

Revenue Growth: The New Frontier

4 Executive Investments to Drive Growth in 2022



THE PAST TWO YEARS HAVE BROUGHT SIGNIFICANT DISRUPTION FOR COMPANIES ACROSS ALL INDUSTRIES. However, a February 2022 survey of 450 U.S. CEOs and business leaders shows the year ahead presents an opportunity for organizations to grow through investments in the revenue team. By optimizing investments and execution across key areas, firms have the potential to lay the foundation for enduring leadership going forward.

ACHIEVING GROWTH BY INVESTING IN THE REVENUE TEAM

One undisputed outcome of the disruption of the past two years is that buyers have changed. Their expectations when engaging with commercial teams is driving companies to invest in their marketing, sales and service divisions. Perhaps it's not surprising that companies are placing a focus on these areas since two-thirds of CEOs rank the acquisition of new customers as their top revenue growth priority for 2022—well ahead of any other strategy—according to our survey.

Yet, the fundamentals of growth still exist, while an important element to consider, the path to success under current conditions is not as simple as shifting to a hunting focus. Product and service innovation also plays a significant role in maintaining and growing market share. And with rapidly changing customer patterns, it may be wise to ensure the acquisition of new customers isn't at the detriment of existing ones.

To that effect, 38% of surveyed CEOs say launching new product/service offerings will be a priority for growth this year. It's interesting to note that larger firms (those with more than \$100 million in annual revenue) are more focused on innovating within their legacy business, placing significantly higher importance on launching new products/services than their smaller peers (47% vs. 38% overall average).

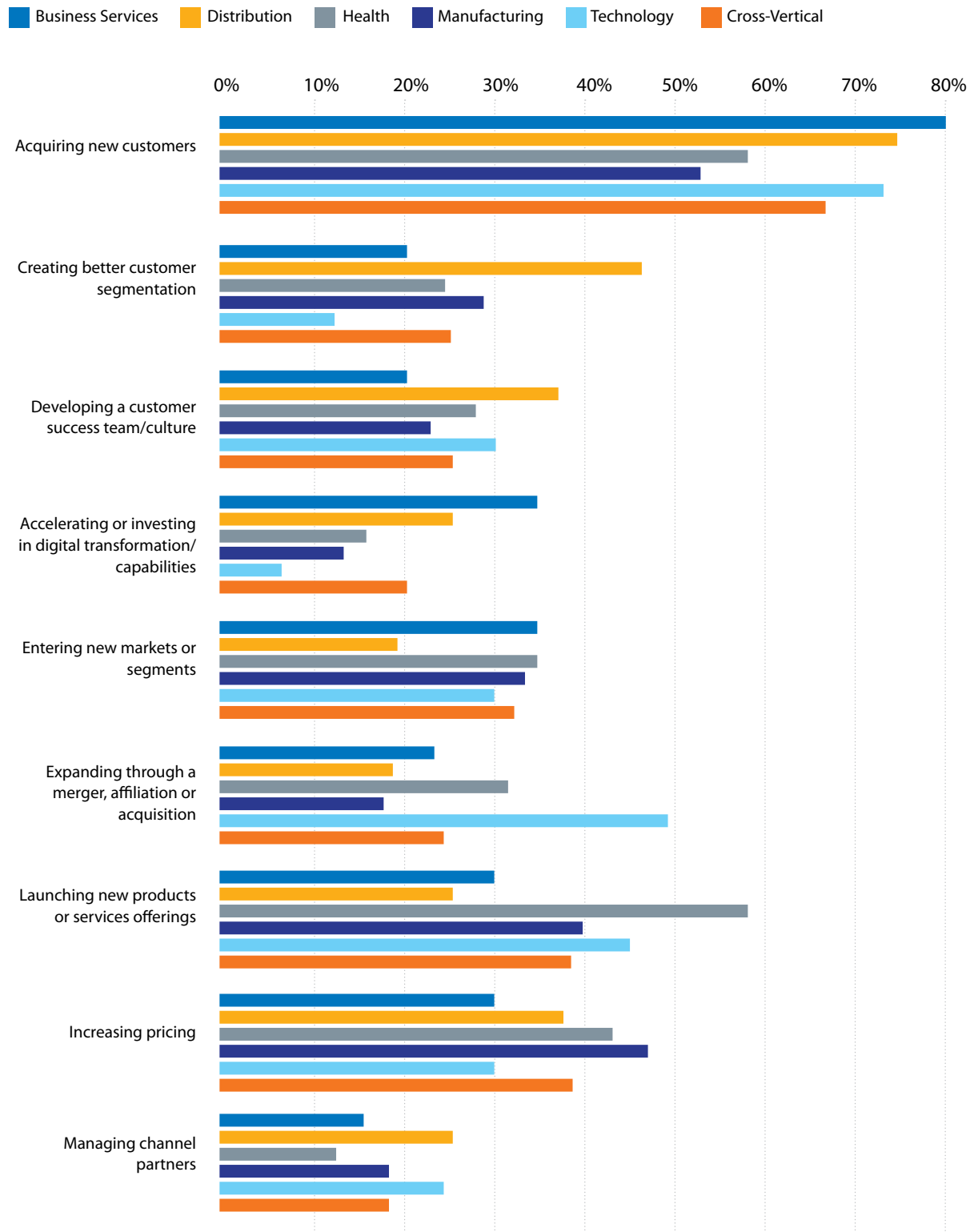
Another top priority is increasing pricing (for 39% of CEOs surveyed). In the current environment of high inflation and supply chain constraints, pricing is, indeed, a key commercial focus. However, adjusting pricing creates a challenge for both existing customers and new target selling. The key to successful pricing strategies is to understand the difference between pricing strategy and pricing execution. Often, the best-laid strategies fail to come to fruition because the commercial team lacks the insight or skillset to implement new price actions.

