Increasing Sales through Win/Loss Analysis

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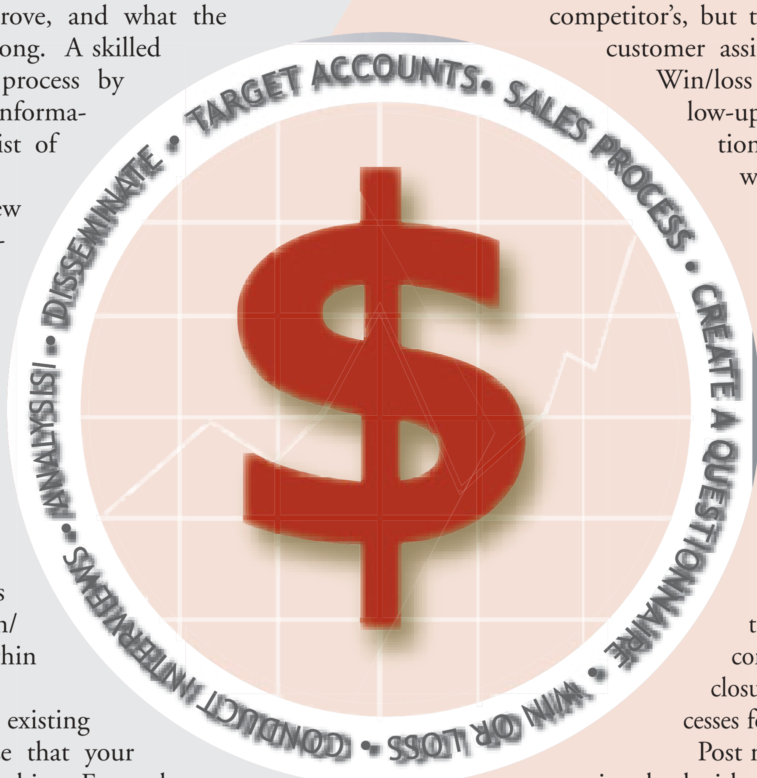
Win/loss analysis provides the most actionable intelligence available to a company based on its sales results. Put simply, it is the process of contacting clients after a sales activity—whether your company won or lost—and determining what you did right, where you can improve, and what the competitors did right or wrong. A skilled interviewer enhances the process by knowing when to follow information beyond the original list of specific questions.



From a win/loss interview you can identify how a competitor is developing their products or services or if they didn't deliver on what they promised. This analysis can help a company win back business from a former client who just had a bad experience with a competitor. However, don't expect win backs if your product or service takes months to install, since win/loss is ideally conducted within 3 months of the sale.

Win/loss analysis makes existing and potential clients realize that your company values the relationship. From the client's perspective, you are investing the time and resources to learn what you did right and wrong and how you can improve your relationship, products, or services to meet their needs. This analysis is neither an easy process, nor one that all competitors will take the time to conduct. It provides an accurate measurement of how your organization is positioned with decision-makers and key influencers within the client's organization. If regularly and thoroughly conducted, win/loss analysis also represents a huge data mining opportunity.

On the most tactical level, win/loss analysis develops intelligence on why sales are being won or lost, which is far more detailed than "our price is too high" or "the competitor is better positioned with the client." It identifies decision-making criteria and weighs the various components from the client's point of view. For example, your pricing may be higher than the competitor's, but this may not be negative if the customer assigns a higher value to service. Win/loss analysis also allows you to follow-up with clients who provide additional information that they shared with your interviewer, possibly leading to additional sales or product development opportunities.

Why it isn't done

While the benefits of win/loss analysis are obvious to CI practitioners, there are many obstacles to implementing it. Many companies think they are already doing this analysis, since they "keep track" of their wins and losses. They may conduct post mortems or account closure surveys and mistake these processes for win/loss.

Post mortems are useful when people involved with the sale discuss and agree on why your company lost, and what you could do differently next time. However, these results are not usually shared with others outside the account team. In addition, most companies do not keep a record of the "lessons learned" from post mortems — once the process is finished, the information is lost.

