Revenue Operations Associates

THE REVENUE OPERATIONS BENCHMARK MODEL

RoB™

A Comprehensive and Actionable Framework to Help Grow Leaders and Revenue Operations Professionals Assess, Quantify, Measure, Manage and Improve GTM Strategy Execution

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I. INTRODUCTION TO THE REVENUE OPERATIONS BENCHMARK

A comprehensive assessment of the intangible, interdisciplinary and less-visible drivers of GTM strategy execution & revenue growth

This paper seeks to provide executives that own or manage GTM strategy a comprehensive and actionable means for assessing, quantifying, measuring and managing the key underlying drivers of execution success. Where 'success' is defined as the ability to drive cross-functional change on the underlying drivers and levers that have the greatest positive – and measurable - impact on financial performance and customer experience.

The paper presents a practical and actionable framework – The Revenue Operations Benchmark Model or "The ROB" Model – which helps GTM executives understand and act upon the ten operational levers and forty specific drivers of GTM execution. By measuring and managing these drivers, executives will improve their ability to achieve targeted financial, operating and customer experience related objectives. The ROB Model is designed to help companies "bridge the gap" between simply having a GTM strategy and successfully executing that strategy. A core underling principle of The ROB Model is that Revenue Operations – when performed as a strategic discipline focused on the right levers – is how companies can better execute their chosen GTM strategy.

The research behind The ROB seeks to build upon and communicate the growing body of academic and commercial insights in the GTM and Revenue Operations fields. Specifically this paper:

- Aggregates, affirms and builds on the increasingly intangible nature of the critical commercial assets and capabilities that have developed in the digital age (e.g. critical but 'hard to measure' things like cross-functional alignment, ability to change, culture, data & technology utilization, customer centricity, customer & employee onboarding, product development & innovation effectiveness, etc.)
- Incorporates research on the increasingly interdisciplinary nature of GTM, which extends beyond marketing, sales and customer success to include product, IT, finance and operations. We take the view that all functions drive or impact GTM execution. (For example IT systems issues or compliance hassles have a direct impact on customer experience and CLV.)
- Explains a practical and actionable framework (The Revenue Operations Benchmark Model) that is an objective, resource light, cost effective and highly actionably way to identify and focus on the highest impact levers for more effective GTM strategy execution.

The ultimate goal of this research is to provide C-Suite executives, revenue leaders and revenue operations professionals an alternative evaluation model that better reflects the true drivers of value and growth after decades of an entrenched reliance on financially oriented outcome metrics. Our belief is that focusing on the right input metrics - the core underlying processes and capabilities that drive desired outcomes – is a smarter more effective way to more consistently execute GTM strategy. In other words, if companies focus on and master the process (aka getting revenue operations right), the financial results will naturally follow.

This paper takes a broad view of "Go-to-Market" as a system that aligns the key revenue-generating functions and teams in a business along the revenue cycle – and the processes, systems, operations, and information that support them - to drive profitable, scalable and reliable growth. We take the view that all functions – not just sales, marketing and customer success - impact GTM strategy execution and revenue performance. Coordinated execution across these teams creates accountability for revenue outcomes while building the operational foundation needed to sustain growth at scale.

The 10 Levers and 40 Key Drivers of GTM strategy execution and scalable revenue performance

The foundation of The Revenue Operations Benchmark Model are the 10 levers and 40 drivers which have been extensively validated through corporate performance and academic research to be direct causal drivers of GTM execution and revenue performance. These levers and drivers are used to systematically and objectively measure companies vs. peer best in class to quantify the marginal potential of improvement.

The 40 Drivers of GTM & Revenue Performance

GTM ALIGNMENT & EXECUTION

- GTM Strategy & Architecture
- Sales, Marketing & CS Alignment
- Finance, Ops, Product & IT Alignment
- Commercial Leadership Alignment
- KPI & Goal Alignment
- RevOps Alignment, Structure & Impact
- Process Discipline & Accountability

GROWTH CULTURE

- Capability to Innovate & Grow
- Ability & Willingness to Change
- Cultural Alignment With Strategy
- Belief in Right to Win

TALENT DEVELOPMENT & KNOWLEDGE SHARING

- Org Chart Clarity & Alignment
- GTM Staff Recruiting, Ramp & Retention
- Process for Employee Engagement
- Cross Functional Communications

COMMERCIAL RELIABILITY & CONSISTENCY

- Revenue Goal Setting & Achievement
- Forecast Process & Consistency
- Sales Rep Capacity & Reliability

RETURN ON CUSTOMER DATA ASSETS

- Customer Data Capture & Value Realization
- Customer Data & Analytics Infrastructure

RETURN ON COMMERCIAL TECHNOLOGY ASSETS

- Commercial Tech Optimization
- Commercial Tech Utilization
- Tech Alignment w/ the Customer Lifecycle

PRODUCT MANAGEMENT & INNOVATION

- Product Development Process
- Product Management Process

CUSTOMER MANAGEMENT

- Customer Lifecycle Management
- Effectiveness of Customer Onboarding
- Customer Engagement Feedback Process
- Commercialization of Customer Success
- Process for Managing Retention & Churn
- Customer Centricity Across GTM Teams

RETURN ON MARKETING INVESTMENT

- Funnel Management Process & Performance
- Marketing Channel Orchestration
- Content Management & Monetization
- Return on Digital Marketing Assets
- Enablement of Digital Selling Channels
- Brand Management & Preference

PRICING OPTIMIZATION

- Pricing Structure Optimization
- Pricing Discipline & Governance
- Process to Determine Pricing Optimization

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II. THE RESEARCH AND COMPANY BEHIND THE REVENUE OPERATIONS BENCHMARK

This research behind The Revenue Operations Benchmark model had been developed in collaboration with over 25 academics and senior GTM operating executives. Our research team examined 96 academic and commercial research papers that quantify the causal impact of intangible assets, operating capabilities and interdisciplinary commercial competencies on GTM success and scalable revenue growth. These experts lent their research and decades of practical experience to define the 40 key drivers and make them more visible and understandable to the leaders of growth oriented businesses and their investors. The authors of this research include:

Stephen Diorio, Stephen Diorio is a Partner at Revenue Operations Associates, and a Senior Fellow at the Wharton Customer Analytics Initiative. As a leading authority in go-to-market transformation, sales and marketing performance management, and revenue operations, Stephen has helped over 100 organizations to reengineer their revenue operations to accelerate growth and become more data-driven, digital, and accountable. He has authored several books on commercial transformation including the best selling *Revenue Operations: A New Way to Align Sales & Marketing, Monetize Data*.

Steven C. Busby, Steve Busby is the CEO and Founder of Revenue Operations Associates. Steve has over 30 years of experience operating and advising companies to help them achieve transformational growth through improved operating performance. Before founding Revenue Operations Associates, Steve was CEO & President of Greenwich Associates, a $90 million benchmarking and analytics firm that pioneered the concept of quantifying and benchmarking relationship quality in B2B financial services.

About Revenue Operations Associates

Revenue Operations Associates is a GTM acceleration company founded on the belief that revenue operations - when done right - is how companies improve GTM strategy execution and realize their full GTM potential. Revenue Operations Associates' mission is to help companies evolve revenue operations from a tactical support function to a continuous strategic process with demonstrated financial impact. CEOs, revenue leaders and RevOps professionals across industries (not just SaaS), use the company's Revenue Operations Benchmark, Revenue Operations Certifications, and "DIY" best practice implementation playbooks to drive more unified and effective GTM execution.

III. THE INTANGIBLE, INTERDISCIPLARY AND LESS-VISIBLE DRIVERS OF REVENUE GROWTH

Management teams and their investors are increasingly flying blind as they try to execute GTM strategy and generate revenues in a modern economy

The ability to reliably and accurately assess a company's capacity to execute GTM strategy is critical to investors, owners, and managers. Why? Because solid GTM strategy execution leads to organic revenue growth – the increase in a company's sales over time – which is the primary basis for creating business value.

The ability to generate consistent and scalable growth, and the commercial assets that create it, have become essential to organic revenue growth and value creation in every business – from a publicly traded companies, to small and mid-sized businesses, to hyper-growth SaaS businesses. In all cases the better the GTM strategy execution – and the more sustainable and scalable revenue growth is - the more valuable a business becomes.

The core challenge addressed by this paper is that it is inherently difficult to measure the underlying assets, processes and competencies that drive GTM execution and organic revenue growth – and it's becoming increasingly more difficult as the nature of the digital economy and commercial models evolve. Despite the importance of organic revenue growth to value, the "science and math of growth" are not very well understood by managers and investors. Compounding the problem is the fact that the commercial assets that generate growth are hard to measure, manage, and report since they are largely "intangible." Furthermore, the disjointed and siloed way most organizations manage their growth resources, assets and processes mean finance, marketing, sales, technology, product and customer service are deficient at sharing the information along the revenue cycle that can provide a better picture of pipeline health, customer value delivery and the long-term financial success.

This lack of visibility means that the traditional tools managers and investors use to assess the ability of a business to generate revenues and hit its targets (revenue forecasts, growth rates, profit margins, etc.) fail to provide a complete or reliable picture. As a consequence, the inability to reliably assess revenue generating ability of a business adds risk & costs while depressing return on invested capital. On top of this internal operating reality, there are several secular trends that are also impacting the ability to assess, measure & manage GTM execution.

SECULAR TRENDS THAT IMPAIR THE ABILITY TO MEASURE AND MANAGE GTM STRATEGY EXECUTION & REVENUE GENERATION

ASSET INTENSIVE COMMERCIAL MODELS	The commercial model has become more **asset intensive** with the emergence of complex and expensive commercial technology ecosystems that serve as the engine of growth. Marketing based intangible assets (like brand & customer equity) make up over 25% of a company's value.
DIGITAL CHANNEL INFRASTRUCTURE	The commercial model has become **far more digital** as more companies pivot to "4D" (digital, data driven, diverse and distributed) selling channels. 83% of the B2B buyers' journey is now conducted online in more than 20 digital sales, marketing and customer success channels.
DATA-DRIVEN AND ALGORITHMIC SELLING	The commercial model has become more **data driven** as digital channels and evolutions in advanced analytics and AI are driving improvements in all aspects of the commercial model and creating large and valuable customer engagement data assets.
RETURN ON COMMERCIAL ASSETS	Investors and managers demand **greater accountability for financial returns on commercial assets and actions** as they adopt investment strategies based on the ability to generate scalable and sustainable organic revenue growth and acceleration.
REVENUE OPERATIONS	The commercial model has become far more **interdisciplinary and cross functional** putting more pressure on marketing, sales, customer success, product, IT/operations and finance to work together. Business model transformations are driving greater focus on the customer.

