

CONFIGURE / PRICE / QUOTE: BETTER, FASTER SALES DEALS ENABLED

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→ **Peter Ostrow**, VP/Research Group Director,
Customer Management, Sales Effectiveness



Report Highlights

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Best-in-Class firms turn 30% more quotes into sales orders.

p3

Top performers create 10% fewer iterations of the typical sales proposal or quote.

p5

CPQ users improve customer retention by 3.9% annually. Non-users report a 0.6% decrease.

p7

CPQ deployments inspire 45% better proficiency at rapidly and effectively responding to RFPs.

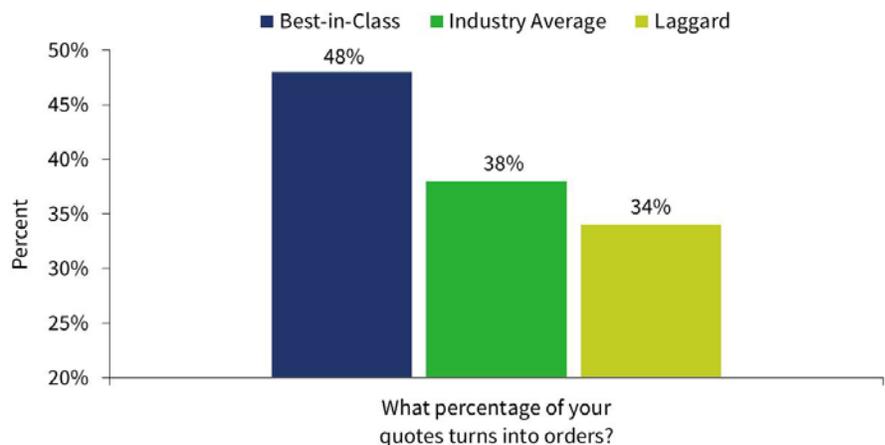
For as long as any of us can remember, salespeople have been handed scripts, talking points, and decision trees designed to guide them through the process of sealing their deal. Given the complexities of modern selling, real-time data exchange, and the ever-more educated 21st century buyer, these elements are no longer sufficient methodologies to create a competitive support system for the contemporary seller. This Research Report analyzes the business value of, and recommends best practices to complement, the Configure / Price / Quote suite of sales enablement technologies.

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The efficient execution of sales operations activities may be represented by no more valuable a metric than the overall sales "batting average."

Everything in business-to-business (B2B) selling revolves around numbers: achieving higher thresholds of commission payments by exceeding quota, losing one's job by falling too far short of quota, evaluating the potential of each territory, and even the number points or badges competitively earned within internal [gamification](#) initiatives. From the standpoint of sales leadership and executive management, the efficient execution of sales operations activities may be represented by no more valuable a metric than the overall "batting average" associated with Aberdeen's recent survey question, "What percentage of your sales quotes turns into real orders?"

Figure 1: Best-in-Class Companies Set the Bar High for Sales Batting Averages



n = 143

Source: Aberdeen Group, September 2014

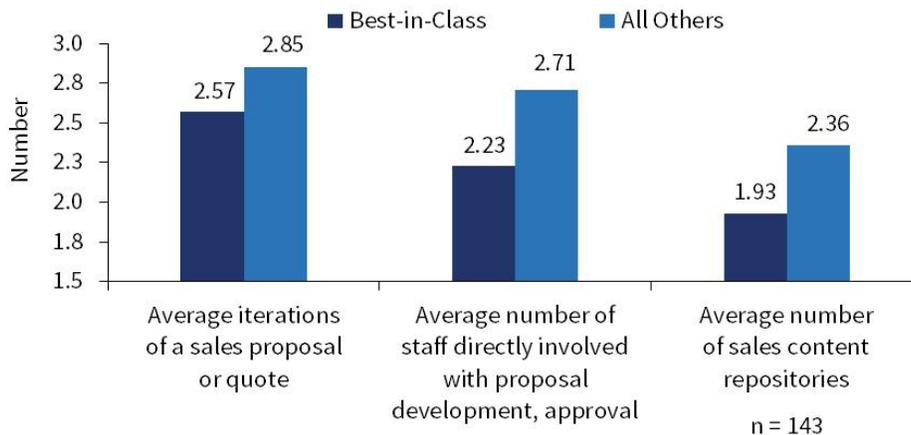
When the 143 companies completing Aberdeen's newest [Sales Effectiveness](#) survey are segmented into performance cohorts (sidebar, page 3), we see in Figure 1 a dramatic 30% delta (48% vs. 37%) between Best-in-Class and All Other organizations around this crucial key performance indicator (KPI). How do these top performers achieve such significantly better results?

