to-one marketing, leveraging resources of their marketing colleagues, where possible. Most companies have integrated their marketing automation system to their CRM, enabling executives to observe and measure the complete lead-to-revenue process and recognize and distinguish contributions from Sales and Marketing.




- **4. Focus on Customer Success.** Most businesses now invest heavily in Customer Success programs like onboarding and implementation services and Customer Support resources to ensure customer satisfaction and a strong renewal rate. Instead of growth factors such as the number of new accounts, the focus has moved to new executive KPIs like Customer Lifetime Value and Net Dollar Retention Rate.



- **5. Account-Based Marketing Programs.** ABM is a long-established marketing/sales methodology at business services companies, where success depends so much on personal empathy and the relationship. The trend towards an as-a-service business has now raised a new need for all B2B businesses to adopt an ABM strategy based on the collection of behavioral and profile data about individual buying decision makers.







## ► INTRODUCTION

### OPPORTUNITIES IN A NEW DECADE

The fragmented days of sales, while disaggregated and matrixed, did have some positive impacts. Many new tools were introduced to the disparate groups, as mentioned above – CRM, marketing automation, and customer success tools, to name a few – and organizations who realized the strain on the business have come a long way in integrating them technologically. But there's still a missing link to all of them – and that is real data based on true customer value.

It's time that in addition to pulling things together under the CRO and being focused on customer lifetime value, we must have a way to measure that value and have it omnipresent in all our systems and at our fingertips when we need it. Only then will all of these systems, and your businesses, truly deliver on their promises.

Read on to learn more about our predictions will be for B2B sales leaders in 2021 and beyond, and what resources, technologies and capabilities will be needed to win.

## ► PREDICTION 1

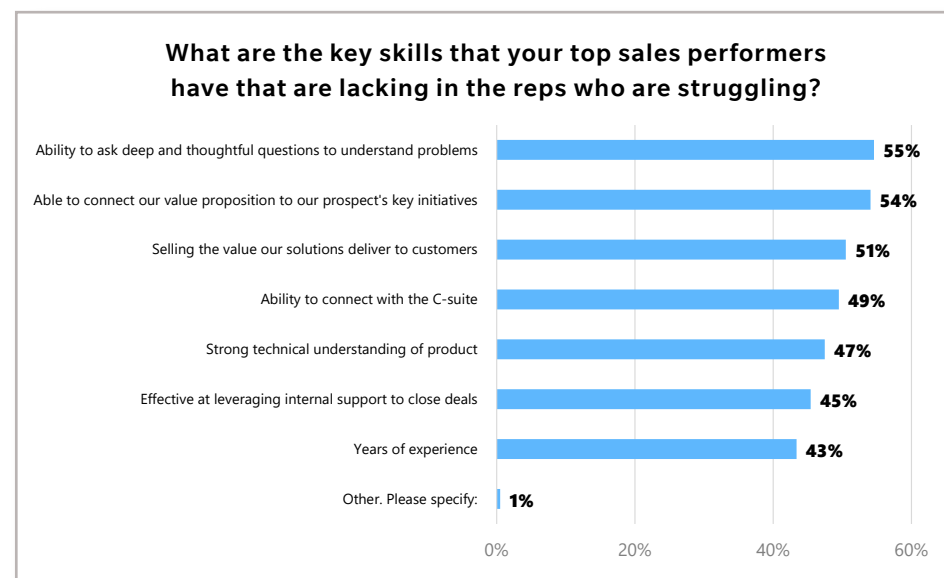
# THE LONG TAIL PROBLEM WILL CONTINUE TO BE AN ISSUE FOR SALES LEADERS, WITH 20% OF THEIR SALES REPS CLOSING 80% OF THEIR COMPANY'S BUSINESS.

In a study led by Dimensional Research of 200+ SaaS Sales leaders, 78% reported that at least half of their sales organization was struggling to achieve quota. When asked what key skills that top performers have that the underachievers lack:

One common theme is that reps who are failing to hit their quota feel uncomfortable discussing the concept of value, i.e. being able to understand a customer's strategic goals, being able to connect the seller's value proposition to their buyer's initiatives, and as a result, failure to connect with the C-suite.

