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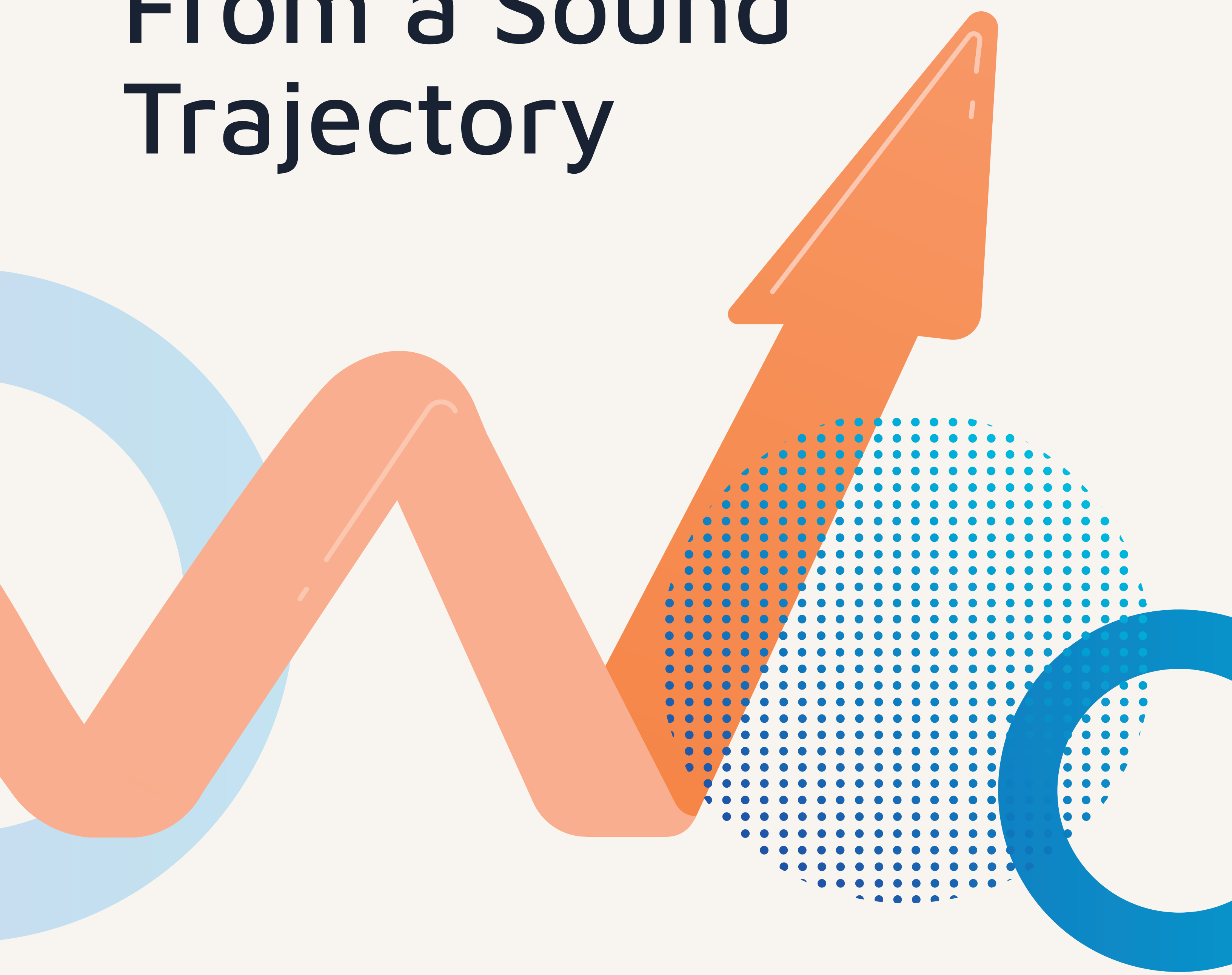
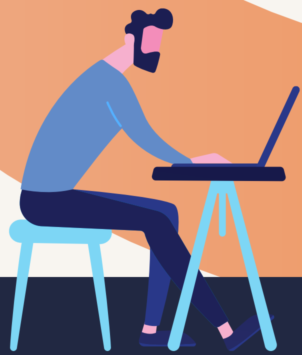
REVENUE GROWTH

Success Comes From a Sound Trajectory





The ultimate litmus test for revenue leaders is their ability to hit revenue targets.