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Time is Money: Providing Your Sales Team with More of Each

Best-in-Class companies do not necessarily achieve better business results because they have better products than their competitors, although Aberdeen's [Product Innovation & Engineering](#) research practice certainly gives them plenty of advice on doing so. Neither are top-performing sales organizations bigger than other firms; in fact, the current data set shows Best-in-Class companies reporting 7.8% smaller in annual average revenue, \$488M vs. \$529M. Where they do differentiate themselves from under-performers, however, is around better management of the most valuable commodity of front-line reps and channel partners: more time to execute on the art and science of selling.

Figure 2: Best-in-Class Efficiencies in Sales Workflow



Source: Aberdeen Group, September 2014

Figure 2 provides significant insight into how the most successful sales organizations streamline their sales workflow by reducing the internal time, friction, and red tape that are too often associated with getting complex B2B deals done. Who among us has never seen a great sales opportunity slip into the next month or quarter, because *"those guys in Legal keep getting in my*

The Lead-to-Win Best-in-Class Defined

In June through July 2014, Aberdeen surveyed 143 end-user organizations to understand their sales best practices. The performance metrics used to define the Best-in-Class (top 20%), Industry Average (middle 50%), and Laggard (bottom 30%) among these sales teams are:

- 84% of sales reps achieving quota, vs. 54% among Industry Average and 18% for Laggard firms
- 17.9% average year-over-year increase in total company revenue, vs. 7.4% for the Industry Average and no change among Laggard respondents
- 6.6% average year-over-year increase in lead conversion rate, vs. 1.4% and 0.3% decreases for Industry Average and Laggard respondents

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CPQ Defined

Configure-price-quote (CPQ) tools are defined by Aberdeen as technology enablers with which selling organizations manage their opportunity-to-order (or lead-to-win) methodology with automated tools that impact the speed and accuracy of developing quotes, proposals, contracts, and products. The most common application solutions help literally configure, price, and generate quotes for buyers of goods and services. The solutions offered by commercial vendors help reduce bottlenecks in the overall sales process, enabling the presentation of “the right product, at the right time, at the right cost” for the customer.

way,” or grown frustrated because “I keep having to update the proposal because no one around here knows what our standard quote for red widgets is supposed to look like?” These scenarios play out every day in thousands of annoying ways, primarily because the workflow of many contemporary selling environments has not been sufficiently investigated with the prime goal in mind of maximizing the selling time of on-staff reps and external selling partners.

The Best-in-Class, however, create 10% fewer iterations of the typical sales proposal or quote than All Others, saving not only sales reps measurable time, but also that of their buyers and customers, by reducing proposal errors and disconnects. They also involve an average of 18% fewer internal stakeholders in the development and approval proposals, quotes, and request-for-proposal (RFP) responses, reducing the possibility that a colleague’s vacation, travel, or even a bad mood will contribute to deal-killing friction. Finally, if we acknowledge that reducing the number of hours spent searching for vital sales content – proposal templates, pricing guides, marketing assets – is a sales-enhancing activity, then the 18% advantage reported by Best-in-Class companies is certainly admirable. What, then, are these top performers doing in order to achieve these game-changing “time is money” advantages?