Traditional financial and managerial accounting, management reporting and measurement systems are not keeping pace with the evolution of the commercial model and these key secular trends. The challenges facing traditional methods include:

1. **The growing role of intangible assets in firm value:** An increasing proportion of the value in a company is now intangible commercial assets – including market-based assets, knowledge assets, computerized information, innovative property, and economic competencies. When properly measured and accounted for, these intangible assets can represent up to 80% or more of the value of a business.[1]
2. **The changing nature of the commercial model:** The commercial model has become a more capital (asset) intensive, digital, data-driven team sport – making the primary drivers of company value intangible, interdisciplinary and "invisible" in financial reporting and accounting. Growth has become more capital intensive as two thirds of growth budgets are investments in commercial information, commercial technology, channel infrastructure aimed at creating assets that accelerate revenue growth. Growth has become more interdisciplinary as over 90% of organizations are combining marketing, sales and customer success functions and aligning the management of commercial operations, technology, information, and IP assets around the customer journey.
3. **A greater emphasis on recurring and expansion revenues**. The majority of B2B companies rely more heavily on recurring revenue and customer expansion via cross selling platforms as the basis of growth and value creation. This is raising the bar for the customer success function which needs to evolve from service oriented CX objectives to include financial objectives. Compounding the situation is that most CRO's and sales leaders are historically more experienced with sales and marketing than customer success.
4. **Selling has become more capital intensive**. The digital marketing tech stack has exploded to include thousands of potential solutions that engage customers through social media, email, digital and mobile touch points. In the middle of the funnel, sales teams use an average of 10 tools just to close deals in the lead to booking phase of the revenue cycle according to research by Salesforce. Deeper in the customer journey, finance and product teams are investing in tools to help get control over proposals, pricing, contracts and forecasts to give them better visibility and control over the revenue cycle and manage revenue leakage. These tools are getting very expensive. In all, the average business to business organization uses over 30 digitally enabled marketing, sales and service channels to engage prospects and customers over the revenue cycle.
5. **Selling has become more digital.** The broad adoption of digital, data-driven, distributed, and dynamic selling networks has transformed the go-to-market approach of 97% of companies according to a survey of 352 business leaders by Wharton. When humans are involved, digital technology offers the potential to double the speed, visibility, productivity and engagement of front line sellers. As transactions move to self-directed digital channels, businesses are under pressure to meet the growing customer desire for more compelling, personalized, and friction free digital experiences. Today the business to business customer journey happens almost entirely online.

- **Selling has become more data- driven.** The maturation of advanced analytics, AI, and Machine Learning (ML) – and the massive new sales engagement data sets to support them – represents the most significant opportunity to accelerate sales growth since the scale adoption of call centers (40 years ago), CRM (30 years ago), and digital.

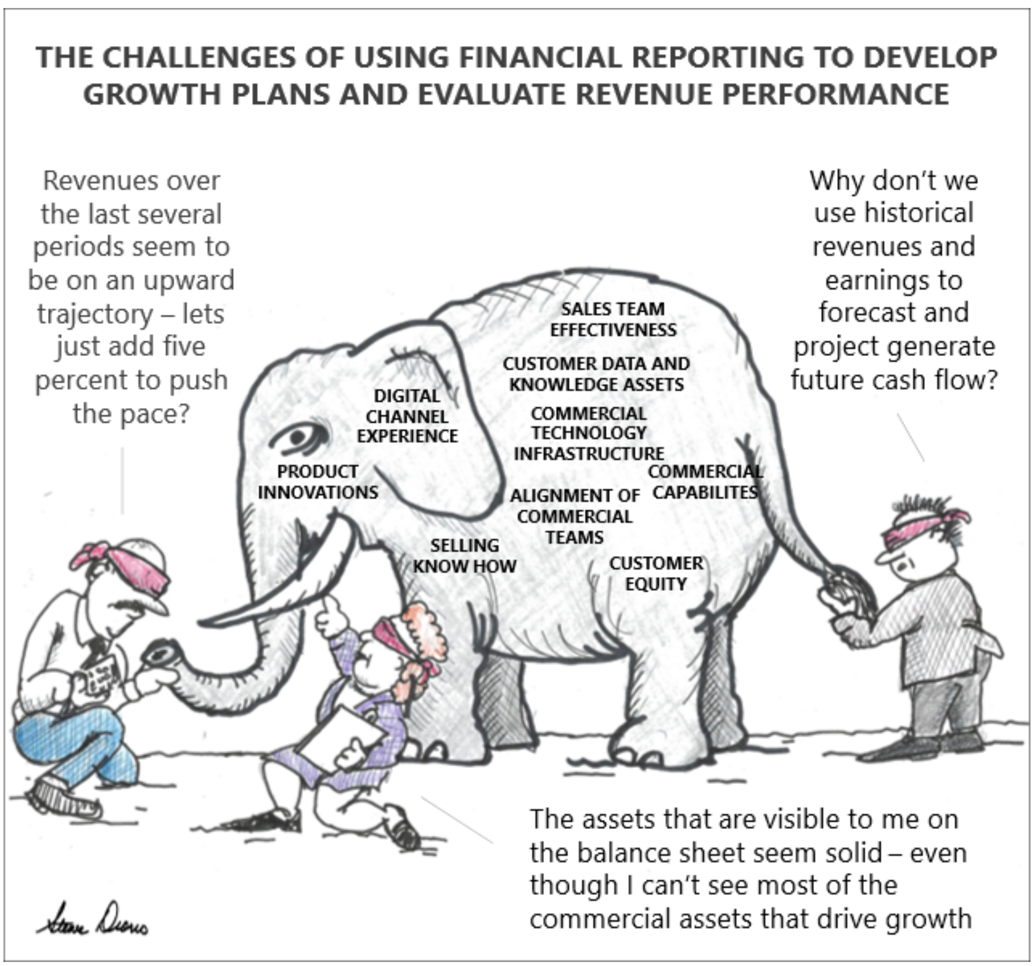
These dynamics have fundamentally reshaped the allocation of growth resources, operating budgets and capital investment. Owned digital sales and marketing channels and the systems, data, content and operations that support them now command two thirds of operating budgets, displacing paid media and the overhead that supports field sales. And capital investment in the digital selling infrastructure, customer databases, and enabling technologies that support these digital channels and "4D" selling teams has created some of the biggest financial assets on the balance sheet. In some cases, the customer data within a business can be more valuable than the business itself.

"Investors, boards, and leaders have not fully adapted to the fact that GTM has become an asset-intensive, data-driven, cross-functional team sport"

Recent dynamics also have more business leaders paying more serious attention to the notion of being data driven, digital, agile, aligned and customer focused as a basis for competitive advantage. While they understand these things are strategically important, in most cases they don't have a basis for evaluating, investing in or effectively managing these strategic value drivers despite the fact that they are the primary causal factors that determine GTM execution and the financial value of the enterprise. Without more credible and financially robust ways to evaluate the less tangible assets, investments, actions and competencies that impact future revenue generation, leaders will rely on past experience and increasingly outdated growth investment strategies and performance measures. Over time this will likely lead to lower return on growth investment, underperforming commercial assets, and stalled or sluggish revenue growth.

The drivers of revenue growth are increasingly intangible, interdisciplinary and largely invisible

Intangible growth assets – such as customer equity, data, innovative IP and digital customer experience - are a primary driver of a third or more of future company value. In addition, the modern commercial model has become increasingly interdisciplinary in nature, as evidenced by efforts by over 80% of businesses to expand the remit of growth leaders, integrate the systems and data flows along the customer journey, and better align the revenue teams, processes, organizations and operations along the revenue cycle. The majority of these 'modern' value creating assets and interdisciplinary competencies are effectively "invisible" to leaders and managers. Our research found that traditional financial and managerial accounting, management reporting and measurement systems and investment evaluation criteria do not provide visibility into 90% of the drivers of growth and value.



All businesses can unlock more growth and value by improving the return on their less tangible commercial assets. Revenue generating commercial assets – customer data, digital technology, digital channel infrastructure, customer relationship equity – make up most of the growth investment mix in B2B organizations, but most companies have a large opportunity to generate more revenue and profits from these commercial assets.

To unlock more growth, the modern commercial model requires more orchestration of revenue teams, processes, operations, systems and data to consistently grow and scale revenues and increase customer lifetime values. As evidence, 85% of growth leaders are changing the way they lead and align revenue teams and the operations that support them to better support the revenue cycle, customer journey and customer lifetime value, according to a survey of 120 growth leaders in the book Revenue Operations.[2] All of this effort to "connect the dots" across commercial systems, roles, and silos has made Revenue Operations is the fastest growing job in North America.[3]

6 INTERDISCIPLINARY CAPABILITIES AND PROCESSES THAT GENERATE FUTURE REVENUE GROWTH AND INCREASE FIRM VALUE

- **Eliminate revenue leakage, shrinkage and slippage -** 1 to 5% of EBITDA flows unnoticed out of companies due to 11 points of failure in the product to cash cycle
- **Improve the economics of digital sales and marketing -** A multi-channel digital sales and marketing model can improve sales productivity over 50% with cost reductions of 10% compared with traditional models.
- **Rep recruiting, ramp and retention -** A 5% increase in sales rep attrition can increase selling costs 4-6% and reduce total revenue attainment by 2-3% overall.
- **Optimize growth resource allocation -** Optimally aligning account priorities, coverage, engagement model, roles and territory assignments can improve performance 50% and contribute 5-10 points of profit contribution.
- **Pricing structure, governance, precision -** Data-driven pricing can yield profit margin expansion of 3-10% with existing resources via pricing optimization and innovation
- **Consolidate, simplify and optimize commercial tech stack -** Measuring, optimizing and connecting the commercial tech stack 50% improvement in performance and ROA.

Achieving the type of consistent, profitable and scalable growth markets are demanding is a complex, interdisciplinary, technology enabled sport where the team that connects the most dots wins. Factors like teamwork, information sharing, the return on commercial assets, and the alignment of people, process, data and operations play a much bigger role in the growth formula than most managers realize. Revenue Operations is a systems-based approach to aligning the complex set of commercial systems and processes that support the revenue cycle to accelerate growth.

The business case for revenue operations keeps getting stronger as commercial models evolve

Revenue Operations provides a framework to get investors and executives to focus on the core drivers of future growth in ways that improve their visibility into their ability to hit revenue targets and quantify the untapped growth potential of their business assets. "RevOps" also helps create new value by identifying the root causes of poor or inconsistent revenue growth results and objectively measuring that performance on a normalized and "apples-to-apples" basis. The best method for developing - and executing - the optimal revenue operations playbook is to benchmark current practices and compare performance to peer best- in-class. The resulting gaps can be prioritized by revenue impact and feasibility to ensure revenue operations efforts are focused on the right areas - and teams can get aligned on those areas. This benchmark approach works at all stages of the revenue operations lifecycle, whether companies are launching initial efforts or looking to master the discipline after several years.

IV. THE REVENUE OPERATIONS BENCHMARK MODEL

A turnkey model that assesses the intangible, interdisciplinary and less visible drivers of GTM strategy execution and revenue growth

To help the C-Suite and GTM executives that manage businesses develop a more financially valid and actionable means for assessing, measuring, and acting upon the most impactful drivers of GTM strategy and subsequent revenue growth, we reviewed 96 academic and commercial research studies to quantify the causal impact of intangible assets and interdisciplinary commercial competencies on future revenue growth and company value.

At a high level, the research revealed that the majority of future revenue generating potential is directly attributable to intangible assets relating to culture, people, process, product, alignment, technology utilization, data utilization and customer management. The research identified ten core operational growth levers that drive the monetization and optimization of intangible assets, and The Revenue Operations Benchmark model is the construct that quantifies these levers to allow companies to manage and measure the key underlying drivers of revenue performance.

