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How to Implement a Win/Loss Analysis Program

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Introduction

This whitepaper explores how to implement a successful win/loss program guaranteed to increase a sales team's new business win rate. It offers a practical, highly targeted, and easy to implement solution that can pay huge dividends over time for any company.

This paper has two sections. The first section reviews four key factors to consider before implementing a win/loss program. Section two outlines a step by step process for implementing a win/loss program.

First, let's explore how to get started by examining some key factors to consider before you implement a program.

Four Factors to Consider Before Implementing a Win/Loss Program

The first step of the process is to decide on the program parameters and then work on getting buy-in from all relevant areas within the company. This will ensure that the program is strategically integrated within the organization.

Here are four things to consider before implementing a program:

1. What parameters will the program cover (e.g., product segments, target markets, territories, deal sizes)?
2. Will this work be managed internally or externally?
3. Does the program have the necessary executive level sponsorship and comprehensive buy-in from all critical areas of the company?
4. Will the program be well integrated with existing processes of the company on an ongoing basis?

Let's explore each of these foundational factors in more detail.

What Parameters Will The Program Cover?

Let's review four program parameters to establish before implementing a program:

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1. **Product/service segments.** One important decision to make is which products or services will be included in a win/loss program. For example, win/loss research can be extremely valuable when rolling out a new product or service. Getting feedback at an early stage of product launch can be very valuable and can save a company considerable time and money. Often the learning that can be gained by early win/loss research can substantially increase a company's knowledge level and success (a feat that might take years to achieve).

   Often companies will start a win/loss program in one specific area and expand the program into other areas over time. This can occur once the methodology has been proven and actionable success has been achieved. Some companies focus on their core products; others focus on new product initiatives. All of these factors should be considerations when starting a win/loss program.

2. **Target markets.** Win/loss research can also be valuable when a company is entering a new market segment or target market. For example, a company may have a significant business working with a certain type of customer but not much experience with another type of client. Therefore, a company can conduct win/loss research as it begins to bid for different customers in new target markets. These interviews are often eye-opening and highlight a totally different paradigm and sales process that sales teams are all too often unprepared for. However, the end result quickly clarifies the nuances of the new competitive landscape and helps to reach sales goals much faster than if a

company "learned the hard way" over a protracted period of time.

3. **Territories/geographies.** A company could also choose to focus on specific territories or geographic areas. For instance, sales may be declining in a particular part of the country and senior executives may not know why. Therefore, with a more targeted and segmented analysis, the true issues can emerge and clarity can be gained. This allows for faster implementation of solutions.

Many companies choose to focus on their largest sales situations above a minimum revenue threshold.

4. **Deal size.** Another key thing to think about when designing a win/loss program is which sales situations will be included based on the size of the prospect. Many companies choose to focus on their largest sales situations above a minimum revenue threshold.

   For example, a company may be involved with various sized customers. Some prospects may be large and represent significant revenue opportunities while other prospects may be small. Therefore, companies may want to consider performing interviews only above a certain revenue threshold. For example, only interviewing prospects that represent more than $25,000 in annual revenue.

   This is not to say that smaller prospects are not important. In fact, many companies will interview a portion of smaller deal situations as a complement to larger deal research. This can help to compare and contrast the sales process, as well as a company's products and services by market segment. Many times companies can gain significant perspective by segmenting the results in this fashion, and synergies can be gained by learning lessons from each type of deal size situation.

Will the Organization Manage This Program Internally or Externally?

The next decision to make before implementing a win/loss program is whether to perform this work internally (by using research or marketing areas separate from sales) or use an outside third party to perform the research. There are many reasons you should consider hiring an outside provider to perform this strategic initiative. These include:

On average, 38 percent of new business lost is the direct result of issues with the salesperson or sales process. Therefore, by giving prospects a comfortable environment in which to provide feedback, companies allow prospects to candidly express any issues with the sales process in a constructive way.