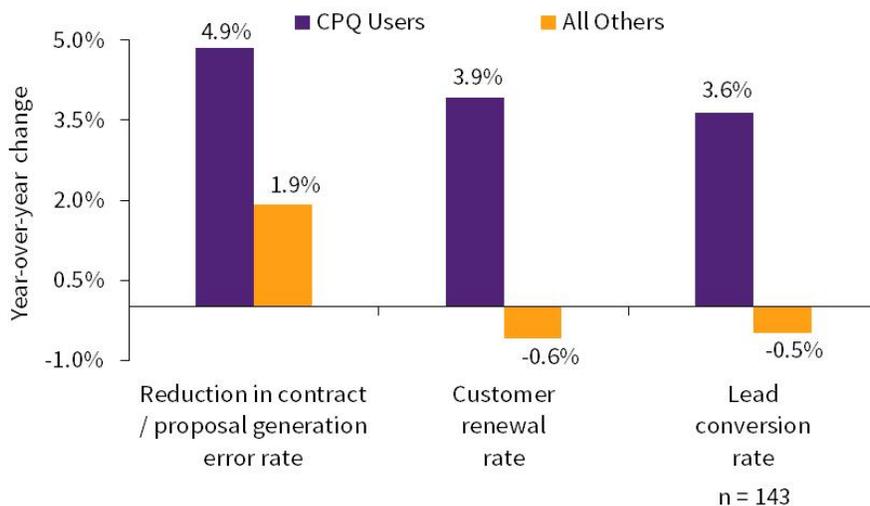
CPQ Leads to PDQ

The implementation of sales-centric configure / price / quote (CPQ) solutions (sidebar) is clearly on the rise, at least among top-performing organizations. The current Aberdeen research data set reveals that Best-in-Class firms are 63% more likely than All Others (52% vs. 32%) to plan on increasing their CPQ deployments over the next 12 months, with 43% of the Best-in-Class and only 27% of All Others planning increased activity around blending these technologies during the next year. A

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similar 59% delta exists between high and low performers around plans to further integrate CPQ solutions with the core customer relationship management (CRM) platform. When we analyze the survey responses differently, comparing the year-over-year performance changes of all respondents indicating they currently have a CPQ solution in place and actively utilized, with non-adopters, we see the results in Figure 3:

Figure 3: CPQ Deployments Yield Stronger Annual Business Results



Source: Aberdeen Group, September 2014

➔ As indicated above, both the selling and buying organization in a typical B2B sales deal benefit from saving both time and potentially embarrassment by **reducing errors in sales proposals and contracts**. While all companies, on average, succeeded in lowering the rate of mistakes, CPQ users improved on proposal quality at a rate more than two-and-one-half times that of non-adopters. After all, nothing slows down the momentum of deal-making more effectively than having to put on the brakes in order to fix avoidable errors. By definition, CPQ technologies help standardize sales language, terms, and

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In the context of deploying CPQ, lead conversion rates are a vital component of achieving a Best-in-Class sales batting average.

conditions in order to minimize the amount of fresh data entry – which opens the door to making mistakes – associated with each discrete sales deal that actually mirrors previously completed projects and doesn't really need its wheel re-invented.

- Aberdeen's [Customer Experience Management](#) research practice makes a strong, ongoing case for the business value of maximizing customer retention, and for avoiding the collateral damage of customer dissatisfaction. If there is one simple business lesson to be learned from Figure 3, it is this: **maximizing your customer renewal rate** is essential, and the fact that CPQ users and non-users showcase positive and negative trends in this metric, respectively, makes as clear a case for deploying the solution as any other data. This metric may also be related to the error-reduction KPI, if we consider that customers who continue to receive imperfect sales proposals are less likely to remain loyal to their provider.
- The third year-over-year performance metric showcasing the value of CPQ solutions addresses a key point addressed in [Sales and Marketing Alignment: A Primer on Successful Collaboration](#) (March, 2014): **improving the lead conversion rate** is a crucial outcome for all providers of goods and services seeking to stay ahead of their competition. In the context of deploying CPQ, lead conversion rates are a vital component of achieving the kind of Best-in-Class batting average, and therefore contributing to more efficient sales activities and management overall, showcased in Figure 1 above.