The benefits may be overshadowed by company politics, since here the CI department is treading in Sales territory. Salespeople can be threatened by win/loss since another person is querying their clients, and they are not in control of the questions or how the answers are used. Remember, clients are Sales' source of compensation!

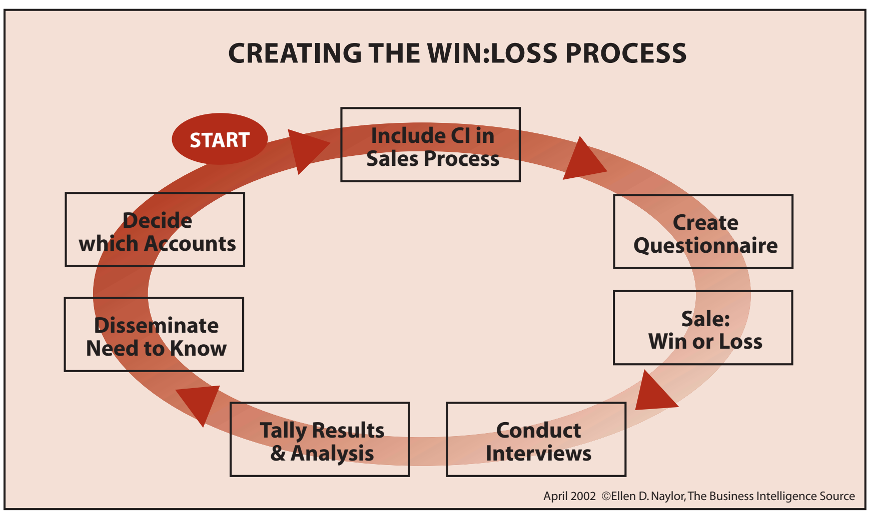
One way to overcome this resistance is to involve Sales directly in the win/loss process. Solicit their feedback as much as you can. Ask them to help develop the questions and why they think they won or lost the sale. Have the win/loss analysis interviewer first call Sales as part of the process before calling their clients.

Sales is not the best channel to actually conduct win/loss analysis since they are understandably too biased or emotionally involved with their accounts to be objective when conducting win/loss analysis. A neutral third party from your company's marketing department, CI group or a consulting firm is ideally suited to conduct win/loss interviews.

Comparing the answers given by Sales and the third party can also render great insight. In one instance, Sales thought that either they or another competitor should have won, since they both offered the best communications services. What they didn't realize was that a third competitor added personal computers to their bid. The client had actually valued all three competitors' communications services about equally, but the computer addition clinched the sale. This example illustrates another point: you can't take action on all findings. Since the company was a regulated entity, they could not make contributions to sweeten the deal.

Creating the win/loss process

There are certain steps to consider when creating and executing a win/loss process, which are outlined in the chart below:



1. Target the right accounts.

Decide first which accounts to analyze. A good initial approach is to start with the strategic accounts that generate most of your company's revenue. There may be some political aspects to account selection where management wants a further analysis done due to a surprise win or loss, or on certain industry segments, new products or new competitors.

Secondly, decide how often to conduct win/loss analysis. It should be done in regular intervals to reap the benefits of creating data to identify trends over time. Many companies conduct quarterly win/loss analysis. Since memories fade and people change jobs, try to schedule the interviews shortly after the sales event to gain the most benefit.

2. Include CI in the sales process.

For this win/loss analysis to be effective, CI must be included in the sales process. However, Sales is notorious for loosing all that valuable client and competitor information on sales losses. Sales usually keeps more detailed information on the accounts they won, but still often deletes the competitive information they gathered during the sale. Protecting this information can be critical, because those same competitors may be targeting your company's top accounts as win backs.

3. Create a questionnaire.

While win/loss analysis is a customized process, questions generally fall into four areas: sales attributes, company reputation, product attributes, and service issues. We seek the same information on our company and its competition, so we can make comparisons and draw conclusions with as much information as the client will share. (See side-bar on next page.)