1. **Ability to obtain independent, unbiased, and candid information.** There are many reasons that salespeople don't receive candid feedback from prospects. By using an independent third party, companies can essentially eliminate these challenges. First, because an independent interviewer is conducting the debriefs, it eliminates all salesperson issues or biases since they are simply not involved. Second, prospects can now feel free to vent and give candid feedback because they have no relationship to the third party and therefore, can feel more at ease giving constructive feedback.

   Additionally, on average, 38 percent of new business lost is the direct result of issues with the salesperson or sales process. Therefore, by giving prospects a comfortable environment in which to provide feedback, companies allow them to candidly express any issues with the sales process in a constructive way. Last, prospects feel more at ease divulging competitive information to a third party interviewer. All of these things allow for a much more comprehensive postdecision sales debrief to occur.

2. **Ability for prospects to remain anonymous.** By hiring an outside firm to conduct interviews and analyze and present the results, prospects are allowed one very valuable option for providing feedback—the option to remain anonymous during their

discussions. Allowing prospects to truly remain anonymous during their discussions provides them with additional latitude to be as candid and as forthcoming as possible. This allows for even more actionable information to be acquired.

3. **Experience.** Outside consulting and market research firms can have significant experience in win/loss research and can therefore design surveys, conduct interviews, and perform analysis at a higher level than can typically be performed internally. By using an expert outside third party, a company can tap into a firm that understands how to collect and analyze data. Outside firms will also have perfected their methodologies and will understand how to best contact prospects, while in-house employees may be performing this work for the first time and therefore, cannot gain any synergies from past work. When work is performed in-house, people often view the work as merely conducting a series of interviews vs. being part of a larger strategic process.

By hiring an outside firm to conduct interviews and analyze and present results, you are also offering your prospects one very valuable option for providing feedback – the option to remain anonymous during their discussions.

4. **Resources.** Outside firms will also have the resources and a trained and dedicated staff to conduct the research and manage the program. Frequently, when companies try to conduct win/loss work internally, it can get pushed aside for more immediate pressing "fire drills." When win/loss gets performed only when time permits, much of the strategic benefit of the program is lost. The value comes from consistently monitoring prospect feedback. Additionally, many in-house programs end up being more costly and time consuming than originally anticipated; therefore, outside firms can actually be a more cost-effective solution while providing more actionable and relevant information.

5. **Reporting.** An outside firm's ability to provide in-depth reporting is also a significant benefit versus more limited reporting available in-house. Often when results are presented by in-house market researchers, they are presented in raw form with only top line results. Outside firms generally have an industry specific specialty that allows them to present the results with more success.

Table 1 encapsulates the major differences between hiring a third party and conducting win/loss research in house.

Benefits to hiring outside third party:	Common pitfalls when using internal resources:
➢ Independent, unbiased perspective	➢ Often hidden biases
➢ Gives prospects / new clients option of remaining truly anonymous to the company	➢ Prospects / clients are never truly anonymous to the company. Even if anonymity is requested, prospects tend to feel less secure about their comments remaining confidential from the sales team
➢ Experience conducting these types of studies / data analysis	➢ Generally there is a lack of experience among internal staff with this particular type of work
➢ Experienced staff who are trained in speaking with similar clients / prospects	➢ Lack of experience with this type of interview limits ability to effectively probe / alter line of questioning based on prospect's unique answers
➢ Focus on conducting this type of work	➢ Often juggling multiple priorities; win / loss is not main focus
➢ Aggregate data, analyze results from a statistical perspective and put together comprehensive report of the findings	➢ Limited analysis performed. Often results are reported in raw, statistical numbers vs. in-depth analysis and segmentation of results

Although using an outside third party is the preferred methodology, budgetary circumstances may dictate the need to assign someone within an organization to manage and run this program. The best type of person to manage and perform win/loss work internally is someone from the product or marketing area. Product or marketing interviewers are the most logical choice because after sales, they may have the most to gain from acquiring this information. Additionally, they will already have significant knowledge regarding a company's products or services. Lastly, marketing areas often fall under the purview of the sales organization; therefore, they may have a working knowledge of how the sales process works. Be sure that whoever conducts the interviews has a strong phone voice and is not afraid to get people on the phone and make discussions happen.