When hitting your “number” is your utmost responsibility, you tend to micro-track revenue performance relative to this target. While this is a good reflection of how you are executing, the real driver behind successfully hitting a revenue goal is the *underlying plan* you follow during execution. Put in place a flawed plan, and you are setting yourself up for failure even before you get your first win.

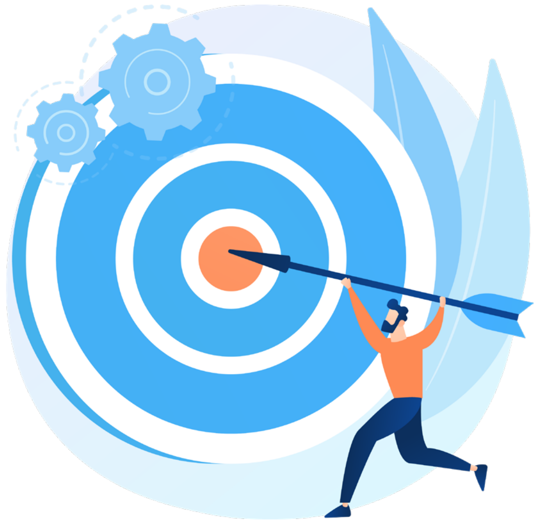
To date, building a revenue plan that aligns with go-to-market targets has been more art than science. Thankfully, that is changing. With the advent of advanced modeling tools, you can build plans that include detailed timelines of required sales and marketing initiatives that account for performance, headcount, budget, and market influences that change how your target customers behave.

We interviewed a variety of sales leaders in charge of revenue to learn how their respective companies currently establish their revenue plans. We also asked these sales leaders to identify areas for potential for improvement in their revenue planning. A common trait emerged: business leaders set aggressive revenue targets and the complexity of charting a path to the target is left in the hands of sales leaders and RevOps. This is a significant problem - revenue planning is an incredibly complex scenario to model and involves a lot of guesswork and uncertainty. An overwhelming amount of interdependent variables make it virtually impossible to manually build an adequate revenue planning model.

What if you could eliminate this manual process and more easily establish a clear and achievable path to your revenue goals? A new revenue planning solution designed for GTM teams is making this possible.

The cart before the horse: Focusing on ambitious revenue targets without considering the path to success

A business that consistently hits revenue targets is on track for long-term success. Missing revenue targets often means the opposite - eroding market share, employee and customer churn, and sometimes total failure. In other words, sales leaders are under immense pressure to hit their numbers. The sales leaders we interviewed indicated three key challenges in hitting their goals:



1. Overly aggressive revenue targets or targets set with no consideration of achievability.
2. Orienting historical data, trends, and other KPIs toward revenue targets is overwhelmingly difficult. These variables are considered after targets are set.
3. Inability to quickly adapt revenue plans and GTM targets when conditions change.

Challenge #1:

Revenue targets based on optimism instead of realism

All the sales leaders we interviewed indicated that executives often give revenue targets without consideration of the achievability of the target. The targets were either overly aggressive or downright unrealistic. Ang McManamon, VP of Revenue at **Crunchbase**, knows that being a little overzealous comes with the territory of being a sales leader: "I think there's always a degree of reach, and I wouldn't want it any other way right? The goals aren't supposed to be easy to achieve." Optimism and determination are required to be successful in the business of sales, but danger arises when this optimism interferes with a business's ability to set realistic revenue targets.

A revenue plan will quickly become unachievable when optimism overpowers realism. According to the sales leaders we interviewed, here are the top shortcomings of an unachievable plan:

1. There is no consideration of achievability. This creates unrealistic expectations and makes it impossible to implement adjustments that would help get an off-track plan back on course. If you're not considering the achievability of your revenue plan at all times, you won't know you're heading towards failure until the revenue target is missed.

2. Misalignment between growth expectations and resources allocated to power growth. Your finance team doesn't understand the budget and the timing of investments that the GTM team needs to achieve their revenue target, or vice versa.

3. The plan focuses on the wrong variables. For example, your plan calls for increased lead generation but you actually need to increase lead conversion to reach your target. "Where companies get totally screwed up is when they focus on random marketing KPIs that aren't directly connected to revenue," says McNeill.

> "If there is a delta in the activities required to meet the goals from both perspectives something needs to be seriously looked at."
> **Jonathan Zoob**
> VP of Revenue, Postal

4. The plan is tunnel-visioned toward the final revenue target with no ability to adapt to business changes or macroeconomic market shifts (ex. Increase in the length of sales cycles, market downturns, etc.). The plan also doesn't have room to adjust if a new growth opportunity presents itself (ex. Product innovation, unexpected positive publicity, new partnerships, etc.)