Benchmarking Revenue Operations is the process of measuring the interdisciplinary and cross functional processes and capabilities that have a direct impact on commercial asset monetization, commercial process effectiveness, and return on growth investment. This new benchmarking approach provides a practical framework for measuring interdisciplinary processes and shared commercial assets that underly the revenue producing capacity of a modern business, such as organizational knowledge sharing, leveraging commercial technology assets, improving cross functional processes, reducing revenue leakage across the lead to cash cycle, pricing discipline and optimization, and other core elements along the revenue cycle. The benchmarking approach also has the advantage of providing managers, boards and investors with financially valid KPIs for measuring resource utilization, revenue outcomes, cost to sell, and return on commercial assets.

The Revenue Operations Benchmark (or "ROB") is a proprietary benchmark model that enables companies to measure, manage and monetize their critical intangible assets. Using a value chain analysis, it provides managers with a financially valid basis for both quantifying the value of specific commercial assets as well as a means to assess the financial impact of growth actions, investments and decisions on company value and financial performance. The ROB model provides GTM leaders and executive management with a more comprehensive and financially valid way to prove the contribution of commercial assets, systems and capabilities. The ROB model also provides a basis for evaluating, measuring and benchmarking the critical underlying drivers of GTM strategy execution that in turn determine the growth potential and performance of a business.

Ten operational value levers identified to be causal of GTM strategy execution future revenue growth

The Revenue Operations Benchmark or "ROB" model encompasses the ten operational growth lever areas that have the greatest demonstrated effect on GTM execution and future organic revenue. The ten operational growth lever categories are outlined and defined below, and grouped into three areas:

1. Intangible Assets
2. Interdisciplinary Competencies
3. Foundational Capabilities

Underneath each growth lever category, there are 40 specific underlying drivers that are what get benchmarked vs. peer best in class as part of The Revenue Operations Benchmark. Our academic and commercial research (plus extensive deployments of The Revenue Operations Benchmark model) have yielded evidence of the causal relationship between these drivers and future revenue growth – but only a small fraction is visible in current financial, management and operational reporting.

Below is a summary of the 40 underlying drivers, which are described in more depth in the Appendix of this paper:

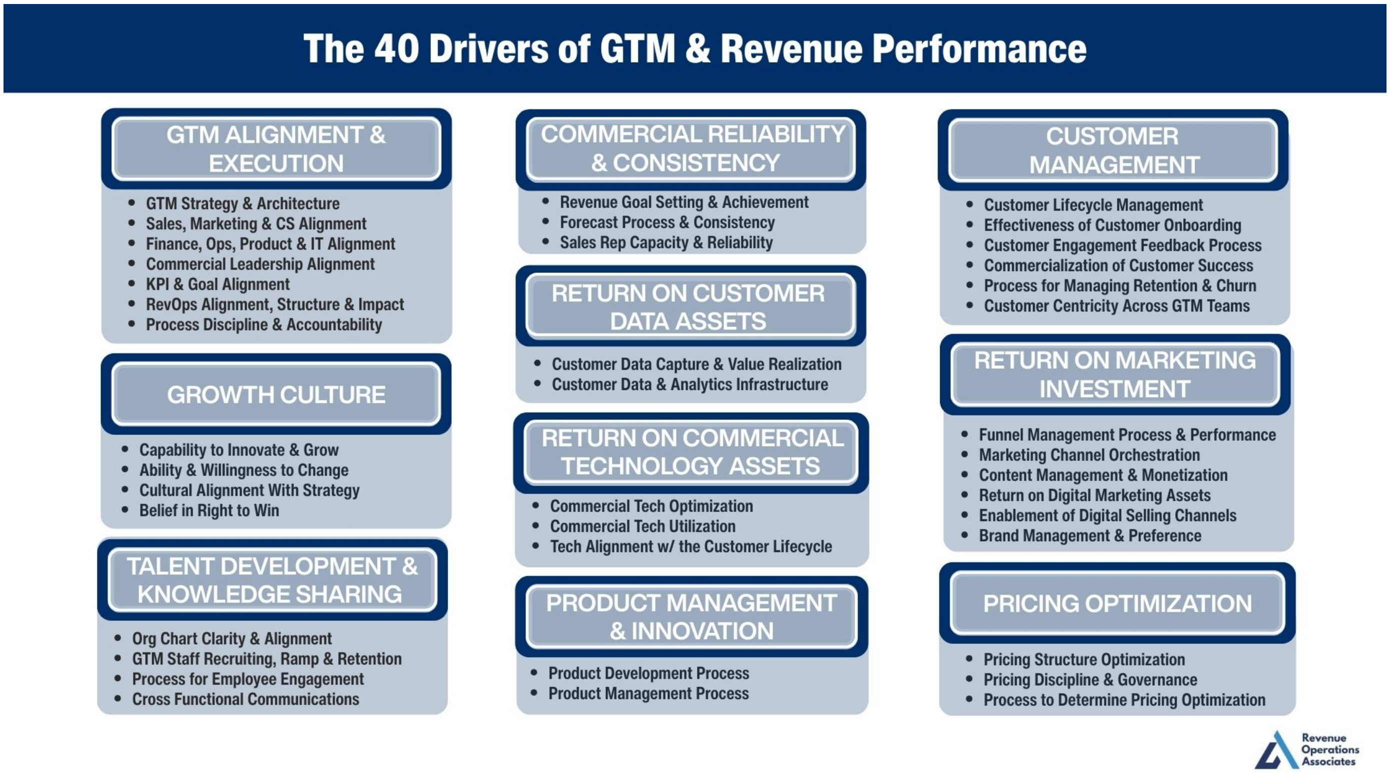
THE 10 REVENUE OPERATIONS BENCHMARK VALUE LEVERS

GROWTH LEVER	DEFINITION
RETURN ON CUSTOMER DATA ASSETS	The Return on Customer Data Assets is defined as the ability of an organization to generate, capture, curate and monetize the customer engagement, usage, and loyalty data from first party sales, marketing and customer success channels. It also includes the insights GTM team members have about customers based on their interactions
RETURN ON COMMERCIAL TECHNOLOGY ASSETS	The Return on Commercial Technology assets is defined as the monetization of deployed technology, where the return can be through increased revenues, reduced costs and/or increased customer experience. It includes efforts to consolidate, simplify, integrate and optimize the growing portfolio of CRM, sales enablement, marketing automation, engagement and automation software assets.
RETURN ON MARKETING INVESTMENT	Generating a return on marketing investment is defined as the ways a company generates financial and business outcomes – in terms of revenues, market share, profit margin, customer lifetime value, etc. – from investments to build brand awareness and acquire customers. It includes staff, digital marketing, mobile apps, self-directed web fulfillment channels, distribution partnerships and marketing automation in addition to traditional marketing assets.
TALENT DEVELOPMENT & KNOWLEDGE SHARING	Talent development & knowledge sharing is defined as interdepartmental connectedness of high performing teams, specifically collaboration and information sharing across GTM functions by aligned and empowered staff. It's the practice of exchanging information, skills, and expertise within and across the revenue cycle. It includes the systems and processes for recruiting, developing, and retaining high quality and consistently performing GTM employees.
PRODUCT MANAGEMENT & INNNOVATION	Product management and innovation is defined as the initiation, development and commercialization of new product launches and product innovations. It includes how well a company utilizes customer intelligence to meet current and future customer needs, and how well these values are delivered and reinforced by all GTM teams and functions.
GTM ALIGNMENT & EXECUTION	GTM Alignment & Execution is defined as the alignment, location and optimization of growth resources across the entire revenue cycle. Where the resources are people, process, product, technology and data that enable GTM strategy execution across functions, and the deployment of these resources is documented in a comprehensive GTM strategic plan. (GTM alignment and execution has become synonymous with the management discipline of RevOps.)
PRICING OPTIMIZATION	Pricing Optimization is defined as the cross functional process of ensuring pricing decisions, actions and governance are consistent, accurate and optimal at every stage of the revenue cycle – from offering design to proposal development to contract and booking through the revenue recognition and realization stages of the lead to cash cycle. It's the alignment of pricing levels and pricing structure with a company's value proposition, brand and customer experience objectives.
CUSTOMER MANAGEMENT	Customer Management is defined as the effectiveness of GTM teams, and the systems, processes, operations, and organizations that support them – to support the customer across the full revenue cycle, from demand generation to sales, to loyalty and customer expansion. It's how well companies manage and deliver exceptional customer experience across all GTM functions and measures 'customer centricity' across GTM teams.
GROWTH CULTURE	Growth culture is defined as the internal belief of commercial leadership and the entire GTM team regarding their business strategy, focus (market orientation, customer centricity), value proposition, willingness to change, capacity to innovate, and confidence in their ability to win in the market. It's how well the culture of a company is aligned with its business strategy. (Culture is perhaps the most important lever measured in The ROB.)
COMMERCIAL CONSISTENCY & RELIABILITY	Commercial Reliability & Consistency is defined as the consistency of a company's ability to achieve revenue targets, the reliability of the underlying selling resources to contribute to those targets, and the integrity of the processes and methods used to measure and report on commercial performance. It's the combined effectiveness of the sales management process and the sales rep's ability to succeed at achieving targeted revenue objectives.

INTANGIBLE ASSET | INTERDISCIPLINARY COMPETENCY | FOUNDATIONAL CAPABILITY

The 40 specific drivers identified to be causal of GTM strategy execution and revenue performance

The Revenue Operations Benchmark model encompasses forty specific drivers along the revenue cycle that map to each of the 10 lever categories. These drivers help company management know more specifically where latent revenue potential exists. The forty operational growth drivers categories are outlined below:



The company inputs that power The Revenue Operations Benchmark Model

Operationally, the mechanics of The Revenue Operations Benchmark consist of two inputs provided by the company:

