



Executive Guide

STRATEGY ACTIVATION: SALES

The simple way to gain predictability and control over your sales growth

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A Note from the Founder

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Over 20 years ago, as I embarked on my professional career, my father gave me a piece of paper entitled “The Professional Management Loop.” It contained a set of boxes arranged in a circular path. He told me that if I followed this process as a leader, I would be successful. I still have that piece of paper, and I have yet to find a management methodology that is superior. And he was right – when I have followed this process, my teams have been highly effective. The times when we have fallen short, I could identify the point in the loop where we failed.

A little background – my father, Hugo Marxer, was a nuclear submarine captain, part of Rickover’s nuclear program for the US Navy. When he retired from the Navy, he worked for an organization responsible for inspecting nuclear power plants. So, you see, when he drafted this management loop, it was pretty important that people did their jobs correctly.

My dad’s management approach is brilliant in its simplicity. It basically says this:

- Define what you want to do – the “direction”
- Tell people the direction
- Verify people understand the direction
- Translate the direction to specific responsibilities at all levels
- Ensure people are committed to the direction
- Monitor performance as people work towards the direction
- Hold people accountable for their performance
- Identify performance shortfalls, and put feedback loops in place
- Improve direction based on the feedback loops
- Repeat

Now, having seen more “new approaches” to strategy and management than I can count, I have yet to find one that is more efficient in achieving what my dad’s management loop has proven over and over again. What I’ve found is the simpler something is, the more likely it is to be adopted, and the more opportunity it has to actually make a difference. And making a difference has been the hallmark of my work for over 20 years.

Originally a change agent in the executive ranks of numerous B2B technology companies, I founded a consulting agency that was a growth accelerator, following the methods I had established for strategy, sales, and marketing. An engineer by background, I recognized the repeatable science behind growth. While there is art in establishing thought leadership, brand and campaign messaging, and product packaging, an engine must be built to increase pipeline growth. Feedback loops must be in place to continuously optimize sales and marketing resources, and refine the go-to-market strategy to accelerate business growth.

That was the inspiration behind ayeQ. Not only did we want to give B2B companies of all sizes access to enterprise-level market strategy, but we wanted to provide the engine that systematizes strategy management and provides the feedback loops for executives to make more informed decisions on their strategic direction.

The critical aspects of building this “Strategy Platform” were to empower cleverness and speed, **the essentials of accelerated growth.**

CLEVERNESS

Do smarter things. Create a great message and a great solution. Magnify that message by aligning your entire team around it. This is the Art.

SPEED

The faster you take solutions to market, and the faster you can adapt to the needs of customers, the more likely you are to achieve market leadership. Automate feedback loops for faster insight. This is the Science.



ayeQ is built on a proven management loop. It systematizes a proven process, aligns your entire team, calculates the right goals, and provides feedback for rapid optimization and predictable revenue streams.

Everything we do at ayeQ is lean – including our Executive Guides. We address particular aspects of the ayeQ strategy loop in each guide. Having helped dozens of companies achieve dramatic growth, leading to IPOs, strategic transactions, and market leadership, I can assure you that this process works. We hope you find our guides helpful.

The Strategy Loop

This is the basic strategy loop. **Create** good strategy. **Activate** the strategy by translating it into meaningful goals at every level. **Execute** the strategy through alignment, focus, and speed. **Optimize** the strategy by evaluating the components that are leading to the desired growth. Improve your strategy with that feedback.



01 CREATE

- Create strategic foundation
- Define go-to-market plan
- Set annual goals and initiatives

02 ACTIVATE

- Define process
- Model revenue pipeline
- Set team goals
- Create campaigns

03 EXECUTE

- Define quarterly imperatives
- Align planning with strategy
- Track progress
- Focus leadership team meetings on strategic priorities

04 OPTIMIZE

- See the components of strategy leading to faster pipeline growth
- Identify strengths and weaknesses in sales process
- Understand which components of marketing are impacting pipeline
- Refine your pipeline model for greater predictability

The Essentials for Predictable Bookings

Having served on many B2B executive teams, our team has seen how bookings targets are commonly set: last year's number times our growth target. The question we can't help but pose is, "Why? Why do we think we can hit that number?" Often the executive team is going to be reasonably accurate simply by gut feel and experience. But as engineers, we have never been satisfied with gut feel. And when the credibility of your executive team is based on hitting your numbers, evidence that validates your targets is critical.

The reality is that bookings can be predicted – but only if a reliable model has been created and refined with actual performance data. In the absence of a model, gut feel and experience are all you have. So, how do you create a model that will predict your bookings performance? Here are the essentials:

"I never guess.
It is a shocking habit
destructive to the
logical faculty."

