RevenueTEK

What if Billy Beane was your Sales Director?

Lessons from Major League Baseball for sales and marketing leaders

For starters, Billy probably wouldn't be as famous. That's just the reality when comparing Major League baseball to selling. But we'd bet that he'd still be a winner and likely, so would your organisation. He would almost certainly be a revolutionary sales executive. He would also be enormously unpopular with his staff and his peers. Fifteen years after he began the data and analytics led revolution of Major League Baseball and four years since the movie Moneyball spread that story around the globe, the marketing and sales industries remain as insular and walled-off from reality as baseball was before Billy and sabre-metrics arrived. Billy Beane would not be welcome in most sales organisations.

Would he be successful? Major League teams have had a decade and a half to study and replicate what Billy started at the Oakland Athletics in the late 1990's. Let's have a look at the teams from this year's recently completed MLB playoffs: The Royals, Mets, Cubs and Blue Jays. None of 2015's five highest-spending organizations made it to baseball's semi-finals. And only one of the semi-finalists – the Toronto Blue Jays – ranks in the top 10 for payroll…and they were 10th. In every post-season game this year, the team with the lower payroll won, and in the American League Wild Card game, the team with the second lowest payroll – the Astros, beat the team with the second highest payroll, the Yankees.

It's fairly obvious that the approach Billy Beane first Introduced in Oakland in 1999 continues to have a real and lasting impact on Major League Baseball. What's less obvious are the practical marketing and sales lessons that are hidden in his thinking and how organisations can take advantage of them today – whether they like or appreciate baseball or not.

1. If you can't compete, change your game

That would also seem obvious, but far too many sales leaders find themselves stuck. Few organizations will ever command the brand power or differentiation of Wal-Mart, Google or Amazon. But that doesn't mean they can't compete – they just need to acknowledge that their market power and success will have to be derived differently, and be willing to think through and develop a correspondingly different approach. Otherwise, they're going to keep on losing.

2. Know what numbers matter – and measure them

One of Billy Beane's most revolutionary moves was to challenge the established talent metrics that most of his scouts continued to focus on — RBIs, stolen bases and batting average. He created new ones, relevant to what he knew was really important – scoring runs and winning games. Most marketing and sales organizations need to change how they take aim and measure success. Old measures that have been around since the Ark and to which managers still cling like limpets need to be replaced with metrics around pipeline stage conversion, lead and opportunity velocity, and leakage recycling. If you want a competitive, high-performing sales machine, it has to be set up, run and measured that way.

3. Ask yourself, "What's holding us back?"

While every sales team would love to be driving consistent, high profile revenue improvements, very few are. Why? Not only is the list of reasons embarrassingly long, but very few companies have the patience or self awareness to study, enumerate and fix them. It's not surprising then, that the biggest hurdle tends to be organizational misalignment. Particularly between marketing and sales.

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Sales performance and a company's bottom line performance must be connected in meaningful, transparent ways. But getting there is easier said than done. Transformative marketing and sales leaders understand this, as do their teams, and they don't take "no" for an answer. These days, strategic and particularly financial leadership must share sales' and marketing's objectives – and the challenges they face in meeting them. If they could have solved them by themselves, they would have.

4. It's all about the data.

As general manager of the Oakland Athletics, Billy Beane paid no attention to the centuries-old scouting and operational "best practices" that had been in place since before his time. Instead, he had a revolutionary idea that decisions should be based on data, analytics and facts – not history, anecdotes and gut feel. In fact, statistical analysis fueled every decision the Oakland Athletics made – from which players to go after, who to retain, who to let go to which pitches to swing at and which not to. They challenged their assumptions, looked at unique combinations for answers, and when the data reflected a change in direction, they didn't hesitate. They believed their unwavering commitment to their new trajectory would be their salvation. It's no different for sales and marketing. Rigorous data analysis should be at the centre of every sales and marketing decision – major or otherwise. For example, today's advanced analytics and optimization technologies enable marketing and sales teams to model their customer and distribution networks, wade thru thousands of what-if scenarios and conduct contingency planning in search of the most robust solutions. And of equal importance, those same tools allow marketing to model the impact of a change or revised goal (e.g. a campaign revision, the acquisition of a competitor, or impact of macro-economic factors on pricing). Advancements in customer buying analysis are giving organizations more visibility than ever before, so sales leaders now know exactly how and where to look for and prioritise sales opportunities. In fact, a growing number of investment bankers are using advanced revenue analytics to qualify the value of potential acquisition targets.

5. Create a plan. Then follow it.

The A's always executed against a bigger plan. Everyone was working toward a similar goal, and if you couldn't or wouldn't get onboard, you were sent packing. While that may seem harsh, much of their success came from having a clearly defined roadmap with very specific, case sensitive performance metrics to measure progress along the way. Sales leaders looking to take their performance to a higher level must follow a similar path.

When it comes to sales transformation, the journey is just as important as the destination. Change is hard, and moving from a sales organization that historically focused on tactical, backward looking metrics to one that will be credited with impacting the company's financial performance will take time. A well conceived roadmap is essential, but the ability to change on a dime – to seize an opportunity or overcome an unexpected obstacle – is of equal importance.

One day, a man approached legendary US financier and industrialist JP Morgan, held up an envelope, and said, "Sir, in my hand I hold a guaranteed formula for success, which I will gladly sell to you for $25,000."

"Sir," JP Morgan replied, "I do not know what is in the envelope. However, if you show me and I like it, I give you my word as a gentleman that I will pay you what you ask."

The man agreed to the terms and handed over the envelope. JP Morgan opened it, and extracted a single sheet of paper. He gave it one look and handed the piece of paper back to the gent, pulled out his checkbook, and paid the man the agreed-upon $25,000.

The paper read:

1. Every morning, write a list of the things that need to be done that day.

2. Do them.

About RevenueTEK

Since 2005, the RevenueTEK (formerly RPMG) has been helping organisations around the world use data and analytics to unlock the secrets to sustained revenue improvement. Clients around the world have enjoyed year-on-year revenue improvements averaging 24% - equivalent to doubling sales every three years.

To learn more about how Telemetry RT3 and Marginal Gain Theory can do the same for your organisation, visit us at www.revenuetek.com or email us at info@revenuetek.com.

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