5. The plan is one-dimensional, where performance is measured by a single growth variable without considering smaller components that affect the plan's trajectory. The plan doesn't consider smaller details like pricing optimization, target customer behavior changes, seasonality, etc.

6. Your plan isn't properly time-phased. Your plan doesn't properly strike the right balance between recurring revenue, retention, new sales, and expansion revenue. Again, the singular focus is on the final revenue number.

None of the sales leaders we interviewed indicated they were ever 100% confident in reaching their revenue targets. Confidence levels ranged from "70% confident" to "not confident at all." These measures of confidence are estimations based on historical performance - accurately measuring your plan's likelihood of success is incredibly complex. And while it's exciting to strive for ambitious goals, successfully shooting for the stars is rarely sustainable. Joe McNeill, CRO at **Influ2**, was able to hit a revenue target that he thought was ambitious. But then McNeill's next target was set even more aggressively, at which point McNeill concluded, "You want to be optimistic, but I didn't see a mathematic path to the goal. I wasn't clear how we were going to hit it."

Revenue targets will get increasingly aggressive until failure occurs – this is the pitfall of unchecked optimism. Missing these overly zealous targets leads to frustration and finger-pointing. **The practicality of the target is rarely considered**.

"If your plan is completely dependent on growth of pipeline, there's a lot of risk there."

Joe McNeill
CRO, Influ2

"There's a bit of guessing and hoping when we set our goals."

Ang McManamon
VP of Revenue, Crunchbase

Challenge #2:

Sales leaders desire a data-backed plan to reach their targets, but building such a plan is exceedingly difficult. There is a high potential that a flawed plan is put in place.

A good sales leader tries to avoid the above pitfalls of an unachievable plan, but doing so is much easier said than done. All the sales leaders we interviewed recognize the importance of a data-backed revenue plan that accounts for a multitude of variables such as activity metrics, historical data, pipeline health, win rates, and many more. But, there are so many variables that influence a plan that it's borderline impossible to manually build a sufficient mathematical model that reflects your business' capabilities. Charting a path to the target is made even more difficult because sales leaders are trying to build the model *after* the target has been set. It's a constant game of catch-up.

So what do sales leaders do? They accept that a degree of guesswork and uncertainty will be a part of their plan. Sales leaders give their marketing, sales, and customer success teams KPI goals that they believe will help them reach their revenue targets. But it's all a bit imprecise: "It's a mishmash of taking the target and then looking at how we can actually increase activity for marketing and sales to reach the target," says McManamon.

Uncertainty means that sales leaders live in a minefield of potential mistakes. And some sales leaders don't have the data they need to accurately build a plan: "Sometimes historical data isn't available. In smaller organizations, most of the revenue goal is fuzzy because you lack historical data," says Lee. When sales and marketing teams miss their KPI targets, sales leaders expect a change in execution instead of a change in the target. They don't often reconsider **whether these KPI targets were optimized** toward the final revenue goal in the first place.

"We forecast pipeline 5-6 months out and try to **reverse engineer** the campaign performance, budgets, etc. that we need to achieve the goal."

James Lee

Head of GTM Strategy & Ops, Writer

Challenge #3:

Conditions change, but revenue targets do not

"Our revenue goal was tied to a new product launch, the product didn't launch on time, but the goal remained. It would be sweet if we could change the goal if we fall off track, but revenue leaders aren't in a position to change the goal."

Joe McNeill

CRO, Influ2

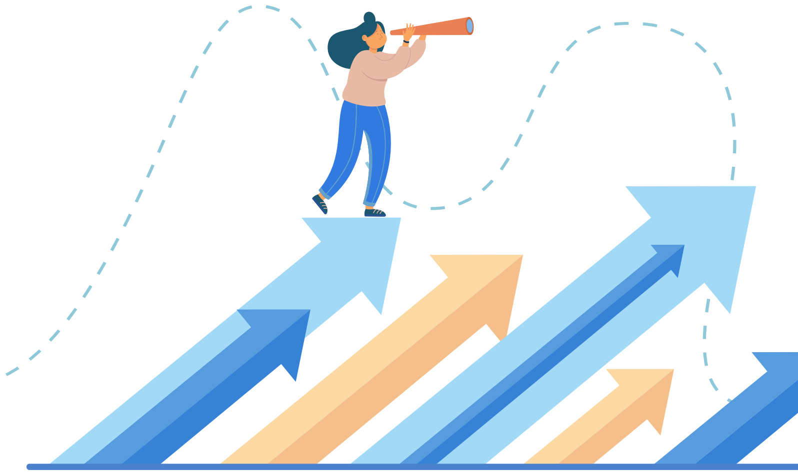
Another challenge that sales leaders face is that uncontrollable variables are always in flux but revenue targets usually stay fixed. Maybe your revenue plan depends on a new product launch, but what if the product doesn't launch on time? What if your team experiences unexpected personnel changes? There are macroeconomic factors to worry about too, all of which are largely unpredictable.