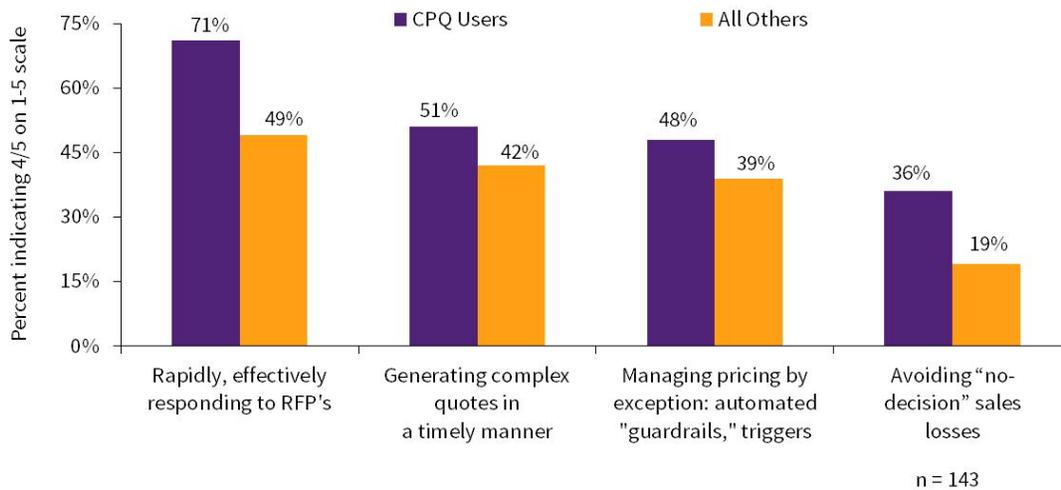
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Moving Beyond the Numbers: Tangible Sales Effectiveness Payoffs of CPQ

Thus far, we have demonstrated the business value and time savings associated with deploying CPQ for contemporary sales organizations pursuing B2B deals more efficiently. Managing an entire team of sales reps or channel partners effectively, however, involves additional competencies that are consistently showcased by Aberdeen's [Sales Effectiveness](#) research as attributes of Best-in-Class performers. Figures 4 and 5 reveal nine key attributes of successful sales organizations that are reported as more effective within CPQ-enabled companies than among non-adopters. Let's look at a few of them in more detail:

Few of us wake up in the morning with this first thought: "Boy, I sure hope I get a big, complex RFP today!"

Figure 4: Sales Competencies Enabled by CPQ: Smoother Sailing



Source: Aberdeen Group, September 2014

➔ Few of us wake up in the morning with this first thought: "Boy, I sure hope I get a big, complex RFP today!" While it is obviously better to be included on an RFP distribution list than to miss the opportunity altogether, most professional sellers do not look forward to the hours or days required to fill out procurement-generated

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Every sales deal involves some degree of internal angst over price – “should we provide a discount in order to win the deal? How much? How much is too much?”

spreadsheets that all too often don't reflect the realities of the goods or services being sought. Perhaps more importantly, RFP scenarios take away what many sales reps believe is their strongest asset: their personality, communication skills, and ability to charm buyers into making the purchase. A strong sales operations team, however, can use CPQ to make **rapid, effective RFP response** not only less painful in terms of time savings, but can also aggregate the “tribal knowledge” from historical selling situations to identify unique competitive edges that help the sales rep or channel partner improve their own batting average.