The best type of person to manage and perform win/loss work internally is someone from the product or marketing area.

Once it has been decided whether to manage this work internally or externally, the next step is to ensure the necessary executive level sponsorship and buy-in from all critical areas of your company.

Does the Program Have Executive Level Sponsorship?

In order for a win/loss program to be effective, it must have executive level sponsorship. If the president of a company or general manager of a business area is not committed to the program and does not understand the long-term value and effect of a successful program, it will be hard to make the program a success.

The reason for this is that win/loss analysis will involve and impact almost every area of a company. Win/loss "cross-fertilizes" across sales, marketing, product development, technology, client service, operations, pricing, etc. Therefore, anyone who has direct oversight over all or each of these areas must be behind the process. If there is no buy-in from the top to conduct a win/loss study, it can become challenging politically for the organization to work together. The feedback gained is worthless if not acted upon. This is perhaps the biggest reason win/loss programs fail.

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This is why it is crucial to make sure that whoever is running a business is involved in the decision making process up front and has given her sponsorship to the program. Without this, all the other areas may not work together to make the program a success.

One interesting barrier can occur when one area of a company begins the program and doesn't get buy-in from other areas. For example, one classic problem occurs when the marketing or product area initiates and performs win/loss research. This often creates problems and defensiveness from the sales side of the organization.

The second key organizational success factor of a win/loss program is to get buy-in for the program across the organization, especially within the senior management team. It is critical that all areas of a company are on board with the process and are committed to the program's success. Everyone who is directly or indirectly impacted by this research must know that this type of feedback is vital to the long-term learning and strategic success of the company. If people don't feel a sense of ownership at the senior levels of the company, they often don't participate in making the program a success.

One interesting barrier can occur when one area begins the program and doesn't get buy-in from other areas. For example, one classic problem occurs when the marketing or product area initiates and performs win/loss research. This often creates problems and defensiveness from the sales side of the organization. The reason for this is that sales (and the head of sales in particular) may feel threatened that another area is receiving feedback on their sales team and sales process. In these cases, it is particularly critical to ensure that the sales organization is "on board" with the program.

When win/loss is conducted by an area other than sales, it often causes conflict. The biggest way this stifles the program is that the sales team may not be willing to offer up the prospect data necessary to make the program a success (if this data is not accessible on some form of CRM database). Also, sales may not be accepting of the results because they were not involved in the design of the survey and programs. By contrast, the marketing and product development areas may feel intimidated and brushed aside by sales because of this situation.

One final thing to consider is whether the organization will mainly use this information as a learning and knowledge tool, or as an individual performance metric. This research should not come across as a "witch hunt," whereby salespeople will be evaluated on their performance during the interviews. Instead, focusing more on the learning exercise that will facilitate knowledge sharing throughout the organization is critical. Some companies do choose to use win/loss as a way to rate and monitor their sales forces but this is up to each individual company to decide and largely depends on the culture of the organization.

Support from all levels of an organization is critical; otherwise the program will not survive over the long run.

Will the Program Be Integrated with the Company's Existing Processes?

Just as you can't expect to go to the gym for a month and be in shape for the rest of your life, you can't expect to perform win/loss once and get your company in shape.

Another important factor for success is positioning the program as a long-term process, not a one-time occurrence. Some companies feel that they can conduct a study once and then do not have to do it again. This is false thinking because in order for a win/loss program to be effective, it must be part of a long-term process. It can take a while before an organization begins to click into the program and really starts to make meaningful changes to its products, services, and sales process.

Think of win/loss as an exercise program. Just as you can't expect to go to the gym for a month and be in shape for the rest of your life, you can't expect to perform win/loss once and get your company in shape. Getting into great physical shape is a process that entails a continuous lifestyle of regular exercise, healthy nutrition, good sleep, etc. Win/loss should be looked at the same way. In order for a company to stay healthy, it must be exercising all the time.