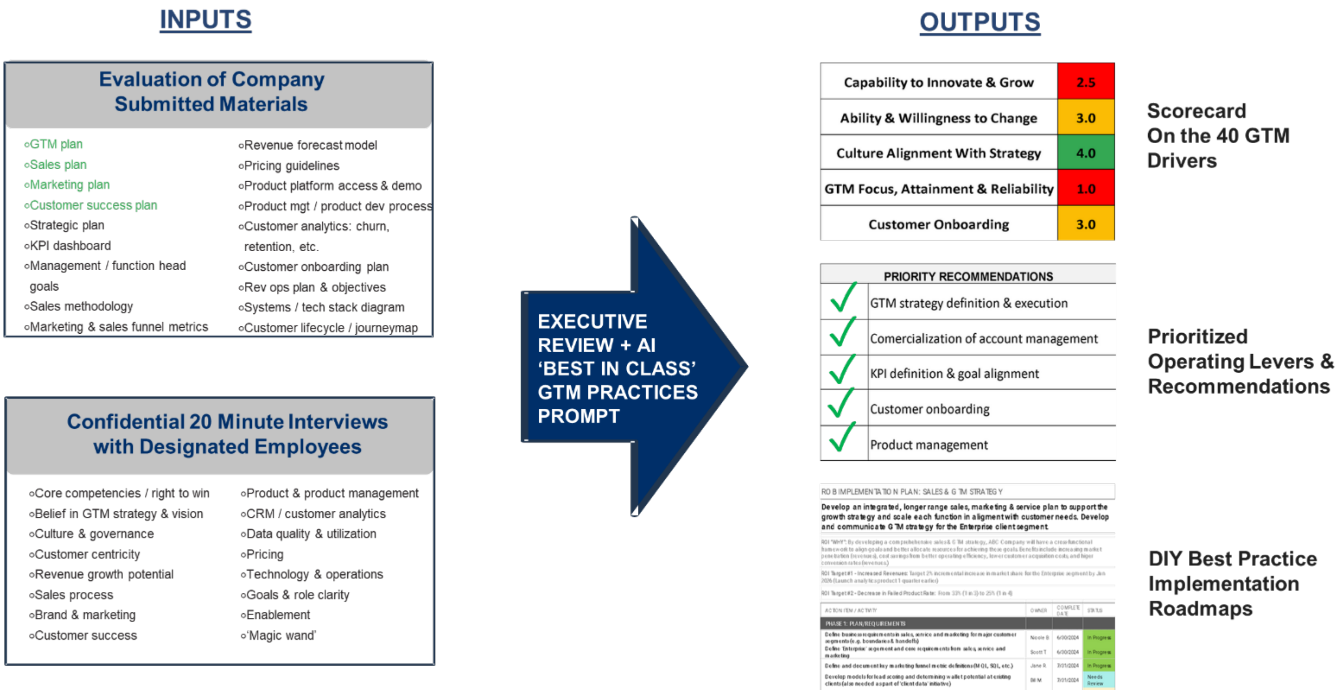
1. Core GTM related operating documents, including GTM plans, marketing plans, sales plans, revenue forecast model, KPI dashboard, commercial tech stack diagram, etc. (A complete list of documents is provided to companies at the onset of a ROB assessment)

2. Input from company employees via a confidential survey as well as in depth 1x1 interviews with executive management and senior function heads.

The operating documents are evaluated by experienced operating executives and AI relative to an aggregate 'best in class' rubric of the all the elements of exceptional GTM strategy execution. Typical 'best in class' elements include:

- Is the process or strategy documented?
- Does it include all of the key elements?
- Is it known and embraced by employees?
- Is there a defined process for continuous improvement?
- Is the process for continuous improvement demonstrably effective?

Below is a summary of the ‘inputs’ and ‘outputs’ from The ROB model:



An example of The ROB Scorecard

The proprietary IP of The ROB model is the best-in-class assessment rubric that takes the inputs and calculates scores on each driver (the blue arrow in the chart above.) Scores are based on a 5 point scale from 1 ‘undeveloped’ to 5 ‘highly developed’. Scores are objectively determined by the best-in-class rubric, where the number and quality of best-in-class elements drives scoring on the ‘undeveloped’ to ‘highly developed’ scale.

Below is a sample output scorecard, which is vetted with management as the basis for determining the ‘levers’ that will impact GTM strategy execution.

GTM ALIGNMENT & EXECUTION	Score*	Score Drivers & Comments
GTM Strategy & Architecture	1.5	GTM definition and management does not cover full customer lifecycle. Documented GTM material cites goals but lacks execution (e.g. does not define how goals will be achieved and role of each function). The company is currently unable to execute a cross-functional GTM strategy.
Sales, Marketing & CS Alignment	3.0	Sales and CS are aligned to maximize CLV. Documenting client service and ROI expectations that were established during the sales process is a priority action. Sales & marketing are not fully aligned around target customer profiles and generating sales accepted leads. MQL/SQL/SAL process not highly mature or effective.
Commercial Leadership Alignment	4.0	Leadership consistently aligned on vision, priorities, strengths and weaknesses but will benefit from a 'team oriented' GTM strategy with execution details. Gaps exist on alignment and cross functional execution. Accountability cited as somewhat loose and inconsistent.
KPI & Goal Alignment	3.5	KPI's are aligned with functional goals but less so with cross functional goals and the overall GTM strategy. Suggest developing cross-functional KPI dashboard focused on key process & behavioral metrics that enable desired financial outcome metrics (e.g. NRR, CLV, CX, logo churn).
Process Discipline & Accountability	2.0	GTM leadership is predominately sales focused. The company operates on a 'best efforts' basis to deliver exceptional CX and achieve revenue targets, but process discipline is lacking to define and enforce cross-functional KPI's. Management acknowledges the need for greater process discipline and accountability.

COMMERCIAL RELIABILITY & CONSISTENCY	Score*	Score Drivers & Comments
Revenue Goal Setting & Achievement	4.5	Quota goals and measurement process are clear and generally enforced with accountability. Historic quota achievement is above peer best in class levels.
Forecast Process & Consistency	3.0	The discrepancy between financial revenue and sales revenue is cited by many sales reps as problematic. Quota process is transparent to senior sales leaders but less so further down with reps and BDR team.
Sales Rep Capacity & Reliability	2.0	Rep recruiting, ramp and retention process is not highly effective and the company does not have a sufficient number of high performing reps. The ramp process places quota achievement too early in the onboarding process for a complex advisory sales role where reps are required to develop their own leads.
CUSTOMER MANAGEMENT	**Score***	**Score Drivers & Comments**
Customer Lifecycle Management	1.5	A documented customer lifecycle map does not exist, and few GTM staff have a sufficient view of how customers 'experience' the company across the revenue cycle. As such, functions are not well aligned around the customer lifecycle and where CLV is impacted.
Effectiveness of Customer Onboarding	4.0	Documented plan provides with 'how to' detail. Process has clear ownership and appears to be followed consistently. But implementation issues exist relating to when onboarding starts as well as the handoff from sales to CS.
Commercialization of Customer Success	3.5	CS and sales are well coordinated, but more emphasis should be placed on expansion revenue and commensurate incentives. Wallet potential/upsell metrics not actively used. Compensation in CS could be more 'commercial' and more aligned with expansion revenue and retention goals.
Process for Managing Retention & Churn	1.5	Churn management lacks maturity. Focus is on revenue retention vs. logo retention (should be both.) Win/loss data not effectively and consistently acted upon across functions.

* Score based on a 5 point scale from 1 'undeveloped' to 5 'fully developed'

The ROB framework and scorecard help leadership teams to understand in a quantified way how their company performs on the 40 key drivers of GTM execution. It enables a fact-based, honest conversation about the core competencies and capabilities required for GTM teams to drive changes that improve customer outcomes and lead to achievement of targeted financial results.

V. HOW COMPANIES USE THE REVENUE OPERATIONS BENCHMARK AND THE BUSINESS BENEFITS DELIVERED

How leaders can use The Revenue Operations Benchmark model to improve GTM strategy execution

The Revenue Operations Benchmark model is a tool to help leaders, managers and investors of privately held businesses to better determine a company's ability to execute GTM strategy and generate future growth. It's a better way than traditional financial analysis and quality of earnings (QOE) to assess a company's ability to generate sustainable revenue growth and hit financial targets. The Revenue Operations Benchmark (ROB) model is a forward-looking analysis that objectively grades a company based on the capabilities and competencies that are key to sustainable revenue generation. They include:

- The alignment of the commercial teams, systems, processes and operations that support the full revenue cycle across people, product, process, data and technology
- The robustness of the core functional capabilities in marketing, product and revenue cycle management
- The strength of growth leadership and the growth strategy, planning process, and culture they have instilled
- The maturity of core operational capabilities in pricing, analytics, performance measurement, and customer experience management

Our analysis of academic, commercial and market research provides evidence in varying degrees that the 40 operational drivers in The ROB model have all been proven to be causal of future revenue growth. Focus on the core drivers helps investors and executives get better visibility into their ability to hit revenue targets and quantify the untapped growth potential of their business assets. The ROB model can also help management identify ways to create new value by identifying the root causes of poor or inconsistent revenue growth.

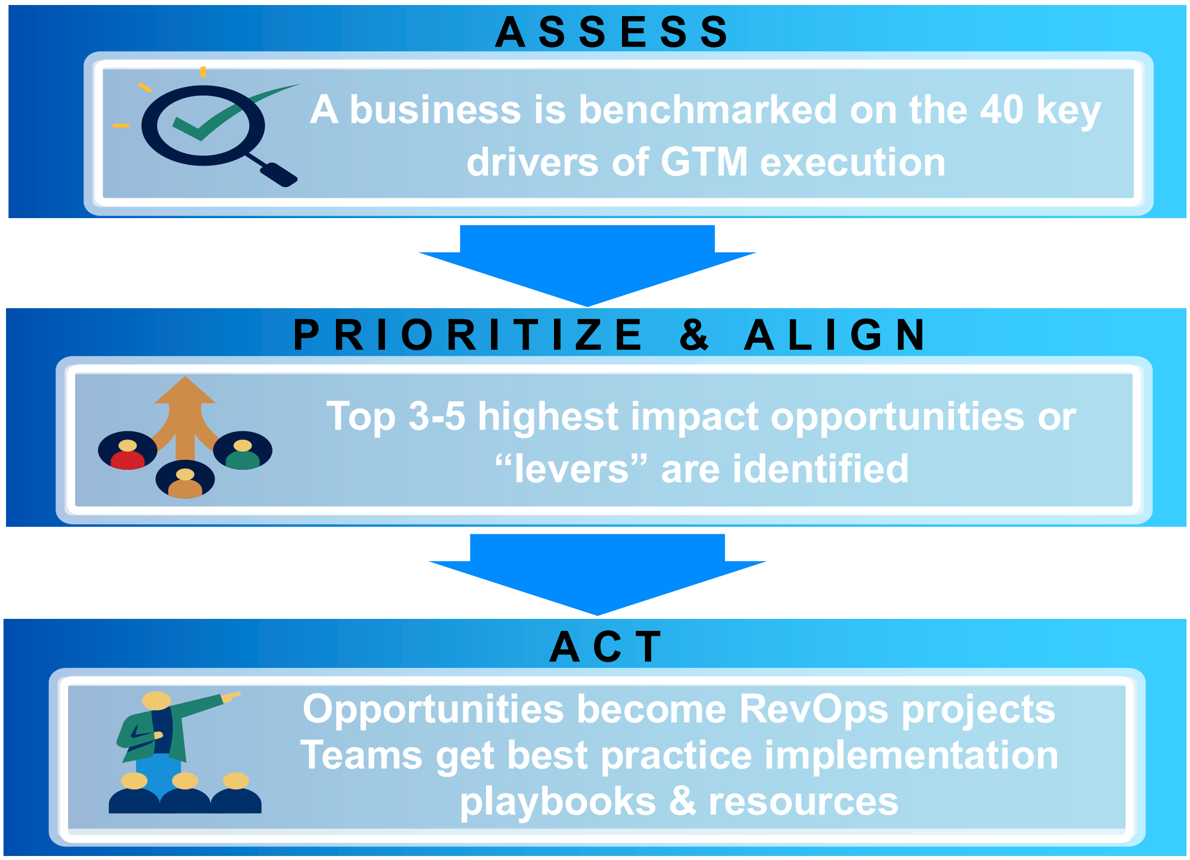
THE REVENUE OPERATIONS BENCHMARK MODEL

A Comprehensive and Actionable Framework to Help Growth Leaders and Revenue Operations Professionals Assess, Quantify, Measure and Manage GTM Strategy Execution

The Revenue Operations Benchmark model is an objective, empirical and forward-looking analysis of the ability of a business to generate consistent, predictable and scalable revenue growth. The ROB model scores and benchmarks a company on the 40 core functional and operational drivers of GTM execution and revenue growth. The resulting scores are used to identify the highest ROI 'levers' and Revenue Operations projects that provide growth leaders and GTM staff specific action steps that have the greatest potential to improve GTM performance and realize their full revenue generation potential.

