Seven Steps to Building a Successful Win/Loss Program

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> ***"Truth will sooner come out of error than from confusion."***
> Francis Bacon, Author

Win/loss analysis is a unique market listening tool that brings together all of the elements of strategy - information about the customer, competitor, and the focal organization — within the context of what is arguably the most important event to the firm, the buying decision.

I became interested in win/loss analysis after reading a survey of SCIP practitioners where over 40% used win/loss analysis as a competitive intelligence (CI) technique. (*Competitive Intelligence Review*, v9n4, 1998, p29 - 41). As a former sales rep myself, I could imagine some obvious benefits. But it raised the question — what exactly is win/loss analysis and should my company be using it? This article highlights the critical success factors I discovered along the way of creating and implementing a company-wide win/loss analysis program.

Defining Win/Loss Analysis

I first needed to define win/loss analysis and understand its benefits. Many different terms are used to describe it: account debriefs, best practice reports, post mortems, success stories, lost deal analysis. Moreover, each term carries a slightly different definition and methodology:

- Some include only losses or wins or both.
- Some survey only sales representatives or the customers themselves.
- Some conduct interviews using consultants or third parties while others use internal staff (CI or marketing).
- Some closely follow the buying decision while others use annual surveys.
- Some concentrate on large accounts only or a new product or particular market or sales territories.

Based on my situation and objectives here's my definition:

> *Win/Loss analysis* - a feedback tool used to better understand the customers' needs and motivations, and the competitive activity and positioning. It operates within the context of the buying decision to answer the question of why we won or lost the account.

Key elements include:

- Ongoing (not a temporary event around a particular client, product, or sales rep).
- Customer feedback (rather than or in addition to sales rep feedback).
- Timing (within a reasonable time following the buying decision).
- A consistent methodology.
- Defined users.

Critical success factors

I first created a "proof of concept" program and developed it over a few months with some key accounts on an ad-hoc basis. Later I implemented the program with one sales segment, which was about 20% of the entire sales force. Over three to four months I assembled a team that refined the program design, implemented Information Systems (IS) programming changes, and prepared the roll-out to the entire sales force.

I encountered several hurdles along the way. Educating management on win/loss and its benefits was the first. One manager viewed the program as simply analyzing sales call reports while another envisioned face-to-face senior-level meetings. A second significant impediment was the pressure to

fragment the program to satisfy managers who felt they had unique needs. To do so would have created results that were not meaningful and would mitigate the value of the program.

Finding resources was another problem. I had no budget. I had to do much of the development and analysis myself while borrowing team members from other groups as I institutionalized the program. Some managers pushed back because they felt win/loss would generate information that we were already gathering from customer satisfaction, quality surveys, and other marketing research. Last, and most significant, was the positioning of win/loss within the entire sales process. While most managers admitted its value, some felt that activity around the post-decision should be secondary to the pre-decision work of gaining the account.

As a result of dealing with these and other hurdles, I discovered some important criteria for a successful win/loss program:

1. Have high-level sponsorship.

Sponsors should be a business unit president or company CEO. Win/loss analysis is of interest to groups beyond competitive intelligence (CI) or any one specific company function. The information generated in win/loss analysis has a potential value as well as a potential threat across the organization.

Involving senior management, sales, marketing, training, research, and manufacturing in designing the program creates strong buy-in and also helps avoid political land mines. The CI practitioner and sponsor must agree on and jointly communicate the objectives and intended outcome to prevent the program design from getting sidetracked. In my case, my sponsor was the business unit president.

In addition, there should be a clear understanding on who should lead the design and the project implementation. This may not be the same person. Someone skilled at project management is better qualified to lead the design effort, but there is often no one better trained than the CI group to evaluate the information objectively, recognize patterns, and develop the insight that will maximize the program's benefit.

2. Accurately understand the company's culture.

Some early program design decisions will "flow downhill" to more dependent tactical decisions. This is one of them. Accurately assessing the company's true culture helps understand how the information will be used and leads to the best decisions on the program's design. Does the company promote a risk-taking and learning environment where it is OK to make and learn from mistakes, or is the company structured to avoid mistakes at any price? Does the sales force use a consultative selling approach or is it more transactional?

If sales and human resources managers use the information to evaluate the sales people's performance, have a neutral third party interview decision makers and have little or no sales representative involvement. On the other hand, a learning or consultative culture might embrace a program where reps and their managers are highly involved in both the collection and evaluation of the information as a normal part of the sales process.

In my case, my sponsor and I agreed that the win/loss program should reflect the value of risk taking and learning that the company was trying to instill. We also agreed that our relationship with customers was a core value that should guide the win/loss program. In other words, a key product of the win/loss program should be enhanced customer relationships. As a result, we decided that the most important outcomes for the program would be learning, knowledge, and customer goodwill rather than performance evaluation.

3. Create internal alliances and a cross-functional team.

Because the win/loss program impacts many people, clearly identify all stakeholders and involve those critical groups in the program's design. The design leader should recruit a small team to create the program and act as ambassadors for their departments during system implementation.