- Arthur Conan Doyle

- Define your growth process
- Execute your process consistently
- Model your pipeline based on the process
- Set goals for the team based on the pipeline model
- Monitor performance in real time to compare the actual pipeline with the model
- Focus energy where actual performance is below the model's performance target
- Adjust and optimize the model over time.

If you create and optimize the model (and you have a large enough sample size of opportunities), you will be able to predict your bookings performance.

Define the Process

Absolutely essential for predictable, accelerated growth is process. You **MUST** have a growth process. Not only must you have a process, but your entire team must **FOLLOW** the process – all the time. We cannot emphasize this enough. If you don't have a consistent process, there is no way to accurately model your pipeline and get to predictable growth.

What is the growth process? The process includes the steps from the initial touch of a prospect from marketing to a closed deal. Here are the essentials.

CONNECTION

The process is a single process: there should not be one for marketing and one for sales. Companies who experience misalignment between their marketing and sales teams typically have 2 processes. Marketing follows its lead generation process and throws leads over the fence to sales, hoping good things happen. Sales picks up leads and perhaps enters a sales process. If they are struggling in sales, it will be because their leads are bad. Don't do this.

HANDOFFS

There are critical handoffs between teams – typically from marketing to inside sales, and from inside sales to sales. Those handoffs need to be clearly defined. Qualification criteria for handoffs should be agreed to collaboratively across the teams. Service level agreements should also be in place. For example, how quickly is sales expected to respond to a qualified opportunity delivered from inside sales?

DEFINITIONS

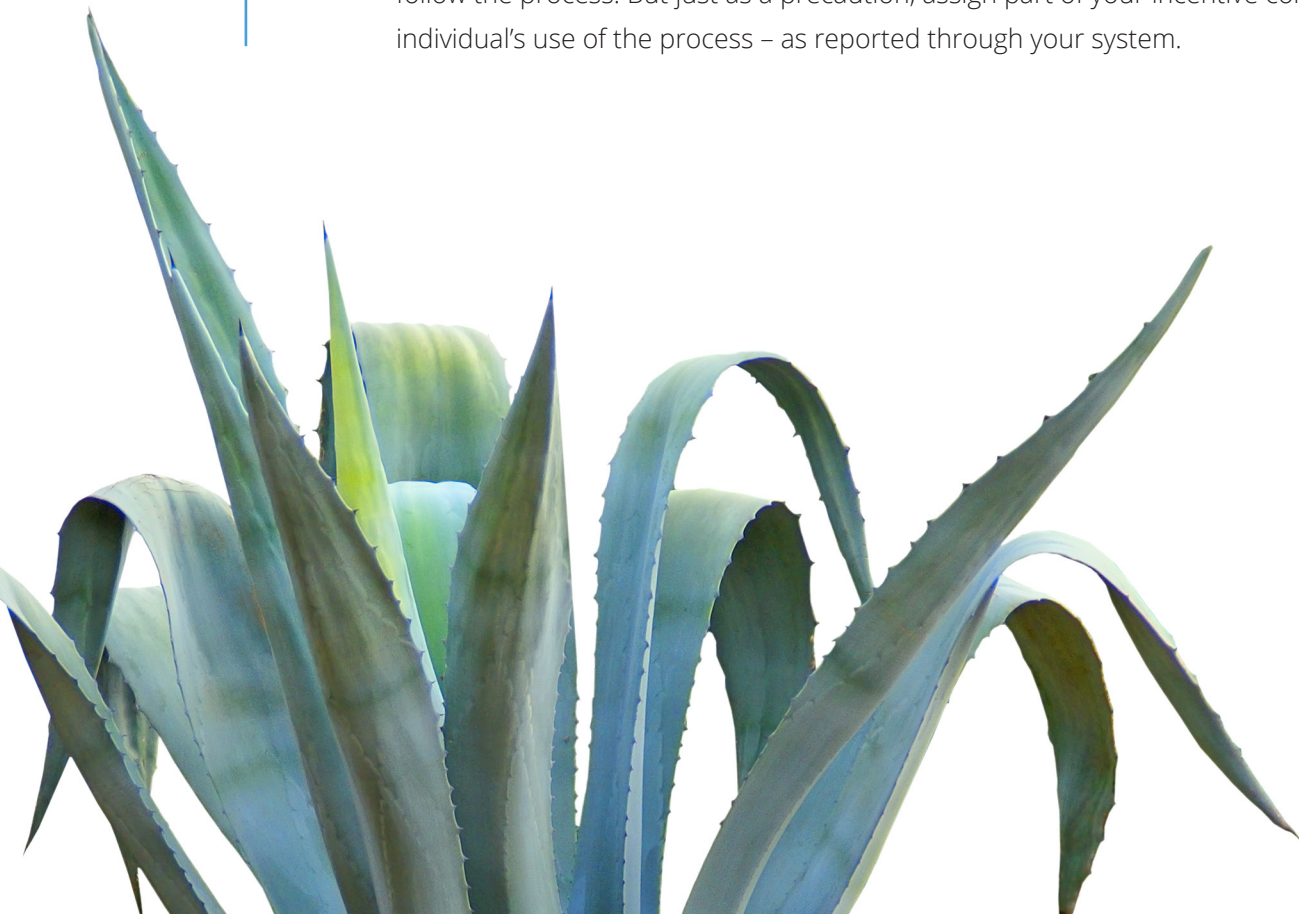
For the process to be clear, the stages and steps of the process need to be defined; with the expectations of what is required to enter the stage, what should happen within the stage, and what is required to move to the next stage.