A culture of customer success is also a great way to increase account retention and expansion—and overall customer lifetime value. Yet, only 25% of CEOs participating in the survey listed it as a priority for growth. Similarly, improving customer segmentation allows the matching of the right offerings and customers to the optimal coverage based on opportunity, but only 24% of CEOs are focusing on this in the year ahead.

Of course, there are variances by sector. For instance, the data shows that Tech firms are particularly focused on inorganic growth opportunities, with 48% citing “expanding through mergers, affiliations or acquisitions” as a growth priority. Smart planning should not only account for the particulars of each sector, but it should also follow an assessment of company growth phase (i.e., start-up, high-growth product expansion, financial focus or multi-segment optimization), key buyer needs and existing gaps in offerings and coverage to target high-return commercial investments.

In the end, companies must invest in the right resources to ensure sustainable growth. A strong segmentation model and keen sense of market share and share of wallet at the account level is required for focus. Best-in-class organizations are investing in customer data and buyer journey analysis, which are table stakes for staying competitive and ensuring an informed and real-time set of interactions with customers.

Which elements are most important in driving revenue growth for your company over the next 12 months?



DIGITAL INVESTMENTS ARE NOW A PERMANENT LINE ITEM

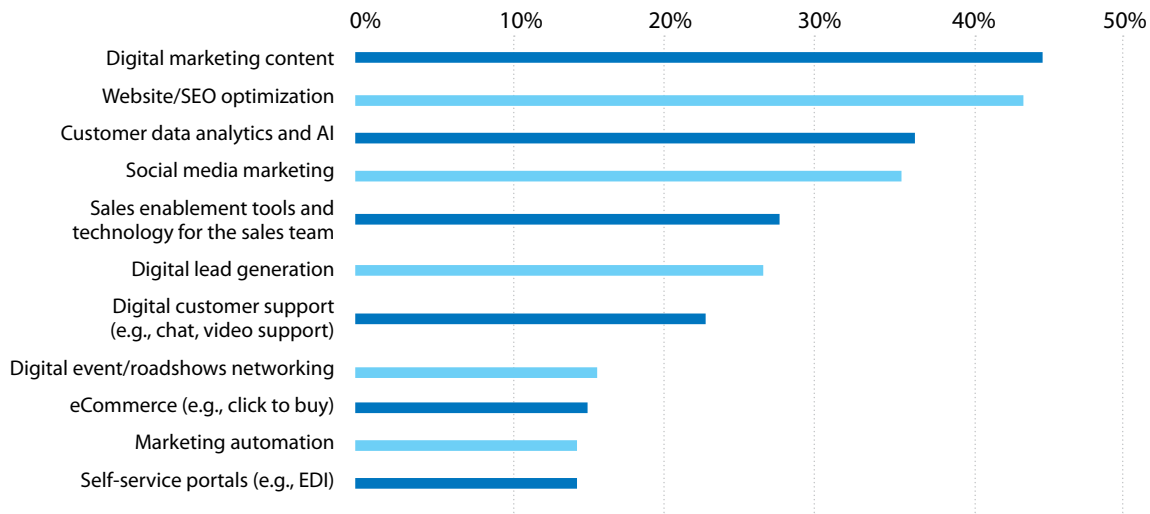
At the time of the survey, 73% of CEOs said they were planning to increase their digital technology investments in 2022. Of those, however, the near majority forecasted the increase to be no more than 10% over the prior year's investments.