Sales reps and managers should be included as well as marketing managers. Depending on the firm, involve the marketing research or customer satisfaction group, information services, manufacturing, and operations. This team approach best accomplishes the design and implementation tasks. It also creates legitimacy and important alliances that increase the likelihood of the information being acted on and perceived as valuable.

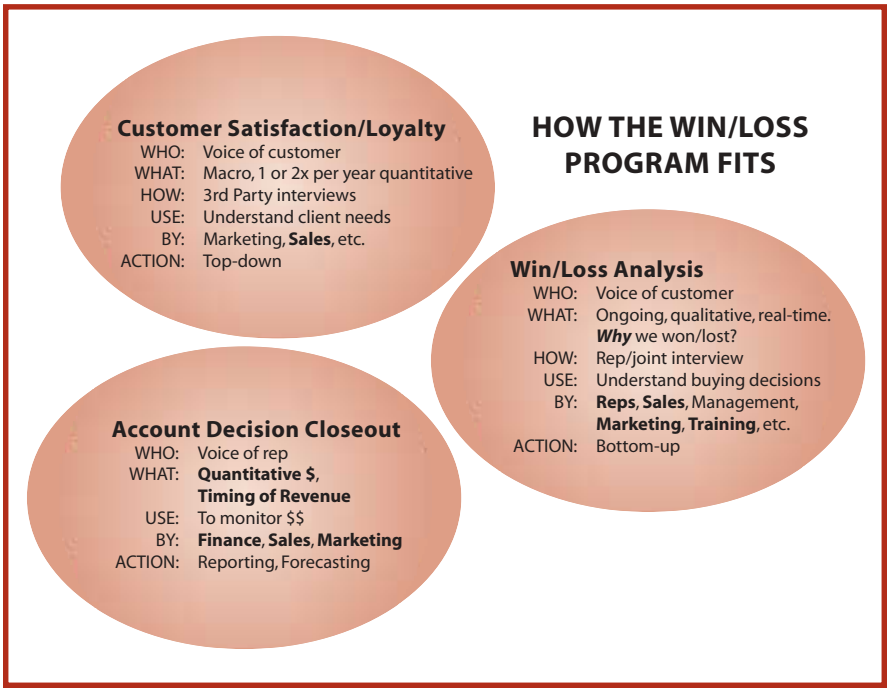
Once their managers were on board, the cross-functional team I assembled was eager and professional. I assigned tasks to each person and we met for weekly progress reports over the course of about eight weeks. The IS representative implemented our programming requirements, and the sales training representative created communications and the plans for program metrics. The contract strategy group worked on dissemination and using the information in formal bids, and the marketing research and quality management representatives helped design the questionnaire. We had sales managers and representatives on the team who evaluated the questionnaire and guided us on the general process and approach with the customer.

4. Develop a common understanding of the program and its "fit."

The vision, objectives and intended outcome defined by the win/loss project sponsor need to be clearly and repeatedly communicated to maintain consensus and avoid the "scope creep" that results when there are many different agendas.

Determine how and where the win/loss program will fit in the company. Is there a customer satisfaction program in place? Does the strategic planning process incorporate some of this win/loss information? Does the company already have a sales tool or system for recording account gains and losses? How will win/loss be different from these efforts (information, timing, use)?

I communicated the program's "fit" by comparing the proposed win/loss program against the sales "closeout" tool and the customer loyalty/satisfaction programs already in place. For example, where the customer satisfaction program surveyed current customers only, win/loss would survey both customers and prospects. And while the intranet-based "closeout" tool



captured only the timing and revenue impact, the win/loss program could deliver timely intelligence about the specific buying decision. Defining the program's unique space in the firm (i.e. its competitive advantages), helped managers and team members better understand its benefits to them and the company, which enabled them to "buy in" with their support and understand how to use the win/loss information.

5. Understand methodology trade-offs.

Most discussions of win/loss analysis begin with its methodology, but must also include the previously described criteria to increase the likelihood of long-term success. Like most primary research, selecting a methodology involves trade-offs.

Do you need statistically significant analysis or do you want to quickly identify emerging customer needs and competitive activity trends? More statistically valid results require proper sample sizes and control of survey timing. More in-depth probing reveals underlying motivations and future opportunities, but requires a skilled interviewer. Should you attempt to interview all wins and losses or just a sample? If just a sample, do you want a random sample or should it be focused on certain segments?

If you interview client decision makers, should the interview be anonymous or should clients know that your firm is doing the survey? Here the trade-off may be getting little or no information versus managing the bias that occurs when the client knows your firm is behind the interview. The buying decision can be very complex and involves personal and business motivators, so some clients reluctantly discuss details with an anonymous interviewer. A third-party interviewer will be less biased than a sales rep, but the sales rep may have the client's trust at the level necessary for a frank discussion.