In 2021, this issue will continue to be a challenge for sales leaders, as a year of virtual selling has limited the sales team's ability to collaborate face-to-face, both with their peers and their prospects and customers.

Although sales teams often have value consulting resources to assist in calculating the economic value their products can deliver, these headcounts are often small compared to the size of the entire sales force. With limited resources and analysis that can take weeks to execute, these dedicated value resources are often reserved for the most strategic sales cycles.





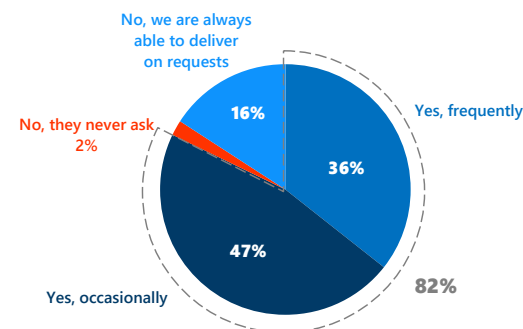
## ► PREDICTION 1

This leaves the remaining salespeople without quantified value to leverage in their pipeline or driving them to do the analysis on their own with bespoke tools or cumbersome spreadsheets. It's no surprise that the vast majority of salespeople struggle to satisfy customer demand appropriately. In fact, the same study by Dimensional Research showed that 82% of salespeople are being asked for value management analysis that is beyond what they can deliver and 36% of respondents report this happening on a frequent basis.

More than likely, the top 20% of sales reps who are closing the majority of the business already understand the impact of leading with value over features and functions – it's how they've managed to be so successful quarter after quarter. Because of this success, they often are given access to the precious value resources, perpetuating the cycle of a small group of quota-achieving reps against the majority who fail to hit their number.

With the long tail that many sales organizations struggle with, combined with an inability to provide those who are struggling the resources they need to overcome their pipeline challenges, to lift the long tail of the sales organization, CROs need to invest in a powerful new lever that scales across the organization to empower every member of the team – one rooted in enabling economic value-based conversations.

**Do prospects or customers ever ask your organization for tools to establish value that you are unable to provide?**



**TOP TAKEAWAY:** Giving all customer facing teams an easy, self-service way to quantify and articulate the value that your company delivers empowers them to make every customer interaction one that is based on outcomes and results. This, in turn, will allow them to reach higher into organizations by speaking the language of executives, and will lift the long tail, ensuring everyone on the team is a winner.



## ► PREDICTION 2

# CUSTOMERS WILL EXPECT CONVERSATIONS TO BE CENTERED ON THE ECONOMIC IMPACT DELIVERED FROM YOUR SOLUTIONS.

In 2020, CFOs got more involved with every purchase being made and every dollar of spend was scrutinized. Those who were able to quantify the outcomes associated with their spend were able to get their projects completed. Those that were not able to articulate value saw their projects overlooked by those who had a higher level of perceived value to the business.

In 2021, expect the financial scrutiny to continue. Now that finance has taken a more rigorous look at the spend of their organizations, comparing projects, alternate solutions and vendors, moving forward, they will expect this level of detailed analysis for justifying both new and renewing costs.

Buyers in 2021 will continue to seek ways to justify and feel confident in their purchases. To overcome this, CROs need to empower their sales teams to provide a framework for buyers to build business cases hand in hand with the seller. Not only does this create trust, it empowers the internal champion to co-sell the project, even when the seller isn't around.