4. Win or loss.

Winning or losing is an important issue, not just to Sales, who are compensated based on winning, but also to the interviewer. To conduct an effective interview, he or she needs to have a clear understanding of the circumstances of the win or loss, and the people involved. It is in your company's best interest to provide the interviewer with details and sensitivities of each case.

5. Conducting interviews.

Generally a good CI professional makes an effective interviewer. We tend to be good listeners and are highly intuitive for additional probing. On the other hand, some CI professionals have never sold, so may lack account management sensitivity and the detailed product or service understanding required to sell the product.

In the United States, most win/loss interviews are conducted over the telephone. If that is the procedure, you need to rely on Sales to let you know if they think a certain account would render much better results through a personal visit. In many countries outside the US, in-person interviews are the common way to conduct these interviews.

To gain as much insight as possible per interview, the interviewer needs to be spontaneous and intuitive, and to take the initiative to delve more deeply into certain areas depending on the client's answers. To do this effectively, the interviewer should have some knowledge of your company's culture and the industry to better interpret the answers to the questions on product and price. In general, win/loss analysis should not be considered a project for a survey house, because they usually do not deviate from a list of pre-determined questions.

6. Tally results and analysis.

In this phase, the interviewer summarizes each completed interview, and develops an analysis of key trends. In addition, client comments often contain rich competitive information such as product development, or identify a potential opportunity for your account executive to schedule a sales call. The major reason for win/loss analysis is to win more business. The end analysis should contain actionable intelligence and include information on client decision-making criteria to help Sales compete more effectively in the future.

For example, the analysis may find out that your company loses in 90% of cases against competitor X, so Sales may elect to walk from those "opportunities" unless your company is well positioned with the client. In other cases, win/loss analysis can identify specific tactics Sales should use when competing against a specific competitor, based on that competitor's weaknesses.

Over time, win/loss analysis becomes more valuable by developing trends in your win/loss activity that can aid product development and sales forecasting, in particular. In some cases, companies have re-prioritized their product development plans based on client input shared in win/loss analysis.

7. Disseminate on a need to know basis.

Your company's culture and security procedures affect who receives the win/loss analysis. As with other CI deliverables, be sensitive to your audience's preferred presentation style. In one company, senior management wanted the analysis highlights briefly presented in bullet format. At another company, they preferred a brief visual Power Point presentation.

Be flexible with distribution as well. For example, if one quarter's win/loss analysis uncovered issues that might assist R&D or product development, share that information with the appropriate managers. They may also want to talk directly with the client for further clarification.

Selling the Benefits of Conducting Win/Loss Analysis

There are both tactical and strategic benefits to the win/loss process. Some of the tactical benefits can be realized almost immediately. Strategic benefits usually take a year or more to implement since they are developed from a careful analysis of

SUCCESS/FAILURE OF WIN:LOSS ANALYSIS

SUCCESS	FAILURE
• Systematic	• Event Driven
• Interviewers Probe	• Interviewers Survey
• Analysis is Consistent	• Analysis Varies
• Analysis is Distributed	• Analysis is Guarded
• Trends over Time	• Conducted Sporadically
• Analysis Leads to Intelligent Decisions	• Is too Political
• Results Integrated with other Programs	• Analysis is Isolated

Win/Loss Questionnaire Topics

Sales attributes:

Sales professionalism describes the level of product knowledge and mannerism of the sales team.

The *client relationship* queries issues of trust between your company and the client, and includes the exclusive or competitive nature of the buying process.

Positioning seeks to identify where your company is positioned versus your competitors among decision-makers, key influencers, managers, technical staff and administrative personnel.

Distribution analyzes how the product or service is marketed through direct or indirect sales, telemarketing or the Internet. For example, most companies may sell the product using a direct sales force while one competitor may use an indirect sales force in combination with the Internet.

Company reputation:

Company image looks at how you and your competitor(s) are perceived by the marketplace. For example, how professional or stable is your company perceived versus the competition?