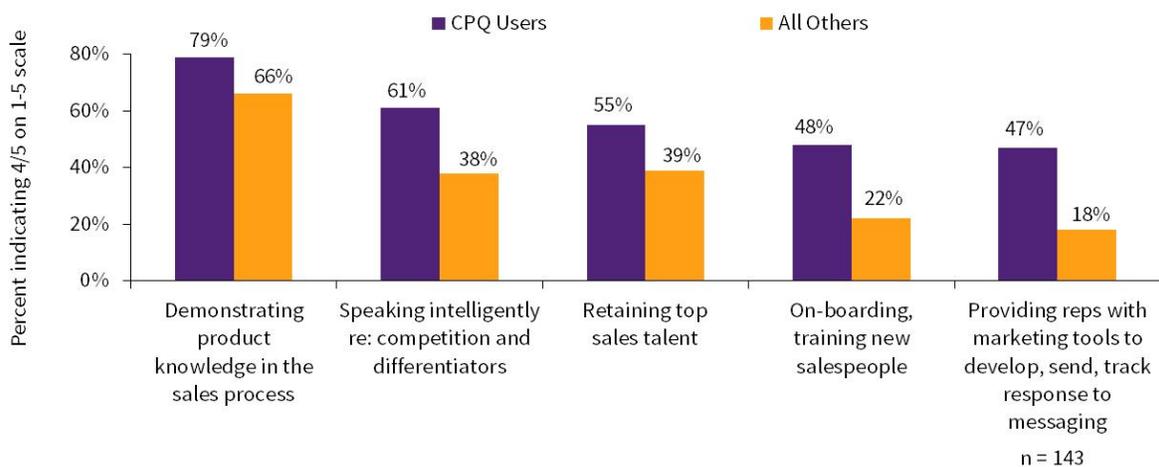
- Every sales deal involves some degree of internal angst over price – “should we provide a discount in order to win the deal? How much? How much is too much?” Aberdeen research published in [*Price Optimization: How Best-in-Class Performers Add to Both the Top and Bottom Lines*](#) (August, 2014) details a number of ways in which top-performing sales teams **manage price by exception**, providing pre-approved discounting thresholds for various products and selling scenarios. CPQ users are 23% more adept than non-adopters (48% vs. 39%) in replicating this expertise, because the solution guides every potential sale through a wizard-driven logic path that protects the margin of the selling organization, while enabling the seller to “know how far I can go” without adding the friction of checking with their boss at each negotiation milestone.
- In [*You Win Some, You Lose Some: How Best-in-Class Sales Leaders Learn as They Go*](#) (April, 2014) Aberdeen explores the benefits of win / loss techniques for the contemporary sales organization seeking to learn lessons

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from both victories and failures on the sales battlefield. CPQ users are nearly twice as effective at **avoiding "no-decision" sales losses** (36% vs. 19%), compared to non-adopters, because the proposals and pricing that reps offer their buyers have been reality-checked, error-reduced, and more quickly generated. These competitive advantages not only result in more wins; they also help savvy sales executives and individual contributors know when to "fish or cut bait." For example, CPQ-enabled sellers are more accurately informed regarding the extent to which a pricing discount can be offered in various selling scenarios. When facing a low-balling buyer who tries to take the negotiations farther than an acceptable profit margin to be yielded by the seller, a sales rep is automatically empowered with the data to "know when to hold 'em, and when to fold 'em."

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Figure 5: Sales Competencies Enabled by CPQ: Building a Better Sales Rep



Source: Aberdeen Group, September 2014

Finally, Figure 5 identifies a series of sales competencies that are better supported at the individual contributor level by companies deploying CPQ solutions:

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CPQ users are more adept at using the "guided selling" aspects of the solution to hold more holistic and knowledgeable conversations with their prospects and accounts.