The design team also faces trade-offs in questionnaire development and data analysis. A structured questionnaire, with "closed-end" questions is easier to administer and analyze but eliminates the chance to probe for deeper answers and reveal opportunities. A more "open-ended" discussion guide allows for probing and tangent discussions but is more difficult to analyze and quantify.

Based on our objectives to create better market knowledge, enhance customer relationships and reflect the core value of risk taking and learning (and because of our limited resources), it was an easy decision to use sales representatives to conduct the interviews rather than a third-party consultant. Sales representatives would conduct a win/loss interview as part of their normal selling process. When possible, they would conduct it jointly with their manager or a member of our quality or research team to help document information and reduce bias. Based on the abilities and personalities of our interviewers, the questionnaire evolved into a "discussion guide" with only a few broad questions that allowed them to probe for detail. Training also became an issue, and we addressed it with a "best practice" approach by having those reps who were successful in the earlier pilot model their behavior for the others.

The key learning from this design process was that the decisions about the win/loss methodology must be based on larger objectives and culture considerations to successfully deliver information that will be acted upon.

6. Integrate with existing processes.

To reduce resistance, identify existing programs and processes that overlap with and can be integrated into the win/loss program. Adopting the same customer satisfaction survey vocabulary and report formatting helps the win/loss program be viewed as a complementary activity.

If an existing system already communicates or records account wins and losses (who, when, revenue impact, etc.), use the same information to schedule interviews, acquire decision maker names, etc. Asking sales reps for duplicate information immediately identifies the win/loss program as a second priority in their eyes and jeopardizes its success.

We modified the existing intranet "closeout" tool so that reps could directly enter additional information such as the decision makers, scheduled date of interview, and interview results. This integration with the sales reps' tools and process reinforced the fact that win/loss was now a part of their normal selling activities.

7. Create actionable intelligence.

All CI professionals know the price paid for providing "nice to know" information. The design team should "begin at the end"— understand what information the program should deliver and in what formats. The key challenge is providing all stakeholders actionable information. Senior management wants high-level trends while sales managers need account-level information. Marketing requires product or market specific national or international information, sales training needs information about sales performance and skills, and the operations folks

want information about perceived quality and service. The CI professional needs information specific to the competition.

For senior management, we created a monthly Access Report that quantified the win/loss outcomes and then summarized the most important customer requirements and the associated competitive activity. This gave them insight into our company's strengths and weaknesses and helped them identify changing customer needs and competitor activity. Since our intent was to facilitate learning and coaching and NOT to evaluate individual rep performance, we stripped rep and account identifiers from the final reports. (I maintained a master list that enabled us to follow up with the rep or the account when necessary.)

Marketing managers were given visibility to the actual interview results, stripped of rep and account identifiers, and all verbatim detail for their product or market only. They could export the data to another application such as Access or Excel for analysis. Sales managers were given access to the interview results within their own region. They did have rep and account visibility because the objective at this level was for managers to participate in the process and use the win/loss interview and information as a coaching opportunity.

"A powerful tool and data gold mine."

For the sales reps themselves, we integrated the information into their normal competitive alert communications that they received via email. Other groups such as sales training, marketing communications, customer loyalty and others had restricted access to the interview results and could export the data as they wished. This allowed them to find the most relevant information and analyze it in a way that was most useful to them. In my role as CI analyst, I was able to use the information in my early warning reports and to look for patterns of activity that I summarized and included in my regular briefings with senior management.

A powerful tool and data gold mine.

As I developed the win/loss program, I came to appreciate the power and influence that it has at all levels of the company, and that organizational resistance comes with the territory. When we rolled out the program to the entire sales force we encountered many strategic and "big picture" questions (use of the information, roles, and responsibilities), and requests to modify the program for "unique" regions or segments. But the process worked. Our delivered reports hit our target "fit" — complementing other data already being used — and added unique timing, customer and competitor insight.

In the end, the program raised the visibility of key areas needing improvement and hastened the decision to redefine the sales process. The win/loss data validated some earlier concerns regarding our processes and skills in account strategy and relationship management and, as a result, our sales training group was given the responsibility to focus on and improve the effectiveness of these "pre-decision" activities. When I left the organization to come to my current position, these efforts were under way.

Firms use win/loss analysis because they understand the value of customers, and the cost of retaining them versus acquiring new ones. They also reduce their dependence on anecdotes from the sales field and directly capture "best practices."

A key benefit is the abundance of "free data" from analyzing the vendor selection process. For the CI professional, capturing this information is highly ethical, nearly real-time, quantifiable, trendable, and highly flexible. In addition, win/loss builds the information up from the account level instead of top-down (as most customer satisfaction research does), making it possible to take action at the account level.

Even though captured after the decision is made, win/loss data can help the CI professional develop future hypotheses and confirm or deny existing hypotheses. I was able to identify changes in competitor activity that challenged our existing assumptions and then quickly disseminate those developments via email through an early warning system that we already had in place that allowed sales reps and managers to anticipate competitive activity. The resulting insight puts the CI professional at the intersection of customer, competitor and the firm's information and elevates the CI professional to a truly strategic role in the organization.

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