Financial stability focuses on your company's financial sustainability over time. The client wants to be assured that your company (or your competitor) can continue to develop and deliver quality products or services over time.

Reliability and quality target the overall issue of how well products perform over time, as well as a company's reputation for support.

Product attributes:

Product capabilities and features cover a wide area, but will include whether features actually work as promoted. Some companies pre-sell features or services that are still not available once the product is implemented. They also pre-sell new products or services that are not yet available or are not as robust as promised.

Since *technology* often provides competitive advantage, no analysis is complete without it.

Price is a key area because it is so sensitive with Sales, and the reason they often cite for losing accounts. In this analysis, you want to uncover exactly what is included in your competitor's price versus yours. For example, with product sales, how are implementation and maintenance priced out? In services, are the commission costs and other fees included in the price? Another issue around price is its importance in the decision-making process. Many sales people think it is the primary buying criteria, when often it is not.

Service issues:

Was the *delivery and implementation* process smooth, on time and within the budget? Were all these costs clearly identified in the proposal?

How does your company's *maintenance* program compare to the competitor's? How easy is it for the client to access your company or the competitor(s) for maintenance and other support such as Help Desk?

Is there a standard service agreement?

How effective is *training*? For example, does your competitor "train the trainer" while your company trains all system users?

Is training conducted on-site or via the Internet? Is there training available for new software releases and new employees after the initial implementation? What level and quality of support is provided via the Internet? This process can uncover which processes (B to B) are conducted most effectively on the Web to support Sales versus those that are not successful.

trends. Table 1 is a list of tactical and strategic benefits to help you sell your management on conducting win/loss analysis.

Most of the tactical ones benefit sales either directly or indirectly, whereas the strategic ones are apt to benefit sales and other company divisions such as product management, R&D, mergers and alliances and boost the effectiveness of your company's early warning system.

Like any other analytical tool, win/loss analysis is only useful if your company takes action based on the results.

If properly conducted, win/loss analysis is one of the few areas that provides ROI to the competitive intelligence function. If your company systematically conducts win/loss interviews, completes the analysis, and follows up on the client ideas imparted, you will help the company boost its revenue, both in the short and long-term. However, if you shortchange the process by having less skilled interviewers conduct the interviews, don't conduct the analysis, or don't follow-up with your clients, it will be difficult to achieve ROI for your competitive intelligence function.

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*Ellen Naylor formed The Business Intelligence Source (TBIS) in 1993. TBIS helps clients improve their competitiveness through business intelligence process development, which often includes win/loss and trade show analyses, competitor profiles, customized interactive seminars and implementing communication plans, especially with Sales. TBIS is a member of the Competitive Insight Alliance, (*http://www.competitive-insight.com*) and can be contacted at* answers@thebisource.com. *Ellen initiated a competitive intelligence effort at a major telecommunications company, where she developed a process to capture competitive information from many sources, including Sales. Ellen served on SCIP's board of directors, was a founding member of SCIP's Minnesota chapter and led it for several years. She has lived in Japan and France, is fluent in French and has a working knowledge of Japanese.*

Table 1: Tactical and strategic benefits

Tactical Benefits

- Help Sales win more business.
- Improve sales positioning.
- Identify traits of winning and poor performing sales people.
- Predict more accurately the likelihood of winning versus losing a sale.
- Find out why you really win and keep doing it.
- Find out why you really lose against each competitor: by product/service, geography, salesperson, by attribute (such as price).
- Improve sales results.
- Systematically go after losses.
- Learn when to walk away from business.
- Follow-up on wins to improve client retention.
- Change your culture from making excuses, e.g. loss due to price.
- Change your behavior by improving client service, maintenance programs or delivery based on accurate, timely feedback from your clients.
- Take action based on the gaps in perception between Sales and your clients.

Strategic Benefits

- Increase profits and revenues.
- Forecast revenue more accurately.
- Improve product or service mix.
- Influence more timely product/service development.
- Get into the right marketing alliances with more confidence.
- Build the analysis into your company's early warning system.
- Study trends against each competitor and take action.