With only 32% who consider their company to be advanced in its digital maturity, taking smart steps to increase digital capabilities will be a key differentiator going forward. Companies need to be prepared to unlock resources in areas where it most matters.

According to the survey, the top three digital investments are expected to be in digital marketing (including digital marketing content, website/SEO optimization and social media marketing), customer data analytics & AI, and sales enablement & tools. Data coming from marketing, service or purchasing (self-serve) channels certainly allows for richer insights to deliver greater value to customers and create targeted messaging. Freeing capital to invest in these tools and platforms is important, but taking a coordinated and holistic approach is critical on this journey.

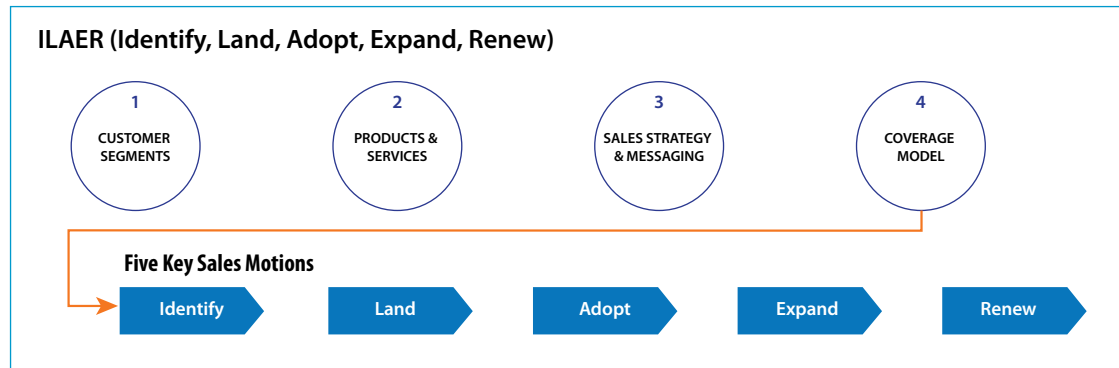
Companies should first seek to align roles (i.e., people), processes and rules of engagement to provide a seamless experience for the customer. This requires coordination and collaboration between marketing, sales and service teams.

Which digital areas will be an investment priority for your organization in 2022?



AGILITY: YOUR NEW GO-TO-MARKET MODEL MANDATE

According to the survey findings, 50% of companies plan to increase their customer success, lead generation and revenue operations roles in 2022. Customers are demanding more support throughout their ILAER (Identify, Land, Adopt, Expand, Renew) go-to-market framework, and organizations are deploying and increasing their investment in new roles. Lead generation, for instance, can assist with the Identify phase, and customer success teams can assist with Adoption, Expansion (cross-sell & upsell) and even Renewal.



The buyer journey is evolving to become more circular than linear. This requires a coordinated approach from pre-sales to sales to post-sales. As retention and expansion of existing customers becomes key, a need to deliver value and proof of ROI to those same customers is necessary to maintain and grow revenue over time. Traditional roles, such as customer service and sales operations, will transition into new roles, expanding their scope to encompass marketing and service operations.

The proliferation of new roles also requires new talent profiles, new rules of engagement and new customer engagement playbooks. Coordination across roles is critical, with the ultimate goal of delivering higher value for the customer. To achieve this successfully, best-in-class organizations focus on improved productivity from their core revenue-responsible roles (i.e., higher productivity from either less or the same number of resources in core roles).

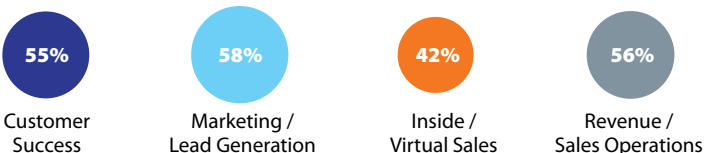
Our findings show that virtual selling may be here to stay. More than 40% of respondents (53% of respondents in Manufacturing and Distribution) said they planned to increase their inside and virtual sales headcount this year, despite the lifting of Covid restrictions across the country.