To maximize effectiveness, win/loss must be integrated into the regular workings of an organization. For example, in terms of prospect data collection, win/loss works best if it is integrated with a current CRM database. If SalesForce.com is used, it would be best if the win/loss program can gather the prospect data from SalesForce.com.

Additionally, win/loss interviews should be shared with individual sales team members, not just sales and senior management. Often regional sales managers or the head of sales do not share the information with the sales teams. This is a huge lost opportunity to teach individual salespeople the

Win/loss analysis should be tied into a company's annual strategic planning process. If a company is not factoring feedback from prospects and marketplace perceptions into its annual strategic planning, it is missing a huge opportunity to align its strategy more accurately to the marketplace.

reasons they are winning and losing.

Another example of integration is having an annual presentation of the results to the senior management team. Additionally, quarterly or semiannual reporting also helps to keep win/loss results front and center in everyone's minds as they make their daily decisions.

Last, win/loss analysis should be tied into a company's annual strategic planning process. If a company is not factoring feedback from prospects and marketplace perceptions into its annual strategic planning, it is missing a huge opportunity to align its strategy more accurately to the marketplace.

There are many things to think about before getting started. However, if a company successfully addresses each of these questions, it will have built a great foundation for developing a successful program. Now that we have explored these areas, let's review how to implement a win/loss program.

How to Implement a Win/Loss Analysis Program

(Please note that this section provides details with the assumption that an outside third party research firm will be used. If this is not how you choose to operate your program, you can simply disregard the sections that reference using an outside party.)

The implementation of a win/loss analysis program involves the following seven steps:

1. Identify an internal program coordinator to work with the chosen "external" win/loss research/consulting firm.
2. Set up a kickoff meeting to get all relevant parties together to go over project parameters, survey design, and workflow.
3. Train the win/loss firm (and their interviewers) on your company's sales process, products, and client service delivery model.
4. Design and finalize your interview questionnaire with relevant personnel.
5. Determine how to provide ongoing deal information on recent wins and losses.

6. Conduct and write up interviews and disseminate to relevant personnel.
7. Aggregate findings and present to company management/relevant personnel.

Let's explore each of these steps in more detail.

1. Identify an Internal Program Coordinator

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The first thing to do when implementing a win/loss program is to identify an internal program coordinator (often someone in the sales or marketing organization) to work with the "external" win/loss firm. This internal program coordinator will be the go-to person and will be responsible for working directly with the outside win/loss research firm and the sales team to get deal information and finalize research instruments.

It is absolutely critical to assign the right type of person to this role. This internal program coordinator must be someone who can get things done and has enough authority to ensure that different areas of the company work together. This person must also feel comfortable speaking to and working with salespeople because he or she will need to be able to collect and extract deal flow information from the sales team. This can be a challenging situation since some salespeople may not want to be entirely forthcoming with handing over their won or lost deal situations.

Some companies choose to assign personnel with more administrative backgrounds to coordinate this type of program. This usually does not work very well because the sales team sometimes ignores the attempts of less senior personnel within the company. Instead, try to find someone with whom the salespeople already have a relationship and respect. This will ensure successful data collection from the sales team. For example, if your company fills out RFPs as part of the sales process for prospects, whoever oversees this area often has much of the prospect data necessary to conduct win/loss interviews, and he or she typically is very involved with and has relationships with all members of the sales team.

It is critical that the head of sales be at the kick-off meeting so this person understands everything the program entails.

2. Set up a Kickoff Meeting with All Relevant Parties

Now that you have selected the right internal program coordinator, you should work with your outside win/loss research firm to set up a program kickoff meeting. Anyone who will be involved or impacted by this program should attend this meeting. Also, it is critical the head of sales be at this meeting so this person understands everything the program entails.