How The Revenue Operations Benchmark model works in practice

The ROB model is a simple 3 step process, where: 1) a company's GTM execution capabilities are objectively diagnosed against the 40 key drivers; 2) the 3-5 highest value 'levers' are identified, socialized and agreed upon by management; and 3) the priority levers are converted into revenue operations projects, and GTM teams are trained and enabled with best practice playbooks and resources for 'DIY' implementation.

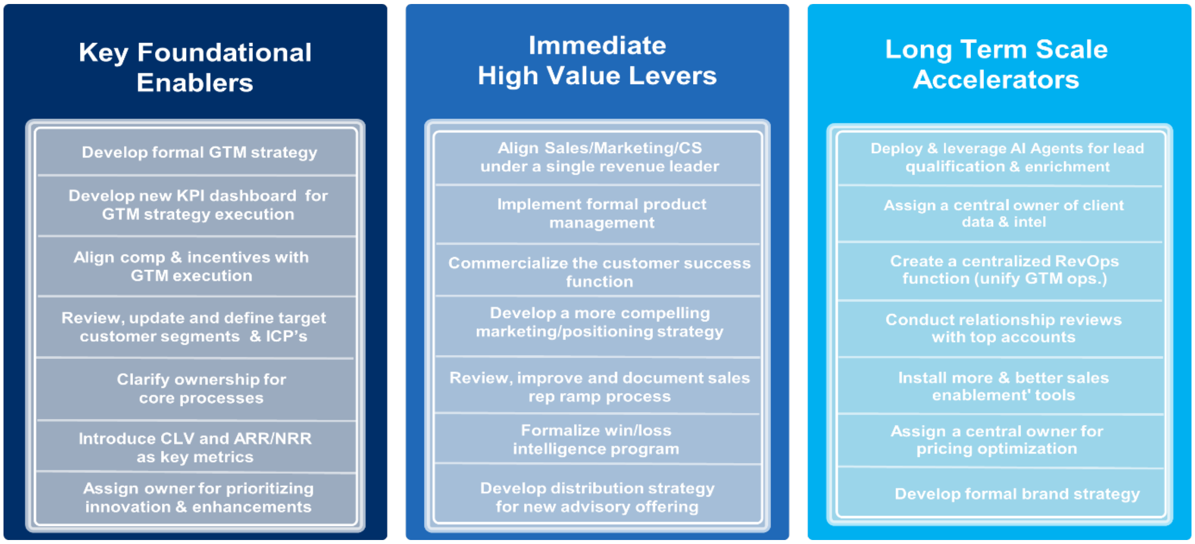


How all potential 'Levers' are identified and categorized

The ROB model yields numerous 'levers' companies can pull to improve GTM execution. The challenge is to objectively categorize and prioritize these levers. As a first step, The ROB model puts each lever into one of three categories:

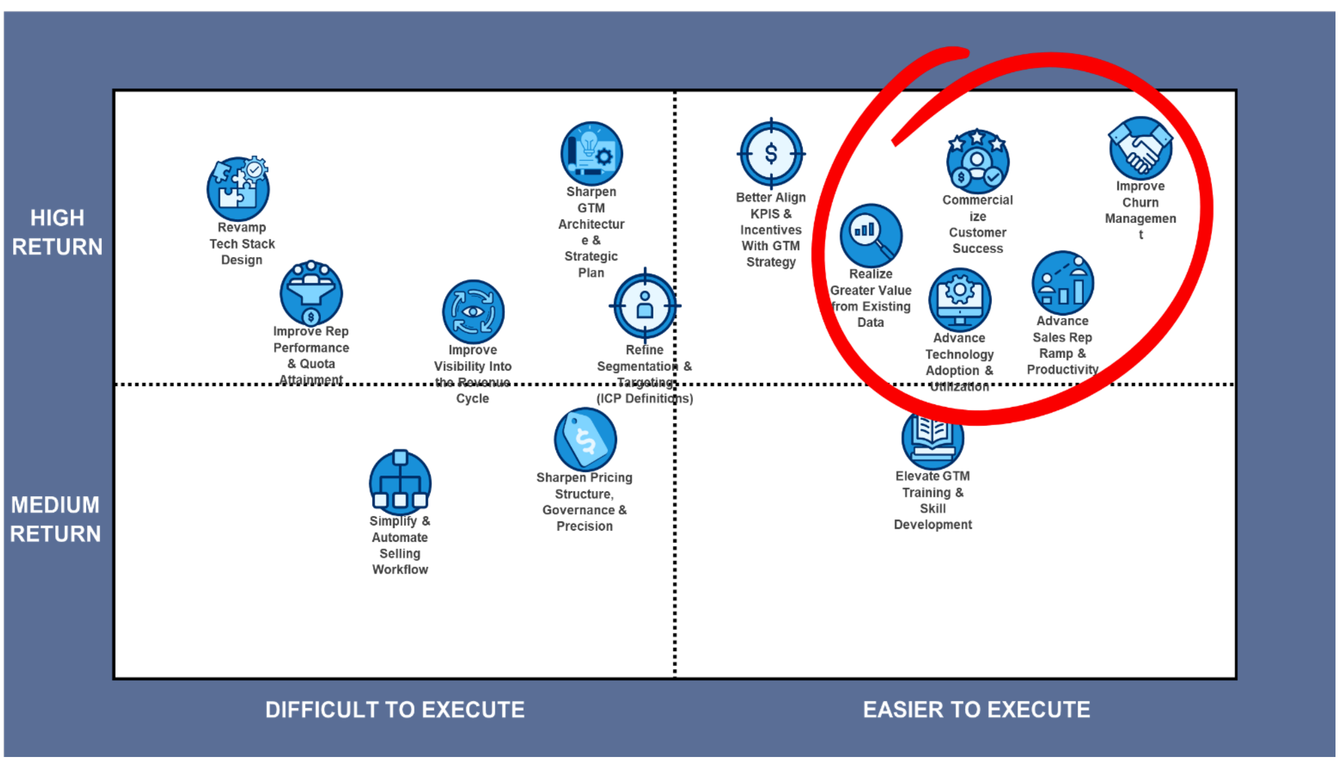
1. ***Key Foundational Enablers***: Competencies, assets and skills that companies must address to have a solid 'buildable' platform sore scalable GTM execution. These are the 'cracks in the foundation' that must be addressed.
2. ***Immediate High Value Levers***: The 'low hanging fruit' opportunities that represent high impact quick wins. It's critical for companies to capitalize on these levers to build confidence and show employees (and the Board) that the company is capable of executing cross functional change with observable and measurable benefits.
3. ***Long Term Scale Accelerators***: All other levers that a company should pursue but currently does not have the resources or bandwidth to execute, but is able to pursue once the Key Foundational Enablers and Immediate High Value levers are addressed. Some Long Term Scale Accelerators are also sequential, meaning some other actions need to be taken before they can be pursued.

Here’s an example of levers and how they are categorized:



How the top 3-5 highest value ‘Levers’ are identified and become tangible revenue operations projects

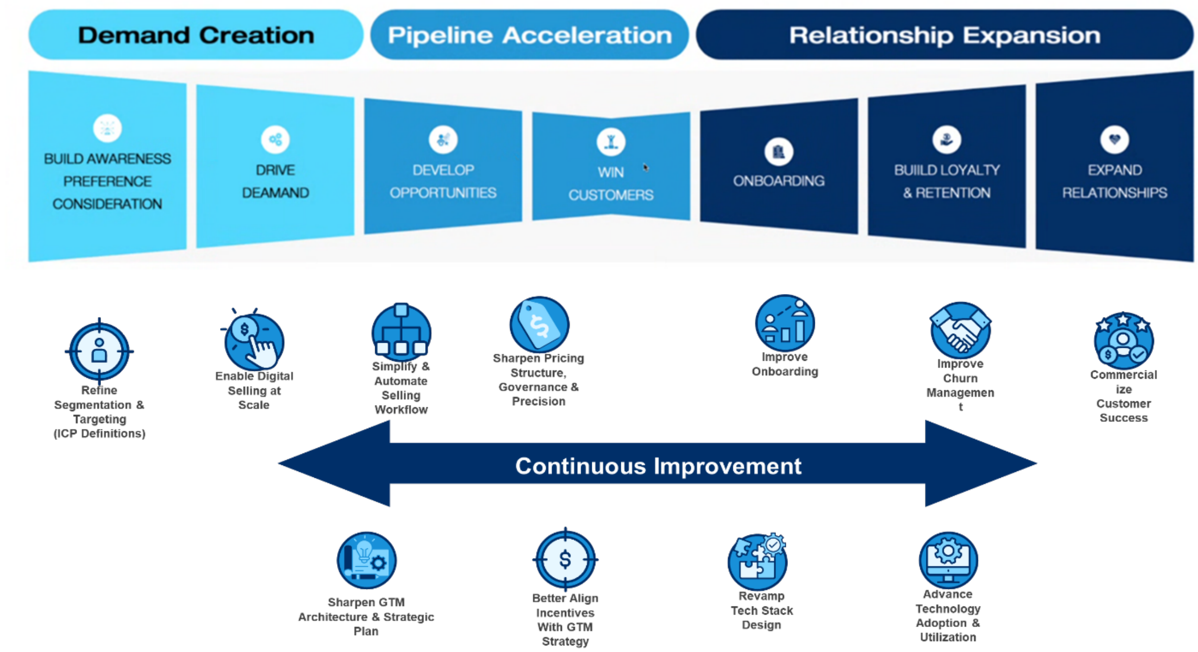
After categorization, The ROB model uses a simple matrix to work with company management to identify the top 3-5 highest value levers to impact GTM execution. The Y axis of the matrix is ROI – from medium to high, where 3 step process, where high ROI is a positive payback on one year or less. The X axis is implementation feasibility, based on a company’s skill sets, competencies, resources, bandwidth and historical ability to execute. (Where historic proof of successful execution of change initiatives is a significant variable.)



Levers that map in the upper right quadrant are high ROI and feasible to implement, and therefore become the starting point for a discussion on the priority focus areas. And based on extensive client deployments, when there is a case where management disagrees on ROI or implementation feasibility, that particular 'lever' is typically taken off the list because implementation success will likely be impacted without consensus.

Aligning the highest value 'Levers' with the revenue cycle and engaging GTM teams

An important step in The ROB is to engage and align GTM teams with the levers and how they will impact financial and operating performance – and remove friction from the GTM process which will make their jobs more rewarding. This step is critical since the GTM teams will be the ones doing the implementation, and without their support recommendations from management can languish in the proverbial power point deck on the shelf.