The data also indicates that companies are investing in field sales to a lesser degree than many key support roles: 46% say they plan to increase field sales headcount this year vs. 50%+ for customer success, revenue/sales operations, and marketing/lead generation.

CEOs say they will keep significant virtual selling time for their representatives going forward. Altogether, 35% said they anticipate field sellers will spend more than 50% of their time selling virtually, and 27% anticipate they will spend between a quarter and half of their time selling virtually.

% of Companies Increasing Headcount (cross-vertical, all revenue sizes)

ROLES

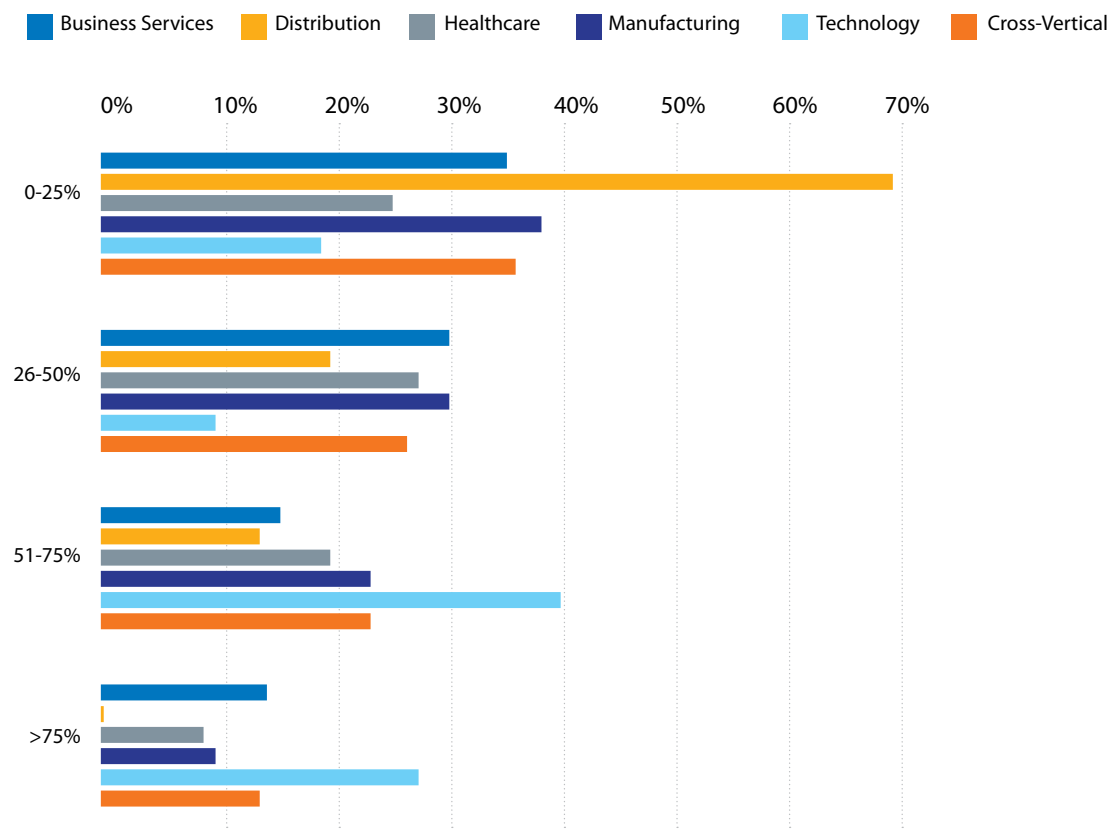


Overall, the vast majority of companies expect that at least a quarter of their representatives' selling time will be virtual (e.g., Zoom, Teams, email, phone). A hybrid in-person and virtual approach is likely to be the norm across industries in 2022 and beyond.

Yet, Tech CEOs anticipate the highest percentage of virtual selling going forward, with two-thirds reporting that over 50% of sales time will be virtual. Conversely, over two-thirds of distributors anticipate that field sellers will spend less than a quarter of their time selling virtually.

Determining the right segments and accounts to cover virtually vs. in-person will be an important part of the strategy, as a growing number of non-strategic accounts and select strategic accounts might prefer virtual interaction and may no longer receive face-to-face field coverage. Companies should, therefore, invest in technology tools that not only enable but also enhance virtual selling—in addition to virtual selling training and development programs.