- **Demonstrating product knowledge in the sales process** may seem like an obvious and necessary attribute, but we know from Aberdeen's [*Customer Engagement Has Evolved. Can Your Sales Team Keep Up?*](#) (August, 2014) that plenty of Industry Average and Laggard sales teams fail to properly arm their front-line sellers with more than just the basics about the products and services they represent. Best-in-Class companies better understand the greater wealth of real-time knowledge that reps need to have at hand, and CPQ users are more adept at using the "guided selling" aspects of the solution to hold more holistic and knowledgeable conversations with their prospects and accounts.
- Considering [research](#) showing that the typical B2B sales rep costs nearly \$30,000 to replace, and takes 7.3 months to source and onboard, **retaining top sales talent** is a top priority for any contemporary B2B sales leader. Why are CPQ adopters 42% more likely to report very or extremely high proficiency here? They provide their reps and channel partners with a leading-edge sales enablement tool that makes their workflow more effective and provides better opportunities to win more deals. They are also 118% more effective at **on-boarding and training new sales people** because the solution has captured, and is ready to educate new reps around the proven methodologies, content, and messaging that the sales operations team has determined to be most effective.
- Finally, while marketing automation users have long enjoyed the ability to track the digital behavior of potential buyers, plenty of B2B salespeople still can only guess as to whether their prospect has opened or viewed

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their proposal or RFP response. Aberdeen research published in [*Sales Content Management: How the Best-in-Class Deploy Portals...and More Room to Seal the Deal*](#) (May, 2013) details a recently developed technology enabler often included in CPQ solutions: **providing reps with marketing tools to develop, send, and track responses to messaging.** Companies supported by CPQ deployments are more than 2.5-times effective than non-adopters at leveraging this crucial sense of visibility into the progress and potential disposition of the proposals, quotes, and contracts they have sent to perspective buyers.

Conclusion and Recommendations: No More Friction!

Deploying a configure / price / quote solution is now well-validated as a best practice for modern B2B sales leaders and sales operations teams seeking to maximize the amount of selling time, deal visibility, and profit margin associated with both individual sales contributors as well as the enterprise as a whole. When you consider the features, advantages, and benefits of deploying your own CPQ technology, as well as in selecting a solution provider, the primary concern for every move you make should take this final data point into account: survey respondents report that on average, 24% of sales deals slip into future selling cycles. So, be sure to ask yourself, at every step of the way in revitalizing your sales process, *how can I reduce as much friction as possible in my sales workflow?*

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For more information on this or other research topics, please visit www.aberdeen.com.

Related Research

[*Would You Fire a High-Performing Sales Jerk?*](#); July 2014

[*The 21st Century Buying Experience: Say Farewell to the Sales Cycle*](#); July 2014

[*It's a Marathon, Not a Sprint: Best-in-Class B2B Sales Training for an Ever-Changing Market*](#); June 2014

[*Gamification in B2B Sales: Is it Time?*](#); April 2014

[*You Win Some, You Lose Some: How Best-in-Class Sales Leaders Learn as They Go*](#); April 2014

[*Incenting Success: Best-In-Class Sales Management*](#); April 2014

[*Sales and Marketing Alignment: A Primer on Successful Collaboration*](#); March 2014

[*Big Data for Sales: Are We Ready?*](#); March 2014

[*Sales Enablement Technologies: Some Things Old, Some Things New*](#); March 2014

[*No More Spaghetti against the Wall: How Best-in-Class Sellers Use Social Relationships to Build a Better Pipeline*](#); February 2014

[*Mobile Sales Enablement: Fulfilling the Promise of Untethered Selling*](#); February 2014

[*Enterprise Social Collaboration: Best Practices for the Connected Sales Team*](#); January 2014

[*Beyond the Quota: Best-in-Class Deployments of Sales Performance Management*](#); January 2014

[*Making the Most of Your CRM: How Best-in-Class Sales Teams Maximize Revenue and Customer Experience*](#); June 2013

Author: Peter Ostrow, VP/Research Group Director; Customer Management, Sales Effectiveness
(peter.ostrow@aberdeen.com)

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