Overall, The ROB model and process allows companies to establish a financially valid basis for assessing impact of actions and decisions, focus on the top 3-5 opportunities, and empower GTM teams to implement. Where successfully implementing the most impactful projects to support GTM strategy execution and revenue growth is what "getting revenue operations right" looks like.

VI. APPENDIX: RESEARCH SUMMARY OF THE REVENUE OPERATIONS BENCHMARK LEVERS & DRIVERS

To identify the operational levers and value drivers in this analysis, our team conducted an analysis of 96 academic and commercial research studies that quantify the causal impact of market based intangible assets and interdisciplinary commercial competencies on future revenue growth, cash flow, and firm value. The analysis identified ten key operational value levers that have been causal of firm value. These include

- Five ***intangible assets*** that have been substantively proven to be core drivers of future revenue growth and company value in a modern commercial model.
- Three ***interdisciplinary competencies*** that have been demonstrated to generate more scalable and consistent growth using the principles of Revenue Operations.
- Two ***foundational capabilities*** that are regarded as core requirements for executing GTM and generating revenues, notably establishing a culture for growth and the ability to achieve higher degree of reliability and consistency from commercial teams.

THE TEN KEY OPERATIONAL LEVERS

Foundational Capabilities

- **Growth Culture**
- **Commercial Reliability & Consistency**

Intangible Assets

- **Return on Customer Data Assets**
- **Return on Commercial Technology Assets**
- **Return on Marketing Investment**
- **Product Management & Innovation**
- **Talent Development & Knowledge Sharing**

Interdisciplinary Competencies

- **GTM Alignment & Execution**
- **Customer Management**
- **Pricing Optimization**

The research demonstrating the impact of these operational value levers, and the 40 underlying value drivers embedded within them, is summarized in this appendix.

INTANGIBLE ASSETS

ASSETS THAT ARE PROVEN TO BE CORE DRIVERS OF FUTURE REVENUE GROWTH AND COMPANY VALUE IN A MODERN COMMERCIAL MODEL

RETURN ON CUSTOMER DATA ASSETS

The Return on Customer Data Assets is defined as the ability of an organization to generate, capture, curate and monetize the customer engagement, usage, and loyalty data from its sales, marketing, customer success and product channels. It also includes the insights GTM team members have about customers based on their interactions. GTM leaders are the unwitting caretakers of what may be their company's most valuable asset: its customer data. For example, customer data assets in the airline industry – which include revenue management, frequent flyer, and customer engagement databases – account at times for 100% or more of an airline's profitability and value. Yet these assets do not show up on any balance sheet or management report because these databases are regarded as "intangibles" – just like R&D, "process know how", and customer equity. Intangible assets don't get measured, reported, and managed as closely as physical assets like inventory or real estate – even though they can be far larger and more strategic.

The Return on Customer Data Assets value lever breaks down into two specific operational drivers that have been proven to be causal of company value but also can be measured, valued, and managed by company management and boards.

1. **Customer Data Capture & Value Realization**
2. **Customer Data & Analytics Infrastructure**

Customer data has become a key strategic asset in every business because it creates the foundation of future growth, profitability, and competitive advantage. This data grows company value by optimizing targeting, pricing, the probability of conversion, expansion and the allocation of growth resources. So it has become very important for business leaders to recognize, measure, and manage them as a real asset – including insisting on a financially viable return on asset (ROA).

"Business leaders who fail to measure the value of their customer data assets are ignoring the new business realities of the Data Economy and the economics of information in a 21st Century Commercial Model," according to Doug Laney, the author of the book Infonomics. "Measuring a data asset's contribution to income streams and expense savings can justify budgets for its care and feeding and establish a minimum business value to substantiate investments to maintain and to monetize that data," says Laney. The most successful leaders are taking a "top down" approach to managing and monetizing their customer data assets and "connecting the dots" across their customer data sets to create value for all functions (not just sales & marketing).

The book Revenue Operations proposes a *Revenue Operating System* framework as a blueprint for improving the utilization and return on customer engagement and loyalty data assets. Advanced analytics and AI lie at the center of the framework to create an "Engagement Data Hub" that collects and converts customer, sales, product, service, and transaction data into commercial insights that inform actions and decisions to create value and growth. The *Revenue Operating System* blueprint outlines six ways business leaders can monetize their customer data at scale and in real time. They include:

1. Revenue Intelligence: Managing and measuring the financial return on growth investments
2. Revenue Enhancement: Better packaging, pricing, and personalizing communications, campaigns and offerings
3. Resource Optimization: Optimally allocating people, time, and selling effort

4. Channel Optimization: Improving the engagement, productivity, cadence, and coverage of selling channels
5. Customer intelligence: Leveraging customer data to optimize campaigns, recommendations, and seller priorities
6. Talent Development: Integrating learning and development to better ramp, develop and retain top talent

This framework helps companies prioritize efforts to connect the dots across their technology portfolios in ways they generate revenues, profits (EBIDTA) and company value.

RETURN ON COMMERCIAL TECHNOLOGY ASSETS

The Return on Commercial Technology assets is defined as the monetization of deployed technology, where the return can be through increased revenues, reduced costs, and/or increased customer experience. It includes efforts to consolidate, simplify, integrate and optimize the growing portfolio of CRM, sales enablement, marketing automation, engagement and automation software assets. The capital investment needed to support modern GTM systems has grown to represent a significant commercial asset, where the average B2B company relies on over 20 technology platforms, tools and data services to support their GTM teams. This capital investment in commercial technology on a per capita basis routinely exceeds $10,000 per front line seller, and the "owned" channel infrastructure that supports sales and marketing channels now represent 25% of operating budgets and 35% of growth capital investment.

The discipline of maximizing the return on commercial technology assets has become important because modern selling has become so capital intensive, content heavy, and data driven. These data, technology and content assets have become critical cogs in the modern growth engine. They include both capital investments (like CRM, digital selling infrastructure, sales enablement and training systems, and AI driven solutions) and operating expenses (selling content, coaching time, third party data, owned media, and the operations teams that manage and curate them). Executives that are able to measure and improve the return on their technology assets will execute better and grow faster.

Generating a higher return on commercial technology assets breaks down into three specific operational drivers that have been proven to be causal of company value but also can be measured, valued, and managed by company management and boards:

1. **Commercial Technology Stack Optimization**
2. **Commercial Technology Utilization by GTM Teams**
3. **Commercial Technology Alignment with the Customer Lifecycle**

Maximizing the return and utilization of commercial technology assets also has demonstrated impact on seller performance, capacity, consistency and reliability of plan attainment, and therefore directly impacts the consistency and scalability of future revenues.

Commercial research in the book Revenue Operations indicates that consolidating, simplifying and optimizing the commercial tech stack can yield 50% improvement in seller performance and ROA. Consequently most (94%) B2B sales organizations are actively consolidating and simplifying their commercial technology portfolio. The growth leaders and revenue operations executives behind these efforts know they have an unprecedented opportunity to unlock the vast potential of these technologies to generate more scalable and consistent growth.

Unfortunately, most organizations will not realize the full potential of commercial technology assets until their leaders understand the business case for commercial technology. The current basis for funding and measuring the return on commercial technology is full of false economics. For example, CFOs tend to view growth investment as discretionary operating expense rather than recognizing the commercial technology portfolio, the digital selling infrastructure – and the customer data it creates – is perhaps the largest financial asset in the business. "The business case for commercial technology is not well understood," says Sugato Deb, a Customer Success Executive who runs Value Management programs at Ansys Software. "Business leaders lack a good understanding and consensus about the core drivers of value (e.g. win rate, time to close, retention) and the financial contribution technology to company value, financial performance and customer value."

RETURN ON MARKETING INVESTMENT

Generating a return on marketing investment is defined as monetizing a company's capital investments in sales and marketing channel infrastructure including staff, digital marketing, e-commerce, mobile apps, self-directed web fulfillment channels, distribution partnerships and marketing automation in addition to traditional marketing assets. This "owned" channel infrastructure that supports sales, marketing and customer success channels now represent 25% of capital investment and 35% of operating spend respectively according to the Revenue Operating System report.

The Return on Marketing Investment value levers break down into six specific operational drivers that have been proven to be causal of company value but also can be measured, valued, and managed by company management and boards:

1. **Return on Digital Marketing Assets**
2. **Enablement of Digital Selling Channels**
3. **Marketing Channel Orchestration**
4. **Funnel Management Process & Performance**
5. **Content Management & Monetization**
6. **Brand Management & Preference**

Generating a return on marketing investment is defined as the ways a company can generate financial and business outcomes in terms of revenues, market share, margin, retention, customer lifetime value, etc. Marketing investment budgets represent the operating budgets of sales and marketing and include the full mix of media, sponsorships, promotions and campaigns as well as the deployment of GTM teams to acquire and retain customers. So there is tremendous leverage in making marketing dollars work harder. The average company spends 11.1% of revenue on growth investment. That means, on average, every dollar of marketing investment should yield or influence $9 of revenue, so the greater the return on marketing expenditures, the more valuable the business.

A primary reason that CEOs are so focused on new marketing channels (especially digital) is because, without them, it will be very difficult to achieve their growth goals. In fact, IDC forecasts that half of the Global 2000 will see the majority of their business depend on their ability to create and distribute digitally enhanced products, services and experiences by the end of the decade. Business leaders are increasingly looking at digital experiences and new channels as a way of developing adjacent markets and new sources of growth.

But in most companies, the return on marketing investment still falls below expectations, and even further below their potential to create company value by any financially valid measure. To leverage selling channels – especially digital channels – and to multiply the effort of sales teams, leaders are going to have to do a better job defining and measuring the performance and value of sellers, where 72% of selling time is still not spent with the customer according to Bob Kelly, the Founder of the Sales Management Association. So there's still plenty of opportunity to achieve a return on investments in improving seller performance.

On the marketing front, a survey of 380 CMOs by Forbes and MASB revealed that high-performing marketers (companies that exceeded their growth goals by 20% or more) were generating on average 5% higher levels of performance from their marketing investments. Specifically, these high-performing CMOs were taking several steps to maximize their return on growth investment at every stage of the revenue cycle:

1. Prioritizing digital, social media and mobile marketing investments as their highest-performing investments—at every stage of the customer journey: awareness, engagement, demand generation and sales
2. Leveraging technology at every stage of the journey—over 98% were investing in data, analytics, marketing technology platforms and programmatic ad programs to improve marketing performance
3. Generating superior business outcomes at the front of the revenue cycle by building brand awareness with better social media performance, paid media performance and brand preference
4. Driving superior customer engagement in the middle of the revenue cycle in terms of campaign response, registrations, and sales and service calls

5. Delivering better activation outcomes— in terms of face-to-face meetings, offer response, leads and samples/demonstrations
6. Achieving superior sales outcomes in terms of ticket/basket size, usage, adoption and Net Promoter Scores (NPS)

Brand management and building brand preference is a critical driver of return on marketing investment. Brand assets—including brand names, brand-affiliated vendors and partners, and branded products and services—have been shown to contribute significantly to company value, particularly in a market driven by intangible assets. Brands are intangible assets that lack physical substance (like patents, copyrights, franchises, goodwill, trademarks and trade names). But in a world where most company value is attributable to intangibles; they can be extremely valuable. “The ‘brand’ is one of the largest assets that a company owns,” according to Frank Findley, executive director of the Marketing Accountability Standards Board. “But unlike tangible assets like factories, the brand's financial value often goes unrecognized. This puts marketing and finance teams at a disadvantage for assessing investments in the brand such as media.”