This meeting should be used to introduce your outside win/loss firm to your program coordinator as well as to all personnel within the company involved in the program. This meeting should cover all of the program parameters reviewed earlier, as well as specific questions your team would like addressed during the research. Survey design and workflow should also be clearly explained to all attendees. In short, after this meeting, everyone involved should fully understand why win/loss is necessary and how the program will work. Your outside win/loss firm should be able to lead this meeting.

3. Train Your Win/Loss Firm and Its Interviewers

The next step in the process is to train the external third party responsible for running the program. If you hire an outside third party, you should provide them with training and information pertinent to your company. This could include such things as sales and marketing materials that describe your product and service offerings, organizational charts, past interview transcripts (if you've performed any win/loss work in the past), a sample RFP response, and internal training documents that describe relevant processes and procedures pertaining to your sales strategy and approach.

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4. Design and Finalize Interview Questionnaire

We discussed earlier in this whitepaper the importance of having buy-in from all levels of the organization, as well as all internal departments and areas that will be affected by the research. The best way to achieve this is to allow these key parties to be included in the design of the interview questionnaire.

The best way to approach this is to have your win/loss firm draft an initial questionnaire and submit it to the relevant personnel in the sales organization who will be responsible for reviewing it. Once the sales organization is comfortable with the document, they should then forward it to the other areas of the company that will benefit from the research. For example, marketing, operations, and client service will all likely be involved in some aspect of the sales process, so having their buy-in on the survey design will be of benefit. These areas often have valuable perspectives and may have additional questions they'd like to ask. This process will reduce if not eliminate defensiveness pertaining to the results of the study since these other areas of the company will feel they too are owners of the research.

It may take several drafts before the questionnaire is fully customized to your company's unique needs, so make sure you are patient and get input from all areas of the company. Additionally, it is easy to change the survey as the program evolves, so don't feel as though you can't make ongoing alterations to the survey.

5. Determine How to Gather Ongoing Deal Information

The next step is for your internal program coordinator to identify how to best acquire and forward the necessary sales information to the person conducting the interviews. The best way to do this so that you avoid biases in terms of the deals you submit is to take the information straight from a CRM database (if your company uses one). For example, if your company uses SalesForce.com, you should gather the prospect data straight from the database. This will not only ensure that the deal information is submitted in a timely fashion, but it will also eliminate the potential conflict of interest of salespeople cherry-picking deals to send in.

If you do not have a CRM database or spreadsheet where pertinent deal information is collected, you may need to rely on your sales force to submit this information. If this is the case, be sure there is someone in a managerial role overseeing this process and making sure that deals are not being deliberately excluded. It is often difficult for a manager to know every deal that her sales teams are involved in, but it is imperative that each salesperson be held accountable for submitting an unbiased sampling of recent wins and losses.

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Often wins are easier to collect since your company will know which prospects have become customers, but the losses will present a greater challenge. If you are using an outside third party, ask them to provide a status report by salesperson each month so that the internal coordinator/sales managers can review it and identify which salespeople are not providing adequate deal flow.

6. Conduct and Disseminate Interviews

Once everyone has come to agreement on the interview questionnaire, the interviewers from the win/loss firm should conduct a handful of interviews and coordinate a conference call with the internal program coordinator to review the first few to make sure they are garnering adequate and relevant information. If there are things that are not coming through clearly in the interviews, or if there are questions that need to be changed, it is best to catch such problems at the beginning of the program so that everyone is on the same page moving forward.

Additionally, it is important to determine which internal parties should be included on the interview dissemination list. The interviews (particularly the losses) will undoubtedly contain sensitive information, so the initial distribution list should be rather select. From there, sales managers should decide how to get the feedback back to each individual salesperson.

One of the most important elements in this process is to get the feedback back to the sales team. The primary purpose of this program is to help each salesperson improve his performance and increase his new business win rate. It is extremely difficult for salespeople to do this effectively if they are not getting unfiltered feedback on a consistent basis. At a minimum, each salesperson who was involved in a deal should be able to read their interviews in real time.

