Retention Is The New Growth

The next 18 months require a dramatically changed paradigm

Corona has left deep traces in the business world. The initial supply-side shock has turned into a buy-side shock as companies have started to lay off employees. It is still uncertain how long the virus will continue to wreak havoc across the world. It is certain that the economic damage is huge and during the next 18 months, “growth” will be a faint memory for many companies. Some markets may never return to their pre-Corona sizes. Retention is the new growth in these receding markets.

Save what can be saved

While the economy has stalled, many sure deals get delayed, and many deals will be lost forever. Vendors have only one chance to survive: Save what can be saved and retain their current business. Vendors will not be able to retain all customers. That’s why they need to work really hard to focus on the right ones. But which ones are the likely ones?

A five-step process to win the right opportunities

We suggest a five-step process to focus the organization on the right opportunities in these difficult times:

1. Review the company’s Go-to-Market Model based on the revised business goals and associated sales objectives for the next 18 months. Review the focus of the company’s selling activities (segments, markets, channels etc.).
2. Identify the key customers for the next 18 months based on the following criteria:
   a. Does the customer still have a burning need that needs to be served within the foreseeable future?
   b. Is the customer capable and willing to fulfill this need?
3. Establish a risk radar for the opportunities associated with these key customers. Questions to uncover signs of increased risk are, for example,
   a. Has the size of the buying center changed? Expanding buying centers are a leading indicator for decision paralysis and, consequently, lost opportunities.
   b. Have additional “quality gates” been introduced by the customer’s purchasing department? Are additional signatures necessary?
   c. Has the opportunity slowed down?
   d. Has the opportunity size decreased?
   e. Has the customer become hesitant to commit on little things like update calls or introductions to colleagues?
4. Prioritize the high-risk opportunities according to their potential and urgency and set up a tactical, activity-based weekly plan.
5. For all the other customers, set up a Nurturing Plan, together with Marketing and Service, providing meaningful but cost-effective information and support. Set up an integrated marketing calendar to align regular activities over the next 18 months.

How to motivate the salesforce to keep pushing?

Yes, there is bad news: If you manage your salespeople over the next 18 months based on results (i.e., revenue), you will not manage them – because there will not be any results. But there is some good news, too: You will not need to change your incentive systems completely. But you will need to introduce some small, tactical but important measures:

- Break down short-term objectives into concrete, distinct activities.
- Do not count your salespeople’s activities. Instead, have them tell you what specific activities they are planning to do. Discuss with your team weekly what has prevented them from completing their activities.
- Provide non-monetary bonuses (because budgets will be tight) to your salespeople based on their activities, not on their results. Why not grant a day off to the salesperson who has established the biggest number of relevant client contacts? Why not grant preferred meeting times to the first salesperson who has completed their account plans?

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