A significant part of the financial value of a brand is derived from brand preference. For example, an analysis of 220 consumer products by the Marketing Science Institute (MSI) found that a superior brand preference or reputation commanded price premiums of 26% on average, even when brand quality is the same—due to the brand-building impact of advertising and other marketing investments. So how companies manage their brands and build brand preference is a critical asset that should be measured and managed.

PRODUCT MANAGEMENT & INNOVATION

Product management and innovation is defined as the initiation, development and commercialization of new product launches and product innovations. It includes how well a company utilizes customer intelligence to meet current and future customer needs, and how well these values are delivered and reinforced by all GTM teams and functions. Product management and innovation have a direct impact on sales, retention and expansion. Furthermore, the perception of innovation and quality in the eyes of the customer are marketing based assets that drive revenue in a market that values digital innovation.

The product management and innovation value lever breaks down into two specific operational drivers that have been proven to be causal of revenues but also can be measured, valued, and managed by company management and boards:

1. **Product Development Process**
2. **Product Management Process**

Product and service quality were identified in academic research as high-level drivers that influence customer decision making and are empirically proven to have a direct financial impact on enterprise value by improving brand equity, customer equity and growth. In a comprehensive analysis of 241 products over 12 years compiled by the Marketing Science Institute (MSI) found that a firm’s investments in product quality will pay off in the long term—over six years. The research found the effect was faster for high-reputation brands or brands suffering a significant decrease in quality.[4]

In terms of investment spending for many companies, innovation has the greatest positive impact on sales growth. This effect is amplified when combined with communications (through marketing and advertising). The long-term effect of innovation on revenues and company value is significantly positive, and is greater for radical innovations than incremental innovation.

TALENT DEVELOPMENT & KNOWLEDGE SHARING

Talent development and knowledge sharing is defined as interdepartmental connectedness of high performing teams, specifically collaboration and information sharing across GTM functions by aligned and empowered staff. It's the practice of exchanging information, skills, and expertise within and across the revenue cycle. It includes the systems and processes for recruiting, developing, and retaining high quality and consistently performing GTM employees. Knowledge sharing involves collaborative learning and the dissemination of know-how, knowledge and insights among individuals, enabling GTM teams to benefit from each other's experiences and customer and market insights.

The Organizational knowledge sharing value lever breaks down into four specific operational drivers that have been proven to be causal of company value but also can be measured, valued, and managed by company management and boards:

1. **Organization Chart Clarity & Alignment**
2. **GTM Staff Recruiting, Ramp & Retention**
3. **Cross Functional Communications**
4. **Process for Employee Engagement**

Collaboration and information sharing across functions is increasingly important to creating financially meaningful outcomes from GTM investments and efforts. For example, 54% of CFOs surveyed by EY report greater collaboration with the CMO in the last three years—driven by changes in marketing strategy, the deployment of new digital channels, new product offerings, commoditization and transparency issues.[5]

Interviews with 120 GTM leaders in the book Revenue Operations makes it overwhelmingly clear that growth is a "team sport" and that cross-functional collaboration, decision making and consensus on collective goals are essential to efficient growth. "Today growth requires teamwork," according to Thomas White, CMO, TIAA Institutional Financial Services. "There are multiple drivers of growth in a hybrid sales and marketing system—live sales, customer service, digital marketing. And delivering a superior customer experience is a team sport. Not all of these capabilities are under my control as a CMO, so we need to partner with sales, finance, customer success, product, compliance and IT. An effective partnership requires a lot of education about what is required to accelerate growth and why it's necessary to work together towards collective outcomes."

Another primary way knowledge sharing creates value is to help monetize the large and growing volume of customer engagement data that is generated by modern commercial models. Sharing this data across functions and channels allows GTM teams to identify trigger events that signal buying intent, flag inquiries from important influencers within accounts, and make decisions about next best actions based on past customer behavior.

GTM talent acquisition and development is defined as the systems and processes for recruiting, developing, and retaining high quality and consistently performing customer facing employees. Better managing the GTM recruiting, ramp and retention process is an interdisciplinary process competency that can have a significant impact on revenue attainment, reliability, cost to sell, customer experience and future revenue growth. Talent acquisition and development is an interdisciplinary competency because it spans the enterprise. In most organizations, no single executive owns, measures and manages the cost of acquiring/replacing a new GTM employee, the mean time to ramp that employee, the performance of that employee, and the retention of that employee and advancing their career path.

Training, development, and engagement is a critical factor in GTM recruiting and retention. "We invest heavily in training, and people feel good about it," says Frank Jules, President of Global Business at AT&T who leads a global sales team that has the lowest attrition in the industry "We tell them to get the next job, here's what it takes, here are the skills you need and the courses you need to complete. If you check these boxes, and demonstrate your proficiency, you'll get an interview. As a consequence, our churn is low – not just in sales but also in marketing and customer success. If you don't invest in training and enabling your people, you wind up spending a significant chunk of resources dealing with churn, finding new staff, and ramping them. In the end, very few of them will develop into the top talent you need to outperform the competition."

INTERDISCIPLINARY COMPETENCIES

INTERDISCIPLINARY CROSS-FUNCTIONAL COMPETENCIES THAT HAVE BEEN DEMONSTRATED TO GENERATE MORE SCALABLE AND CONSITENT GROWTH USING THE PRINCIPLES OF REVENUE OPERATIONS

GTM ALIGNMENT & EXECUTION

GTM Alignment & Execution is defined as the alignment, location and optimization of growth resources across the entire revenue cycle. Where the resources are the people, process, product, technology and data assets and capabilities that enable GTM strategy execution across functions, and the deployment of these resources is documented in a comprehensive GTM strategic plan. Revenue outcomes can be vastly different depending on how well these resources are aligned and ultimately perform. A huge benefit of from better GTM alignment and execution is that improvements can result in rapid revenue growth, better profit contributions, and increased productivity without adding resources and costs.

The GTM Alignment & Execution value lever breaks down into seven specific operational drivers that have been proven to be causal of company value but also can be measured, valued, and managed by company management and boards:

1. **GTM Strategy & Architecture**
2. **Sales, Marketing & CS Alignment**
3. **Finance, Operations & IT Alignment**
4. **Commercial Leadership Alignment**
5. **Rev Ops Alignment with GTM Strategy**
6. **KPI & Goal Alignment**
7. **Process Discipline & Accountability**

Optimizing alignment and growth resource allocation by tuning commercial architecture can double the speed, engagement and performance of front line sellers, according to research in the book Revenue Operations. A properly designed and optimized GTM strategy and commercial architecture can contribute five or more points of profit contribution to the bottom line because selling systems can generate vastly different outcomes in terms of rapid revenue growth and better profit contributions without adding resources and costs based on how variables like channel mix, customer treatment types, coverage ratios, selling effort, and product emphasis are set up.

Alignment is defined as teamwork of GTM teams across functions and the resources that support them – around processes and incentives that drive revenue performance and increase customer lifetime value. GTM alignment has become synonymous with the emerging management discipline of Revenue Operations. Revenue Operations is an interdisciplinary competency that better aligns of the teams, organizations, systems, operations and processes that support the revenue cycle to increase customer experience and grow customer lifetime value.

Growing a business is an interdisciplinary endeavor - a team sport. Any Go-to-Market strategy has dozens of functions to manage and many more disciplines to master. These functions include traditional growth disciplines like marketing, sales, and customer service. They also include finance, product development, operations and IT, which all directly impact GTM execution success but are oftentimes excluded from GTM planning and 'mindset'. Organic growth requires all of these disciplines to work together in unison towards a common end – consistent, profitable and scalable growth. There is no curriculum for that, and few CRO's (or CEOs) have direct experience in all the functional disciplines.

This cross-functional experience gap is the underlying reason why few leaders have been able to truly master the science of growth. "The root cause of this problem is that historically academic and business institutions have taught and managed the science of growth as a set of individual disciplines – marketing, sales, product management, customer success, operations and IT," says Professor David Reibstein of the Wharton School of Business. "But the real-world problem of growing a business is interdisciplinary in nature. We as teachers need to do a better job of creating skills, structures, and leaders who can manage, coordinate, and align all these disciplines coherently around the customer. Being the captain that coordinates and leads all those functions in a business is a very big job. But an essential one, which at its core is mastering revenue operations."

As a direct consequence, over 9,000 U.S. businesses have introduced "CXO" or senior revenue leader roles with a broader span of control over sales, marketing and oftentimes customer success. These companies are taking a good first step towards better GTM alignment and execution – and effectively implementing revenue operations as a strategic discipline. Gartner forecasts that 75% of the highest growth firms will have deployed a Revenue Operations model by the end of 2025.[6] Revenue Operations is the way to align GTM teams around a common customer centric workflow that will produce value in a variety of meaningful ways, including: [7, 8, 9]

- **Productivity**: Rep productivity gains ranging from 10 to 60%.
- **Growth:** Revenue growth improvements ranging from 19 to 31%.
- **Ramp:** The speed of ramping new sales reps of up to 60%.
- **Churn:** Reducing rep churn by 75% or more.
- **Quota attainment:** Improvements in quota attainment by 25% or more.
- **Value:** Increases in company value range of up to 71%.

While these are generalized business impact estimates, their collective bias suggests a significant and tangible opportunity. One specific way to get initial traction on GTM alignment is to make one executive and team responsible for the key points of failure, margin erosion and revenue leakage along the revenue cycle due to the fractured management of the different stages. With some basic KPI's, this executive can be the beachhead for cross functional conversations and a centralized process for continuous improvement.

The lines between the functional marketing, sales, customer service, and product management teams that historically have generated growth have blurred as growth becomes a data driven and digital team sport anchored more on the customer journey than traditional market or business unit constructs of the past. And the systems and data that support them are becoming increasingly connected. The difference between the marketing and sales technology stack are disappearing. The entire notion of a sales transaction has changed as businesses go from selling individual widgets to streams of consumable services and subscriptions.

The emergence of Revenue Operations as a management discipline for aligning the operations that support growth reflects the increasingly interdisciplinary and asset intensive nature of the commercial model. According to Interviews with 120 growth leaders from the book Revenue Operations:

- 85% of growth leaders are changing the way they lead and align revenue teams and the operations that support them.
- 94% of sales organizations plan to consolidate their tech stack in the next 12 months.
- 90% of growth leaders are reconfiguring the roles, assignments, incentives and priorities of their revenue teams.

As a direct result, Revenue Operations has emerged as the fastest growing job in North America according to job listings in Linked In. An analysis of hundreds of RevOps job descriptions, and discussions with over seventy executives who carry the Revenue Operations moniker in their title found that no one job description is the same. Rather, Revenue Operations describes a conflation of a dozen or more historically fragmented functions and roles – Sales Operations, Sales Enablement, Marketing Operations, Customer Analytics, as well as Training and Development. That may sound random. But that's the fundamental point of Revenue Operations – it covers everything connected to executing GTM strategy and revenue generation.