It's part of the job to adjust to unforeseen challenges, but these adjustments still involve guesswork. Sales leaders have no clear way to understand how internal and external changes will affect their plan's likelihood of success. Further, they also have no clear way to manually evaluate the potential effectiveness of proposed adjustments to the plan.

Art instead of science:

The current strategy for building and optimizing a revenue plan relies on intuition and hypotheticals

Sales leaders are attempting to manually chart a path to their revenue targets



Sales leaders know they won't reach revenue targets through pure luck - it's necessary to model a path to success while optimizing a multitude of performance variables. Required lead volume, deal count and timing, impact of recurring revenue, and seller performance are just a few variables to consider. Sales leaders attempt to integrate these variables and introduce a level of planning intelligence when charting a trajectory toward their revenue goals, but they are doing so manually and with great difficulty.

Devising a revenue plan is not a 'set it and forget it' endeavor. "It's important for operations to be hands-on…if you're sitting in an ivory tower looking at trends and aggregated metrics, you'll make bad assumptions that miss the context behind the data," says Lee. It's a time-intensive process and one that is prone to human bias. Gal Aga, CEO at **Aligned**, knows it's "critical to ask questions to find red flags and ensure the right data points are being looked at for accuracy." But again, Aga is doing this manually.

When the path to success gets cloudy, sales leaders rely on intuition

Sales leaders are often forced to rely on intuition or hypothetical scenarios to model a path to success. McNeill says that "a lot of it is based on intuition of a confluence of factors – mostly market, customer, and field sentiment." James Lee agrees that strategies are imprecise: "Most people look at capacity models but that's still a hypothetical scenario that requires a lot to go right. And you often don't have visibility into most of the pipeline you'll need to create and close within the year."

Intuition-based revenue plans are not nimble enough to adapt to changing conditions - adjustments are time-consuming and happen slowly. James Lee at **Writer** checks in on leading indicators such as pipeline, lead flow, and close rates "every six months." Aga doubts if it's ever worth it to overhaul a plan: "You have to consider if it's worth taking a quarter to rebuild, and then the gap in time it takes to rebuild can delay you further from hitting your goal." When your plan is handcrafted, adjustments are arduous or potentially not worth trying at all.

Sales leaders desire a higher level of revenue planning intelligence than they can procure through manual models. Fortunately, there's a revenue planning tool that introduces planning intelligence on a level that is impossible to achieve manually.

The solution:

Use a revenue planning tool that does the complex modeling for you

What if your plan simultaneously considered revenue goals AND the activity volume, timing, speed, capacity, and investment necessary to reach the target? The path to sustainable revenue growth will be clear and you'll be more confident in achieving your targets. When you consider these variables upfront, you allow yourself to create an optimized, data-backed, and achievable plan that sales and marketing teams can cohesively follow. Sales leaders can be confident they are implementing the right plan to reach revenue goals.

However, building this plan manually remains complex. **MultiplyGTM** is a revenue planning tool that does the complex calculations and modeling for you. Elaborate spreadsheets and formulas are no longer needed to build a robust plan. Human bias is removed from the equation. The unbridled optimism that results in overly aggressive revenue targets is replaced by a data-backed approach to calculating the volume, velocity, and value of leads that are necessary to reach your revenue goal.

The right plan balances achievability and ambition. Here are the top attributes of an optimal revenue plan:

1. A successful plan considers the necessary quantity and timing of activity and investment to reach the revenue target. In other words, the plan focuses on the building blocks to revenue, rather than tunnel visioning on the outcome. A successful plan combines bottom-up and top-down calculations in a closed looped plan to optimize activity levels. How many leads do you need? How many leads will you convert? MultiplyGTM helps sales leaders understand the exact activity levels needed to reach the final goal.

2. A successful plan will analyze the details of revenue generation. What is the status of your conversion rates, pipeline health, and sales cycle length? How do these variables change across products, geographies, and customer segments? The right plan can **pinpoint the cause of outcomes** rather than only focusing on the outcome itself.