Having your salespeople read their own win/loss transcripts is analogous to having a football team review game tapes.

Just as sports teams review game tapes, sales teams and companies must do the same to prepare for upcoming presentations. Sports teams review game tapes because it is hard to analyze defeat (or victory) while the players are in the middle of the game. Time, perspective, and distance allow sports teams to gather and reflect on what happened and what needs to be improved upon in the next game of the season. It's the same for sales teams, as it is often impossible to fully dissect areas for improvement while you are within a given sales process. Having your salespeople read their own win/loss transcripts is analogous to having a football team review game tapes.

Ultimately, win/loss works best when a company receives the interviews on a real-time basis. This allows for a continuous and real-time stream of prospect and marketplace feedback.

One final note: When following up with prospects for feedback, make sure it is done in a timely fashion. The best time to speak with a prospect is roughly two to four weeks after his buying decision has been made. This will ensure that you get the best data because the details of the buying process will still be fresh in the prospect's mind. It is critical to follow up with prospects no later than two months after the buying decision has been made. If you speak with a prospect after two months has gone by, you will generally find that he has forgotten critical differentiation points of the sales process.

7. **Aggregate Findings and Present to Senior Management**

> **The best time to speak with a prospect is roughly two to four weeks after his buying decision has been made.**

The final step of the program involves aggregating all the interview data and presenting the findings to senior management and other relevant personnel. This type of data analysis should, at a minimum, be pulled together annually. That said, a semiannual analysis will better enable the company to identify trends in the data over time.

As mentioned, the interviews should be disseminated and studied as soon as they are completed to allow the sales team to benefit on a real-time basis. It is also important, however, to aggregate the data and quantify the results to provide management with a full analysis of what is going right and what needs improvement across the entire sales team and company.

If the program is to be impactful at all levels of the organization, it is imperative that the findings be rolled up in aggregate and thoroughly analyzed. While the verbatim feedback that each interview transcript provides is instrumental in helping sales teams learn from their individual experiences, the sales organization as a whole will benefit far more if it is able to learn from all of the company's sales experiences in aggregate.

Tracking performance year over year is another important component of win/loss analysis. This allows companies to look at whether or not their work on "fixing" issues and realigning strategies is paying off. Year-to-year analysis can be tracked on an absolute basis, as well as relative to the competition. In highly competitive industries, improvements are generally made year over year, and the competitive landscape will evolve and change as well. Proactively monitoring this activity will insure that your company is keeping pace with the industry and reacting to changes in real time.

Conclusion

In his book *Good to Great,* Jim Collins (New York: HarperCollins Publishers, 2001) discusses many principles that relate perfectly to the concept of a win/loss analysis program. His book highlights the fact that great companies always engage in spirited debate and healthy conflict. They focus on performing "autopsies" without blame and confront the brutal facts about themselves and their marketplace. Additionally, they set up what he calls "red flag mechanisms" that serve to warn the company in advance when problems are on the horizon.

He also establishes that great companies commit to continuous improvement and focus on the process of improvement instead of looking for the one big "aha" moment or plan. Great companies have discipline and work day by day toward results, and they don't shy away from the brutal facts. Instead, they seek to understand them fully and work toward addressing the issues.

A win/loss analysis program is a perfect management tool for companies because it provides information that can be used in the ways that Jim Collins sets forth in his book. Win/loss analysis provides the brutal facts through an actionable red flag mechanism. A win/loss program also helps companies engage in debate in a more healthy and productive way because when an independent third party is used to perform the research, all employees will be working from the same candid information. Everyone will be working off the same data, percentages, and positive and negative feedback. Therefore, organizations will not need to spend time pontificating about problem areas and won't need to wade through the noise and the clutter of everyone's opinions. Instead, a company's senior management team can focus on solving problems. The amount of time this saves companies is immense, but it works only if a company has discipline and commits to continuous improvement over time.