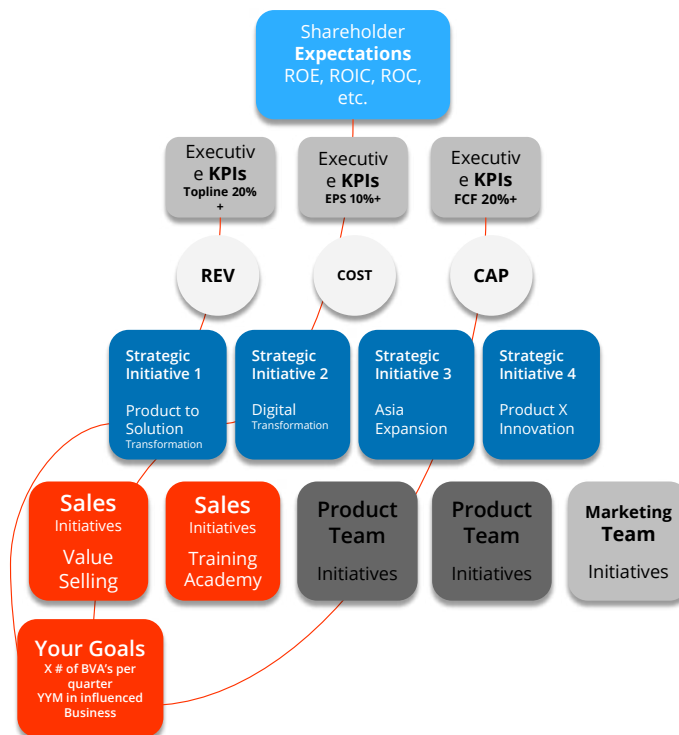
***“Every investment that a business makes has a business case behind it. Did you write it, did they, or did your competitor? We want to be the ones that are bringing that to the forefront early on in a sales cycle. If a customer is not willing to invest the time it takes to really talk through their challenges, what’s hurting them in their business, they’re either just researching and kicking the tires, or they’ve already found somebody. It’s not you and they needed a competitive quote.” — Mike Maxey, Senior Director of Worldwide Sales for VMware.***

## ► PREDICTION 2

To succeed in virtual B2B sales cycles in the coming year and beyond, it's critical that CROs work with their sales leadership to ensure that their teams are intentional in discussing and quantifying value early in buying conversations and that every opportunity is substantiated with the strongest business case possible based on true economic impact and outcomes. To thread the value conversion through the full customer journey and ensure retention and expansion remain positive, sales leaders will also need to work with the customer success leaders to ensure that the company is proactive in communicating the outcomes of their solutions in order to maintain renewals NRR remains high.

**TOP TAKEAWAY:** Embed conversations focused on expected and achieved outcomes across all stages of your customer journey – the market expects it. If you start this shift in dialogue now, you'll have a leg up on your competition. If you wait, you'll find yourself neck and neck with your competitors and will be hard-pressed to articulate your differentiation.

### VALUE MAPPING Connects Your Program to Company Strategy & Objectives





## ► PREDICTION 3

**AS THE LAST MILE IN THEIR DIGITAL TRANSFORMATION, CROs WILL INCREASE THEIR INVESTMENT IN THEIR SALES TEAMS AND THEIR FOCUS ON ROI.**

Many buyers tend to work virtually and autonomously, using self-service methods to analyze vendors and doing their own research with little interaction with salespeople until further down the sales cycle. When the opportunity does arise of a personal conversation, even virtual, companies now expect sellers to act less as a salesperson and more empathetic as a brand ambassador, presenting key messaging, and being useful to customers in each interaction.

Yet, despite all the investments made by sales leaders, there is little visible ROI within sales enablement in the tools, processes, methodologies and people. While leaders have invested heavily to make sure everyone follows the same process, has access to materials, and tracks data consistently, they still lack the tools to link them all together and create that ‘a-ha’ moment for their decision makers.