We have defined many, many processes, and we know the proven best practices that create a great process and strong team collaboration. There are always unique variations based on your business. Understanding good stage definitions, number of stages, etc., is a bit of an art. Ask us for help if you are not sure where to start on defining your process.

Execute the Process – Consistently

Just having a process is not enough: it must be followed. Seems logical, but so many companies create a process, even configure it in their marketing and sales systems, but do not manage their teams to it. How do you make sure your teams follow the process? Here are the essentials:

- **Your CRM system is the source of truth.** Don't allow your sales team to report on deals in Excel. This is a red flag that they aren't using the sales system (with the process), and thus don't trust the system to report accurately. If it isn't in the system, it didn't happen.
- **Manage to the process.** One of the important aspects of having your marketing and sales leadership collaborate on a jointly owned growth process is that they have buy in. If they believe in the process (that they helped create), they will manage their teams to it. This is a leadership discipline. Use the process, as reported by your CRM system, in your progress/staff meetings.
- **Compensate on the process.** Often leadership discipline will be enough to have your teams follow the process. But just as a precaution, assign part of your incentive compensation to the individual's use of the process – as reported through your system.



Model Your Pipeline

If you have a process that is clearly defined and consistently followed, you can model your growth pipeline. You will know exactly what your pipeline should look like at any given time. Here are the essentials you will need to create your model:

- **Timing of steps.** How long each step in your growth process takes, particularly your sales opportunity stages. This will allow your model to incorporate lead time in your pipeline size – how far ahead of your bookings target your sales pipeline should be built.
- **Conversion of steps.** The probability of each step moving to the next step (what we call conversion rates) is required for the model to calculate the required number of opportunities in each stage at any given time.
- **Cycle of bookings.** Understanding what your bookings cycle looks like (e.g., perhaps you close most of your revenue in Q4), you will understand how your pipeline needs to grow quarter over quarter.
- **Growth rates.** Especially in complex B2B sales processes, where the average sales cycle length is many months or quarters, you must account for your annual growth rate to model your required pipeline. So often we see companies calculate their goals based on the bookings target of the current year, forgetting that they will be building pipeline for the next year (this year's bookings times the growth rate).

If you have these pieces, you can input these into ayeQ's Bookings Model and get a full picture of what your pipeline should look like at any given time – based on the bookings targets you set. If your pipeline is smaller than the model, then you should reconsider your bookings target, or invest to build the pipeline to the right size.

Set Goals According to the Model

With your pipeline model complete, you will have all the goals you need for your growth team. If the goals are met, and the inputs to your model are correct, you will hit your bookings targets. We suggest making these goals part of your incentive compensation plan:

MARKETING

- Number of marketing qualified leads per quarter – this is the size of the top of the funnel required by the model
- Number of sales accepted opportunities per quarter – this is a measure of lead quality
- Bookings target by quarter – this aligns the team with a common goal

INSIDE SALES

- Number of Qualified Opportunities delivered to sales for acceptance per month – this is the size of beginning of the sales pipeline required by the model
- Opportunity acceptance conversion rate – meet or exceed the conversion rate in the model – this is your “quality of opportunities” measure
- Bookings target by quarter – this aligns the team with a common goal

SALES

- Bookings delivered by quarter by rep (their quota, which may be higher than their portion of the Bookings Model, depending on the experience of the reps)
- Number of opportunities being worked in the rep’s pipeline – this ensure that the rep is building their pipeline at all stages
- Consistent use of the process – this ensure your model will be accurate over time



Monitor Performance Against the Model

Your model is your required state to hit your bookings target. Often the first time a company creates their model, their pipeline characteristics are a best guess. Data in the B2B CRM system is notoriously inaccurate because the marketing and sales process is not clearly defined, or it is defined but not consistently followed. We have benchmarks for typical pipeline characteristics from many B2B companies that will help you get started, if needed.