3 The plan does not simply focus on historical revenue performance but instead considers how historical revenue was attained. A successful plan analyzes the impact drivers of outcomes.

4 A successful plan can sound the alarm when it's veering off track. The right plan can accurately unveil adjustments that need to be made to correct course.

5 **Finance and GTM teams are aligned** on the quantity and timing of investments needed to reach the revenue target, and both teams accept that there needs to be some level of flexibility.

6 A successful plan manages the complexity of multiple revenue sources - retention, new sales, recurring revenue, and expansion revenue. A successful plan will **optimize the timing** of new sales while ensuring the retention of current customers.

"I've worked really hard with my peers to force the organization to map out where revenue comes from. Some of the items are fuzzier than others but it does allow the organization to gut-check the underlying assumptions."

James Lee
Head of GTM Strategy & Ops, Writer

What if there was a way to quantify your plan's alignment with these attributes of achievability? The **MultiplyGTM Index**™ is giving you this chance. The index helps measure the balance of aggressiveness and achievability in your revenue plan to make sure your plan is optimized for success without being too conservative. Grow at the right pace without overextending yourself. Is your plan unachievable? If so, you can change it before you start down a dead-end road.

The MultiplyGTM Index™ ranges from 0-200. A score of 100 means you've struck a perfect balance between ambition and achievability. A score greater than 100 means you need to do more to reach your goal, and less than 100 means you aren't shooting high enough. It's shockingly simple - your alignment with the above attributes of success is distilled into a single number. Plus, the index updates in real time, meaning you can track performance against your goals while your plan is in action. Once again, guesswork is removed. Read more about how the MulitplyGTM Index™ is calculated **here**.

"Too much emphasis on historical numbers might lead us astray, you also need to look at trending and what's driving the trend. You need to consider seasonality, market performance, market dynamics, and more."

Joe McNeill
CRO, Influ2

Ensure your plan stays optimized as conditions change

By considering your path to success before you turn your focus to the end goal, you improve the resilience of your plan. MultiplyGTM uses impact analysis to quickly determine how your plan will be affected by internal and external changes. Rather than evaluating every six months, you can quickly adapt to changes in pricing, sales efficiency, cost of lead generation, changes in product launch timelines, a new competitor in the market, or swings in macroeconomic conditions. Use data to know when and how to make the right adjustments when changes present themselves.

> "I don't think your budget should be concrete. If there are initiatives that will generate definitive revenue, you should find a way to invest in them, within reason."
>
> **Joe McNeill**
> CRO, Influ2

If you're off course, MultiplyGTM can alert you to the issue with actionable insights to help you adjust. Adaptations to your plan no longer rely on intuition. The **MulitplyGTM** Index gives you a clear indication of how adjustments to your plan will affect the plan's achievability. You can more easily identify areas that need optimization when you aren't reverse engineering your plan from a preset target. Know that you are veering off course, and make an informed decision on how to get back on track.

Keep your plan optimized at all times

MultiplyGTM introduces a new level of planning intelligence that sharpens your ability to make time-sensitive adjustments to your revenue plan. The KPIs that sales leaders give to their teams are no longer a "mishmash." MultiplyGTM introduces a science that reveals lead attribution and tells you where to focus lead generation efforts. Sales leaders can stop relying on intuition when evaluating the health of their pipeline. Rather than measuring execution against your final revenue target, you can execute on specific KPIs that you know will help you achieve that final goal. With MultiplyGTM, you can be confident that these KPIs are optimized toward your target.

MultiplyGTM drives certainty in hitting revenue goals because GTM teams have a higher confidence in the plan. All the variables that sales leaders care about are accounted for, and the need for manual modeling is eliminated.

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Clearing the way to success with revenue planning intelligence

Sales leaders know that building an intelligent plan toward their revenue target is essential for success, but the process is complex and imprecise. MultiplyGTM calculates a time-based path to your revenue goal that includes target deal counts, required lead volumes, and ideal product focus, thereby removing guesswork and human bias from the equation.

Rather than playing a constant game of catch-up to an aggressive revenue target that is already set in stone, MultiplyGTM builds a clear path to success with performance targets that your marketing and sales teams can execute against. With this higher level of planning intelligence, revenue targets are hit and resources are used efficiently.

Stop taking shots in the dark. Use MultiplyGTM to take the guesswork out of revenue planning.

MultiplyGTM revenue plans are proven — so much so that we'd like you to experience it for yourself. Revenue planning software the identifies an optimal path to growth, achievability of your plan, with predictive course correction.

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