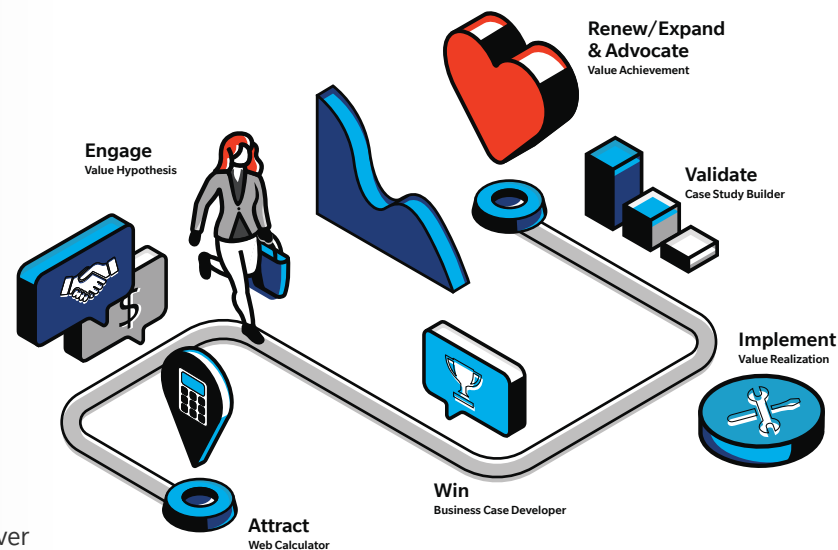
For example, with every new meeting, sales people everywhere still scramble around the organization looking for the most recent and relevant case studies. And with every RFP, there’s a race to find comparable business cases to leverage. Customer success teams end up spending time re-calculating the value their customers have achieved to use for proof points. Despite all the investment in sales enablement platforms, has the effort truly been streamlined for individual contributors?

In 2021, CROs will look to weave their sales enablement portfolios together to create a seamless experience for their teams. Sales teams have become a critical, last mile personal contact in what is now the new normal of overriding digital interactions. One of the most common requests from customers and their finance teams is around value – what are the results and expected outcomes that this purchase will help

## ► PREDICTION 3

us realize and how can we ensure we achieve that? Sellers, the frontlines of your organization must be enabled to provide an answer, and answer it quickly.

To demonstrate and validate their investments in empowering their sales teams, and to prove the impact of value selling on the organization, CROs will begin to track a new KPI, Return on Value Management. This KPI will ensure that companies are improving in their value selling efforts over time, and also tie the investment in value-based conversations all the way up to the key strategic initiatives of the organization. By tracking the improvement across the number of business cases developed, pipeline generated, close rate improvement, revenue growth and EPS and cash, CROs will be able to easily articulate to both company leadership and the Board of Directors the economic impact of their investments in their sales teams.



**TOP TAKEAWAY:** Ultimately, it's the companies that are taking the time to shift towards enabling a collaborative selling motion that will see the greatest change. By quantifying the impact of the heavy investment in the sales team with a Return on Value Management KPI, CROs will be able to show continuous improvement and ever-growing impact to their company's strategic initiatives. By giving customer facing teams the tools they need to reach higher in organizations and provide buyers with numbers and proof points in real-time, you will elevate the perception of your sales team in the market to true trusted advisors.



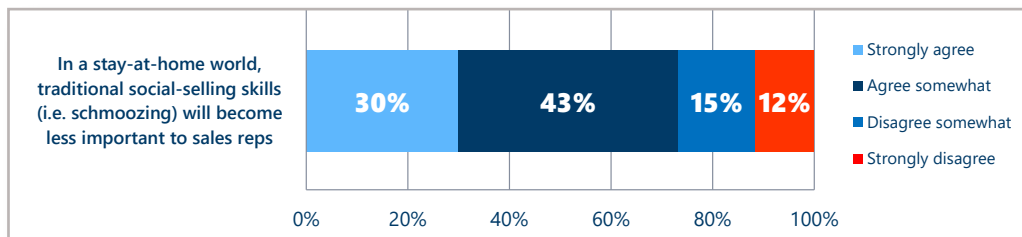
## ► PREDICTION 4

### TECHNOLOGY WILL BECOME INCREASINGLY IMPORTANT IN A COVID-SELLING MOTION.

Unlike in the beginning of 2020, sellers can no longer take clients to hockey games or dinner to build rapport. Instead, all information sharing happens digitally, via email or a web conference. You have minutes, not hours, to make an impact. According to McKinsey, “digital self-service and remote rep interactions are likely to be the dominant elements of the B2B go-to-market going forward, when selling to both SMBs and large enterprises.”<sup>1</sup> And 89% of companies expect these changes to stick, anticipating they will need to sustain these virtual go-to-market models for 12+ months, per McKinsey<sup>2</sup>.