The real characteristics of the pipeline will emerge as the process is executed over a period typically twice the length of a sales cycle (possibly shorter if there is enough deal volume). Unfortunately, it is very difficult to calculate pipeline characteristics out of the box from your CRM. [ayeQ's analytics engine](#) takes CRM and Marketing Automation data and runs it through various algorithms to properly calculate your actual pipeline characteristics.

When you compare your actual performance against your modeled performance, you can identify whether you are on track to hit bookings, or, if not, where you need to invest resources and attention to get back on track.



Get Visibility into *What's Really* Happening

After you are able to monitor your actual pipeline performance against your model, you will be able to clearly see your strengths and weakness. If you have ever had the frustration of hearing competing opinions on why you are missing sales targets, without really knowing the reason or where to fix problems, then you will appreciate the beauty of Strategy Automation. Let's take a few examples to help you understand the power of this foundation. These are actual examples from ayeQ customers.

EXAMPLE 1

SaaS Healthcare IT Solution Provider

This customer created their ayeQ model after 2 years of missed sales targets. After building up their sales and inside sales teams dramatically, they continued to experience stagnant sales. Meanwhile, their lead generation engine had improved lead flow by 200+%. The executive team was able to use the model to determine the actual problem areas in the growth function.

- First, they recognized that the early stages of the pipeline (marketing and inside sales) were growing dramatically, while the sales opportunity pipeline was not showing the same growth. They were seeing a lot of opportunities delivered to sales, but the conversion rate was well under the model's target. After further investigation, they were able to determine that the campaign messaging that was gaining interest in marketing was being reinforced in the inside sales qualification process, but the message was changing as it entered the sales process. The sales team was selling like they always had, even though marketing had uncovered a stronger value proposition. They were able to better align sales with marketing and improve their conversion rate.
- Second, analyzing the sales stage conversion rates, they saw that the conversion rate of Stage 3 was well under target, while the conversion rates of the other stages were at or above target. What was happening in that stage that was causing opportunities to drop out of the pipeline? It turns out that the onsite demonstration of the software was occurring in that stage. The executive team was able to focus product management and sales engineering resources on improving the demonstration and demo database to get that stage back on track.

EXAMPLE 2

SaaS Manufacturing Automation Solution

This customer was creating their go-to-market strategy, and were looking to prioritize their target market segments. They were able to filter the model by industry segments to determine relative conversion rates, sales cycle length, and deal size. Given they had constrained resources, they were able to clearly see the most promising industry segments that would lead to accelerated growth.

As they reviewed their actual performance against ayeQ's benchmark data, they also discovered that their conversion rate in the proposal stage of their sales process was well under the typical rate. The CEO discovered that they were responding to a lot of RFPs which were not materializing into viable sales opportunities. He was able to refocus sales attention to opportunities that had a greater probability of closing.

EXAMPLE 3

Smart Utility Software and Services Provider

This customer had received private equity funding to fuel rapid growth. After an initial phase of hiring in sales and inside sales, they used the ayeQ model to help define goals across the teams. The model told the executive team exactly how many deals they needed in each sales stage to hit their bookings targets and growth objectives. After comparing the pipeline model to the number of deals each sales rep could handle, they recognized that they had over-hired in sales. Experiencing some unexpected operational challenges, they were able to confidently reallocate funds from sales to operations, while maintaining achievable marketing, inside sales, and sales goals that would allow them to hit their bookings targets.



Predict Your Performance

And now we return to our initial issue. Your bookings targets don't have to be made by gut feeling and instinct. By using the ayeQ Bookings Model, your opportunity pipeline will reveal what is likely to be produced each quarter. The trend in pipeline growth will tell you what to expect in future quarters based on different performance scenarios.

Further, the Bookings Model and the related analytics that compare actual performance to the model become your "early warning system." You will know at least 1 sales cycle in advance whether you are in jeopardy of missing your targets. Often you can identify risk areas that put nearer term quarters in jeopardy.