The RevOps role is constantly evolving as organizations consolidate the operations and systems that support the revenue cycle. "Revenue operations is the future evolution of sales operations," says Mary Lee, Senior Director of Business Operations at Lionbridge, who manages CRM, analytics, financial reporting and advanced analytics in her role. "The industry is moving on a journey along a continuum from sales operations to revenue operations. Sales operations wasn't even a function 15 years ago. It started as reporting. It expanded into technology with the administration of CRM. Then we had to connect selling measurements to financial measurements. Then we had to integrate marketing technology with sales technology. Then we had to link sales and marketing with customer success and the product teams. The rev ops role keeps getting bigger and bigger."

CUSTOMER MANAGEMENT

Customer Management is defined as the effectiveness of GTM teams, and the systems, processes, operations, and organizations that support them – to support the customer across the full revenue cycle, from demand generation to sales, to onboarding, to loyalty and customer expansion. It's how well companies manage and deliver exceptional customer experience across all GTM functions. It measures 'customer centricity' across GTM teams. In many organizations, there are a dozen or more functional teams that engage with the customer as they pass through the phases of the customer journey, and no executive or "single throat to choke" accountable for all the points of failure, abrasion or revenue leakage along the cycle.

The Customer Management value lever breaks down into six specific operational drivers that have been proven to be causal of company value but also can be measured, valued, and managed by company management and boards:

1. **Customer Lifecycle Management**
2. **Effectiveness of Customer Onboarding**
3. **Customer Engagement & Feedback Process**
4. **Commercialization of Customer Success**
5. **Process for Managing Retention & Churn**
6. **Customer Centricity Across GTM Teams**

Realigning sales, customer success, marketing, product and IT resources, incentives, playbooks and roles to ensure a company can communicate and deliver value at every stage of the revenue cycle is key way customer management can create more consistent and profitable growth. Customer Management as a business discipline has been around for almost twenty years. It is highly effective at unlocking revenue and margin by improving conversion rates, moving sales conversations from value to price, winning deals, and building loyalty. Customer Management is a powerful commercial concept because it creates a system for consistently executing what was previously a fragmented set of disparate methodologies and principles that have traditionally been deployed in functional silos.

Assigning executive ownership of the customer lifecycle can improve the consistency and reliability of customer management efforts. For example, the majority of finance leaders are working to take greater ownership of the revenue cycle (or lead to cash process) to eliminate functional and data silos along the enterprise quote-to-cash processes and standardize the information and outputs of the process. But CFO's tend to focus on the numbers and not always on the customer experience related components of customer management.

"Connecting the people, systems and processes involved in converting opportunities to cash is the key to effective revenue forecasting, recognition and management in a modern commercial model," says Scott Gehsmann, who serves on the board of partners at PwC, the world's second largest accounting firm. "From a functional standpoint, the most advanced businesses in the certain industries are putting a C-level or near C-level executive in charge of the whole prospect to cash cycle. In some industries these leaders are called Chief Commercial Officers, but while the titles can vary, the ultimate mission is the same."

PRICING OPTIMIZATION

Pricing Optimization is defined as the cross functional discipline of ensuring pricing decisions, actions and governance are consistent, accurate and optimal at every stage of the revenue cycle – from offering design to proposal development to contract and booking through the revenue recognition and realization stages of the lead to cash cycle. It's the alignment of pricing levels and pricing structure with a company's value proposition, brand and customer experience objectives.

The Pricing Optimization value lever breaks down into three specific operational drivers that have been proven to be causal of company value but also can be measured, valued, and managed by company management and boards:

1. **Pricing Structure Optimization**
2. **Pricing Discipline & Governance**
3. **Process to Determine Pricing Optimization**

There is strong body of academic and commercial research that demonstrate taking a more disciplined and optimized pricing can expand margins by 3-10% with existing resources and improve earnings multiples with limited investment according to analysis by Wharton Business School. Data-driven pricing can yield even greater profit margin expansion by enabling pricing personalization and innovation. A 1% effective price increase without changing anything else will normally increase profitability by over 10% - according to research by Wharton Research Data Services. [10]

In addition, pricing discipline and governance can materially impact future revenues because if not done well, both have been demonstrated to have a negative effect on brand equity, margins and future price elasticity. Price promotions can also have a fleeting negative effect on price elasticities, making them more negative. While they may lead to short term rewards in terms of revenue growth, price promotions may often have negative long-term impact on company value if they erode brand preference and perceived product or service quality.

Taking advantage of AI, advanced analytics and digitized processes to optimize and govern pricing can create additional value. A data-driven pricing strategy can yield profit margin expansion of 3-10% with existing resources through pricing optimization.[11] For example, automating the systems that enable the configure, price and quote process can reduce errors in quotes and pricing by 38% according to research by Salesforce. Pricing discipline and governance can create additional value because two-thirds of billing errors are not the fault of customers according to the Salesforce commercial research.

FOUNDATIONAL CAPABILITIES

FOUNDATIONAL CAPABILITIES ARE CORE REQUIREMENTS FOR EXECUTING GTM AND GENERATING REVENUES

GROWTH CULTURE

Growth culture is defined as the internal belief of commercial leadership and the entire GTM team regarding their business strategy, focus (market orientation, customer centricity), value proposition, willingness to change, capacity to innovate, and confidence in their ability to win in the market. It's how well the culture of a company is aligned with its business strategy.

Growth Culture is a primary value lever that breaks down into four specific operational drivers that have been proven to be causal of company value but also can be measured, valued, and managed by company management and boards:

1. **Capability to Innovate & Grow**
2. **Ability & Willingness to Change**
3. **Cultural Alignment With Strategy**
4. **Belief in Right to Win**

The notion that a culture of growth is essential is common sense to most executives, but until recently has proven difficult to quantify, prove and measure. There is an emerging body of research into the demonstrated impact of growth culture – specifically alignment with strategy, innovation, and the ability to change – and it's material impact on GTM execution and future revenue growth.

McKinsey research suggests that cultural alignment with strategy can have a big impact a company's performance. According to McKinsey, companies with top quartile cultures have a 60% higher return on shareholders than median companies, and 200% higher than companies in the bottom quartile. McKinsey has also found that CEOs who measure and manage all cultural elements that drive performance more than double the odds that their strategies will be executed.

The ability and willingness to change is another cultural factor that can either limit or accelerate GTM execution in a modern business, according to Bob Kelly, the Founder of the Sales Management Association. "Around 90% of companies we studied expected substantial change in their commercial organizations over the next three years. That was remarkable in my experience," says Bob Kelly. "What this means is that GTM leaders now need to focus on what I call change leadership versus change management. The change goes beyond simply implementing a program and having people understand and adopt it. Now it's about changing the hearts and minds of the GTM team. A change leader has to help people understand why they have to adapt their behaviors, even their belief systems, about what it means to be a GTM employee in this organization and serve customers. Establishing a common purpose is important because it gives people in disparate sales, product development, marketing and customer success roles the motivation to work together to grow revenue and customer lifetime value."

COMMERCIAL RELIABILITY & CONSISTENCY

Commercial Reliability & Consistency is defined as the consistency of a company's ability to achieve revenue targets, the reliability of the underlying selling resources to contribute to those targets, and the integrity of the processes and methods used to measure and report on commercial performance. It's the combined effectiveness of the sales management process and the sales rep's ability to succeed with that process to achieve targeted revenue objectives.

The Commercial Reliability and Consistency lever breaks down into three specific operational drivers that have been proven to be causal of company value but also can be measured, valued, and managed by company management and boards:

1. **Revenue Goal Setting & Achievement**
2. **Forecast Process & Consistency**
3. **Sales Rep Capacity & Reliability**

Commercial reliability and consistency has a major impact on revenue performance because there is tremendous "slack" in the selling system in terms of people, assets, calling capacity and effort being applied to suboptimal customers, actions, activities, and market opportunities. For example, approximately half of sales reps fail to achieve their quota assignments according to research by the Sales Management Association. When predictions about their performance are rolled up through territories, regions, geographics and business units – managers add "padding" to these numbers the revenue forecasts to ensure they hit their target. In the production world, that's akin to a supplier keeping two to three times the needed inventory as "buffer stock" against the risk of delivery failure.

In addition, every resource and action along the revenue cycle is subject to statistical fluctuations**.** This means every step in the chain of activity along the revenue cycle can be measured, managed, and streamlined. The capacity, output, and performance of individual sellers, and the effectiveness of different sales actions all vary greatly around a known "mean" or proven best practice. So does the impact of different selling methods, the performance of different selling content, and the conversion of different demand creation campaigns. If half of sellers miss their quota by over 20 percent, fail to adopt sales enablement tools, or fail to adhere to the sales playbook – the compounding effects can lead to large financial consequences. Conversely, small gains in quota attainment and pricing discipline can lead to vastly improved profitability. Managing consistency across all aspects and actions of selling pays off handsomely.

Establishing realistic resource and performance goals – from Territory and Quota Assignments to incentive designs, to rep productivity estimates to revenue forecasts, is a multi-variant analysis involving over 20 inputs across strategy, go to market, regional sales management, finance and sales operations. And the scenarios and judgments underlying those designs - and different performance outcomes they can create - can be near infinite. To improve the reliability and accuracy of those planning and allocation processes, 40% of companies are moving beyond transactional process improvement to focus on transforming judgement-intensive processes by moving their analysts off spreadsheets and onto data platforms. This allows them to better manage the different run rate, expansion and new business time-based data streams from the field and allows finance teams to automate the forecasting process – saving time and making it more scalable and data driven.

Nearly two-thirds (65%) of senior financial executives report they are having operational problems establishing processes to track and manage and maximize revenues over the long term. One root cause is functional silos and gaps in basic commercial processes. For example, two-thirds of the finance executives said finance leadership should better align with sales leadership to improve forecasting and maximize revenue growth. "It takes a great deal of diligence and detail to get operational forecasting right. But the costs of not doing it are huge to the business," says Tim Brackney, the President and COO of consulting firm RGP. "You need to stay close to what is going on in accounts and constantly update your systems with information about potential delays, sequencing, change orders that can impact revenue recognition, forecasts and asset allocation. You need to look under a microscope and monitor the detailed logistics of rollout and timing and get a handle on rollout, ramp and run rate of a given account. This is essential information we use to run the business. It helps me "see cliffs" and anticipate, explain and ideally avoid revenue shortfalls or under-utilized assets. It helps me redeploy assets to new projects and adjust my revenue forecasts."

"Consistency may be boring, but it represents a clear and manageable path to value creation," says Steve Busby, CEO of Revenue Operations Associates, a GTM acceleration company. "If large companies like Toyota, GE and countless others can create hundreds of billions of dollars of firm value by applying continuous process improvement to their operations and supply chains – why shouldn't mid market companies take a similar approach to unifying commercial operations? Consistent, repeatable revenue growth would be the reward for establishing revenue operations as a critical, strategic revenue enabling function." Consistency means commercial programs generate predictable returns and outcomes. It means sellers perform the selling plays and motions they have been trained to execute. Being more consistent means the models that predict which accounts to call and which actions to take are accurate and effective most of the time. New AI applications are helping enable companies to achieve a process mindset and orientation, which can be applied to unlock more growth and innovative capacity from GTM teams.

VII. CITATIONS

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