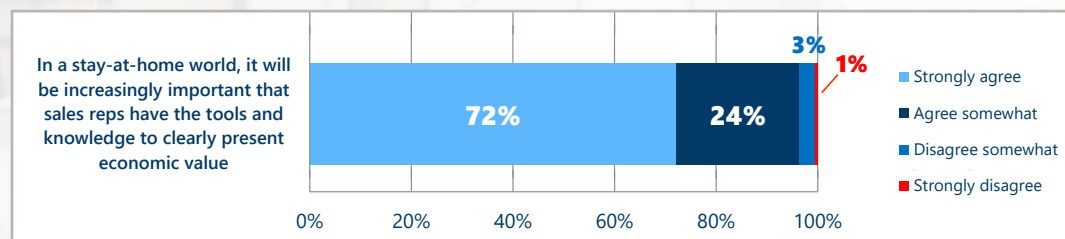
Sellers are feeling the stress caused by this shift in buying behaviors. Of the 203 companies surveyed by Dimensional Research, 89% indicated it is more difficult to discuss value or to work without maintaining their usual style of relationships and 73% of respondents agreed that traditional social-selling skills that salespeople possess will become less important in the future.

***“B2B leaders that commit to further digitizing their go-to-market models should derive competitive advantage in the form of more—and more loyal—customers than their slower-moving peers.” — McKinsey, Article: “These eight charts show how COVID-19 has changed B2B sales forever”***



## ► PREDICTION 4

A large majority, 96%, of respondents believe that it will be increasingly important that sales team members have the tools and knowledge to clearly articulate and present economic value and the need for self-service value management tools for sales teams has become critical in today's stay-at-home world.



Selling motions in 2021 will look very similar to those in 2020. Instilling change is not always easy, but the increased conversion rates, the discount reductions and the increase in customer satisfaction, renewals and expansions, will be worth the effort in the end. Companies who take the time to invest in the technology that their field team needs to succeed will reap the benefits in the years to come.

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## ► PREDICTION 5

**CROs WILL BE MEASURED ON MAXIMIZING THE  
TOTAL CUSTOMER LIFETIME VALUE.**

CROs today are measured on metrics of customer success, renewal rates and, ultimately, lifetime customer revenues. As a result, the more innovative CROs are influencing colleagues across the whole company with programs to support account managers and other customer-facing staff in cementing their business relationships, becoming a trusted advisor and a true partner to each client. They expect to be able to report back to the board or investors using success metrics such as “new sales into existing customers” and “cross sell and upsell”.

Customer Lifetime Value is much bigger than just the initial sales win, it gets into the value that can be generated from a client over a period of time; it encourages a unified approach and puts customers back at the center of everything. From attracting, to engaging, to winning, to retaining, to expanding, a CLV approach translates to much more value to shareholders and investors than a singular new logo.

In today's subscription economy, where contracts are up for renewal every year, value delivery should be tracked, monitored and communicated regularly. Failure to communicate value throughout the subscription positions the vendor to be on the defensive come renewal time, having to pull together numbers quickly to justify the value achieved over the last 12 months.

As Mike Maxey, Senior Director of Worldwide Sales at VMware says it, “in the world of subscription-based software, the world isn't flat anymore, it's round and you've got to continue to deliver value. A customer is going to purchase from you many times...

## ► PREDICTION 5

If you don't deliver on value, they're not going to buy from you again, but if you do and you're one of the few companies that do, you've got a customer for life."

To shift the conversation between vendors and customers, enterprises are looking to identify sales "superheroes" within their teams who really understand the full continuum and importance of value delivery across the customer lifecycle, who can drive their organization towards commercial excellence.