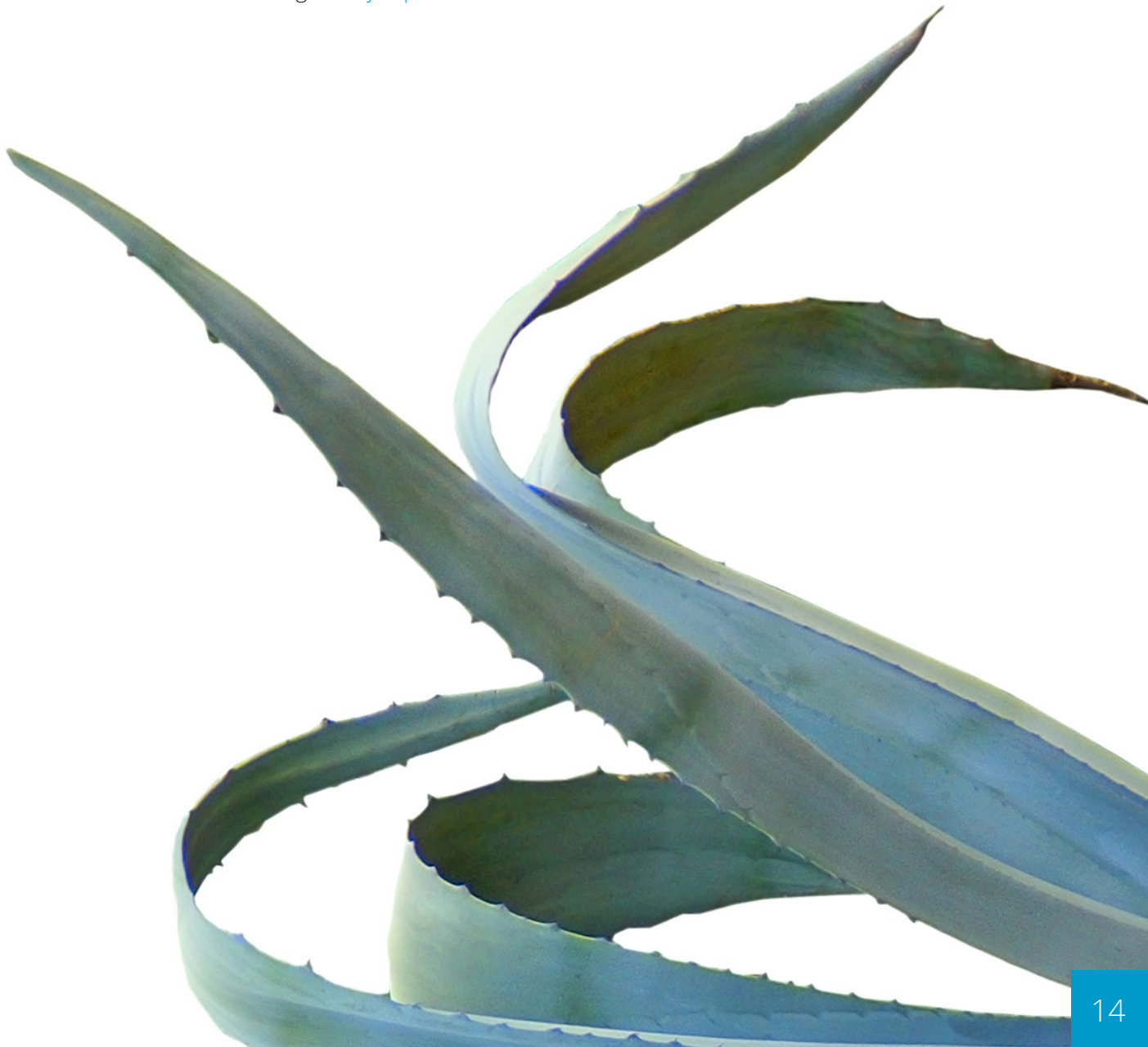
This type of intelligence allows your executive team to have much more control over one of the most significant success factors of the business – bookings growth.



Leveraging Strategy Automation for Growth

Strategy Activation for sales performance is core to Strategy Automation. Using a strategy platform to properly define process and all of its elements, reinforce the process throughout marketing and sales execution, model the pipeline, and calculate goals while analyzing performance is powering new levels of growth acceleration and predictability. That is why we built ayeQ. ayeQ is Strategy Automation.

We hope you find our guides useful. We would love to hear your experience and feedback on what has inspired us here at ayeQ. Our vision is to empower the entrepreneurial mindset and simplify the path to growth for B2B technology companies. Let us know how we are doing! hi@aye-q.com





ayeQ™ is a SaaS software company that defines a new market space for Strategy Automation. Led by veteran marketing and sales leaders with highly technical backgrounds, the ayeQ platform brings together decades of successful strategy methods into a scalable platform to guide B2B companies towards creating and executing successful growth strategies. ayeQ customers consistently outpace their competitors in gaining market share while operating in a constrained-resource environment.