Sales analytics

The path to improving sales effectiveness

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Getting started with sales analytics

Google is one of the most successful companies in the world. In 2011, they earned revenues of almost USD38 billion, with profits of USD9.7 billion.[1] How does a company — one that offers most of its products at no cost — go from being a startup to one of the most profitable companies in the industry in less than 15 years? What is the secret that makes Google so successful?

It is no secret that Google earns most of its money from delivering advertising to websites, which made up 96 percent of Google's revenues in 2011. The competition in this industry includes companies like Microsoft and Yahoo!, but they are consistently outperformed by Google. Google's strength lies in applying extensive and advanced data analytics to determine which host websites are most likely to result in traffic for their advertisers from interested customers.

There are many lessons to be learned from Google. A large portion of today's most successful businesses are applying the principles of data analytics to create competitive advantages and operate more efficiently. In the world of sales, data analytics can be applied to identify trends, improve sales success and increase revenue.

Understanding the analytics maturity model

When applying analytics to the sales process, it is important to understand what analytics can do for your business. There are three distinct levels in the analytics maturity model. Each successive level signifies that a company is more effectively integrating analytics into their operations.

Support sales operations

Businesses in the first level of analytics maturity use data to support business processes and aid employees in decision making. An example of this level is a sales manager reviewing a report that shows the pending deals for a team. Based on this information, the sales manager is able to discuss the pending deals with the sales team and generate estimates of what sales revenues to expect. Many software solutions provide basic reporting capabilities, including dashboards and query functions.

Improve the quality of decision making

The second level of analytics maturity entails using data to improve the quality of the decision-making process. Using the prior example, the sales manager is able to evaluate the sales data for the team and systemically identify trends, such as which products are more likely to sell in different geographic locations. Combining this information with the sales deals that are currently in the pipeline allows the sales manager to assist the team in targeting deals that are most likely to close.

This targeted approach can increase the likelihood of a high win rate for the team. Regarding infrastructure, this level requires the application of systems that provide predictive analytical modeling capabilities. These systems employ mathematical models that evaluate primary performance data points and make recommendations for suggested actions.

Automate business processes

The third level is where analytics drive automation to improve business processes. Returning to the sales manager, if the third level of analytics is applied to the system, it then identifies deals that are at risk. The system then notifies both the sales manager and the front line sales person of the risk, and suggests a course of action that fits the situation. A time is then scheduled for the sales manager and sales person to meet and discuss strategy. This level of system maturity must use data from multiple disparate systems and apply sophisticated analytical models that look at multiple aspects of the business. Reaching this level of analytics requires years of work to understand the business and assemble the necessary infrastructure.

Apply analytics to increase sales effectiveness

There are several ways that sales leaders and sales operations teams can apply the principles of analytics to improve their processes.

Sales management reports

The first step in applying analytics to sales is to use exceptional reports. Since the goal of analytics is to improve decision-making and business processes, you must give careful consideration to the layout of reports to help ensure that they strengthen your sales methods. Use consistent terminology in reports and sales meetings to emphasize your methods and reinforce their importance among sales team members. Sales management reports must also provide information that helps to hold the sales team accountable for the deals that are in their pipeline.

The importance of design

When designing reports, it is important to balance aesthetics and necessities. To maintain meaning and ensure legibility, you must include necessary data fields while keeping the layout as clean and simple as possible. Try emphasizing critical components and reducing other elements. It often takes multiple iterations of layout design, review and refinement to create the right balance, but the effort often results in reports that are easier to look at and are more useful.

Regularly evaluate your reports

It is important for sales managers and sales operations to track the elements of reports and review which elements are working. If a report's purpose is to track all deals that are projected to close in less than 30 days, constant evaluation of the report can help determine if the listed deals result in successful closes. If the close rates are lower than expected, changing the report to reflect deals earlier in the sales process might improve accuracy. It is crucial to make tweaks and changes to find what works for you.

Explore for greater understanding

As you explore further, take the time to become familiar with your data. Invest time in learning how to query data and generate provisional reports. If you understand the information that you are tracking in the underlying systems and how it is organized, you can become extremely sophisticated in how you apply analytics to your work. Exploring might also reveal gaps in your system processes. By locating areas for change or improvement, you can facilitate better decisions in the future.

More sophisticated analytics and next steps

When you have a solid understanding of the basics of analytics, consider how you can integrate more advanced analytics tools into your operations. There is a wide variety of advanced topics to consider as possibilities for sales effectiveness:

• Using analytics to improve support and services provided to sales teams
• Automating the creation of sales performance incentive funds (SPIFs) based on sales trends
• Supporting decisions for the management of coverage models for territory and quota setting

Employing the right tools is a critical component of bringing advanced analytics to an organization. Tools such as IBM Enterprise or IBM SPSS® in combination with IBM Incentive Compensation Management can provide you with the infrastructure you need for managing sophisticated predictive analytical models.

To learn more about IBM Sales Performance Management, visit **ibm.com**/business-analytics/spm

About IBM Business Analytics

IBM Business Analytics software delivers data-driven insights that help organizations work smarter and outperform their peers. This comprehensive portfolio includes solutions for business intelligence, predictive analytics and decision management, performance management and risk management.

Business analytics solutions enable companies to identify and visualize trends and patterns in areas, such as customer analytics, that can have a profound effect on business performance. They can compare scenarios, anticipate potential threats and opportunities, better plan, budget and forecast resources, balance risks against expected returns and work to meet regulatory requirements. By making analytics widely available, organizations can align tactical and strategic decision making to achieve business goals.

For more information

To learn more about IBM Business Analytics solutions, contact your IBM sales representative or visit: **ibm.com**/spm

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1 "2011 Financial Tables," *Google Investor Relations*, http://investor.google.com/financial/2011/tables.html

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