**TOP TAKEAWAY:** Connecting the customer journey to ensure value delivery requires a way to track value activity and make the data accessible and actionable for all external-facing teams. In today's world, every customer-facing function is responsible for contributing and enhancing value delivery to customers.

### Beyond the Transaction - Chief Revenue Officers Care About Customer Lifetime Value

Customer Lifetime Value is the metric today's CRO is watching:

**Customer Acquisition:** huge investments in MarTech, SalesTech, training, methodologies & people.

**Customer Retention:** significant investments in people, process and tools to ensure implementation, adoption and overall satisfaction.

**Customer Expansion:** large investments in account management and overall x-sell/up-sell efforts to expand share of wallet.





## ► THE FUTURE OF SALES

### WHERE DO CROs GO FROM HERE?

A common thread through each of these predictions is that value management is becoming embedded in all customer-facing activities, conversations, and programs. One overriding impression being that 'value' is going to be the Lingua Franca of supplier-customer relationships. Why will any customer or user spend any time, money, or resources on a supplier who cannot advise and support them in their goal of documenting return from their investments?

CROs and sales leaders have done a wonderful job of preparing their teams to sell – through significant investments in CRM platforms, enablement tools, processes and methodologies, marketing tools, and more – but to amplify their success in renewals and expansions, a layer of consistency across them all is needed.

And what do buyers care about more today than ever before? Quantified economic value.

Organizations who are proactive in their delivery of expected results and clearly articulate actual outcomes throughout an engagement will create a powerful competitive differentiator for acquiring new customers and defending and expanding existing accounts.

In 2021 and beyond, buyers want to work with suppliers that support a variety of user roles in business value and best practice guidance; one that delivers data-driven outcomes that both sellers and buyers are confident in to use as a factor in planning investments that supports all three of the sales pillars, acquisition, renewal and expansion.



## ► THE FUTURE OF SALES

### VALUE MANAGEMENT WILL BE A STANDARD BUSINESS PRACTICE IN 2021

Vendors seeking a placement on the strategic supplier list at their most important clients should now take advantage of modern value management software offerings, including the provision as a cloud service, and make their value data more transparent to all parties. Companies that will be the most successful in 2021 will:



**Expect value management to be a continuous process.** Value management is no longer a one-off forecast based upon estimates and assumptions, it must be modelled and set up in a system which is able to collect actual data and provide ongoing reporting.



**Consider value management as a customer service.** Vendors' ROI tools proffered from a salesperson's briefcase, like a discount, is no longer winning business. Buyers are looking for business partners and successful SaaS providers are offering a value management process as an accompanying service. Both parties can profit from the data collected and both companies gain confidence in the partnership when conversations centered on outcomes and economic impact are present.



**Remember that buyers are always competing internally for budgets.** The true competitor for any technology investment is not another vendor, it is "do nothing". If the reasons to invest are not compelling enough, the responsible business executive will decide to invest the budget in another project with a higher perception of value. The same goes for renewals and expansion, reiterating the importance for value to be communicated both pre-sale and post-sale.

#### SOURCES:

1 Harrison, L. and Stanley, J. (2020, October 20). Survey: US B2B decision-maker response to COVID-19 crisis. Available [here](#).

2 Bages-Amat, A., Harrison, L., Spillecke, D. and Stanley, J. (2020, October 14). These eight charts show how COVID-19 has changed B2B sales forever. [online] McKinsey Company. Available [here](#).





DecisionLink's ValueCloud® is the first and leading solution for enterprise-class customer value management. The ValueCloud® enhances the value of CRM systems by providing the missing link to elevating conversations and shifting relationships from tactical to strategic by providing value insights from initial sales call all the way through to contract renewals. The ValueCloud® turns customer value insights into strategic assets that can be leveraged across the enterprise, from CXO's, to line of business leaders, to Product Managers, to Marketers, to sales & sales support teams, to value managers. DecisionLink is trusted by top enterprise businesses, including Adobe, Caterpillar, CrowdStrike, DocuSign, Marketo, VMWare and more.

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