How much time do you anticipate your field reps will be selling virtually (e.g., Zoom, Teams) in 2022?



DON'T JUST THROW MONEY AT THE PROBLEM TO WIN THE RACE FOR TALENT

For months now, talent has been cited as a top challenge by all members of the leadership team—CEO, CFO, CIO, CHRO and board members—when polled by Chief Executive Group. In this February 2022 survey, CEOs said that to win the race for talent, they are prioritizing flexible work options (55%), training and development (43%), and pay adjustments (48%).

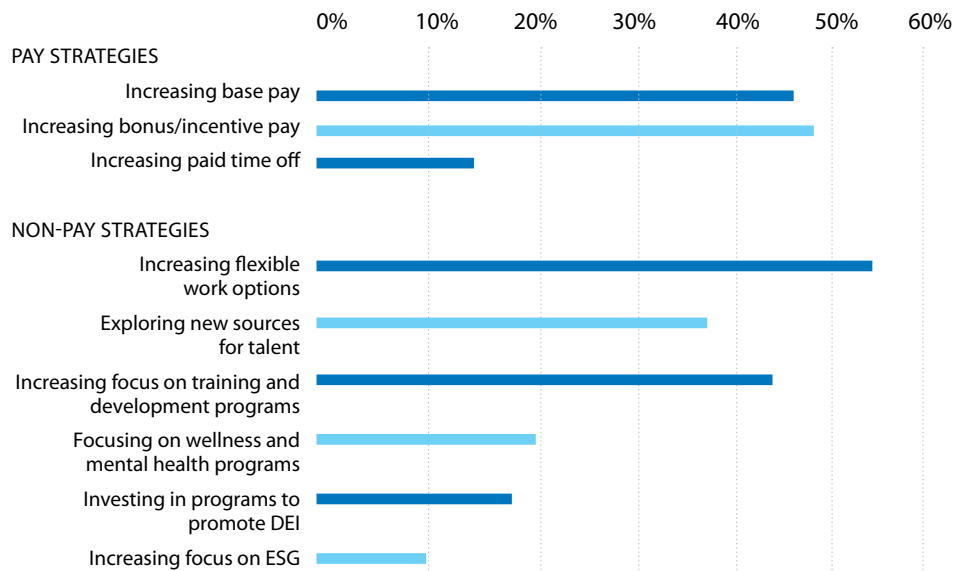
Of the cited strategies, two are notably non-compensation related: increasing flexible work options and increasing focus on training and development programs. This may indicate a realization that striking the right balance between monetary and non-monetary benefits will be key moving forward.

Nevertheless, the new equation has become clear: employee experience equals customer experience (EX = CX) when it comes to driving growth through talent. Companies with high employee engagement benefit from more productive sellers that help them outperform the market.

But companies must also adapt to key workforce challenges, including providing adequate coaching, training and development in a virtual environment, providing for flexible work programs, and responding to unprecedented compensation inflation. As the demand for talent continues to rise, companies must find innovative and unique ways to attract employees, as well as offer competitive pay.

Successful companies take a holistic approach to talent management, including expanding flexible work options; revamping recruiting strategies and timelines; designing new job roles, competencies and career paths; investing in programs for coaching, training and enablement; adjusting to market benchmarks for compensation; and tracking progress through key metrics and dashboards. Leading organizations also consider the principles of diversity, equity and inclusion (DEI) throughout the talent management process.

In your commercial teams (marketing, sales and service), what are you doing to win the race for talent?



CONCLUSION

The world has changed with Covid-19, and the series of events that have since occurred has placed businesses in an ever-evolving state of affairs that requires agility, foresight and flexibility. The ability to adapt to changing trends and behaviors has been key for the past two years, and companies that expect things to settle and take an ordinary course in the near term may find themselves struggling to survive. Management teams must revisit their commercialization strategy and processes, and ensuring it is still suited to today's reality.

Chief Executive Group

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The Alexander Group provides revenue growth consulting services to the world's leading sales and marketing organizations, serving Global 2000 companies. Founded in 1985, Alexander Group combines deep experience, a proven methodology and data-driven insights to help revenue leaders anticipate change, align their go-to-market resources with company goals and make better informed decisions with one goal in mind—to grow revenue. The Alexander Group has offices in Atlanta, Chicago, London, New York, San Francisco, Scottsdale, and São Paulo .

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