

Emerging from COVID-19

Rebuilding revenue systems and pipelines post-COVID presents an opportunity to do much more than simply recover lost ground.

RevenueTEK^{⚙️}

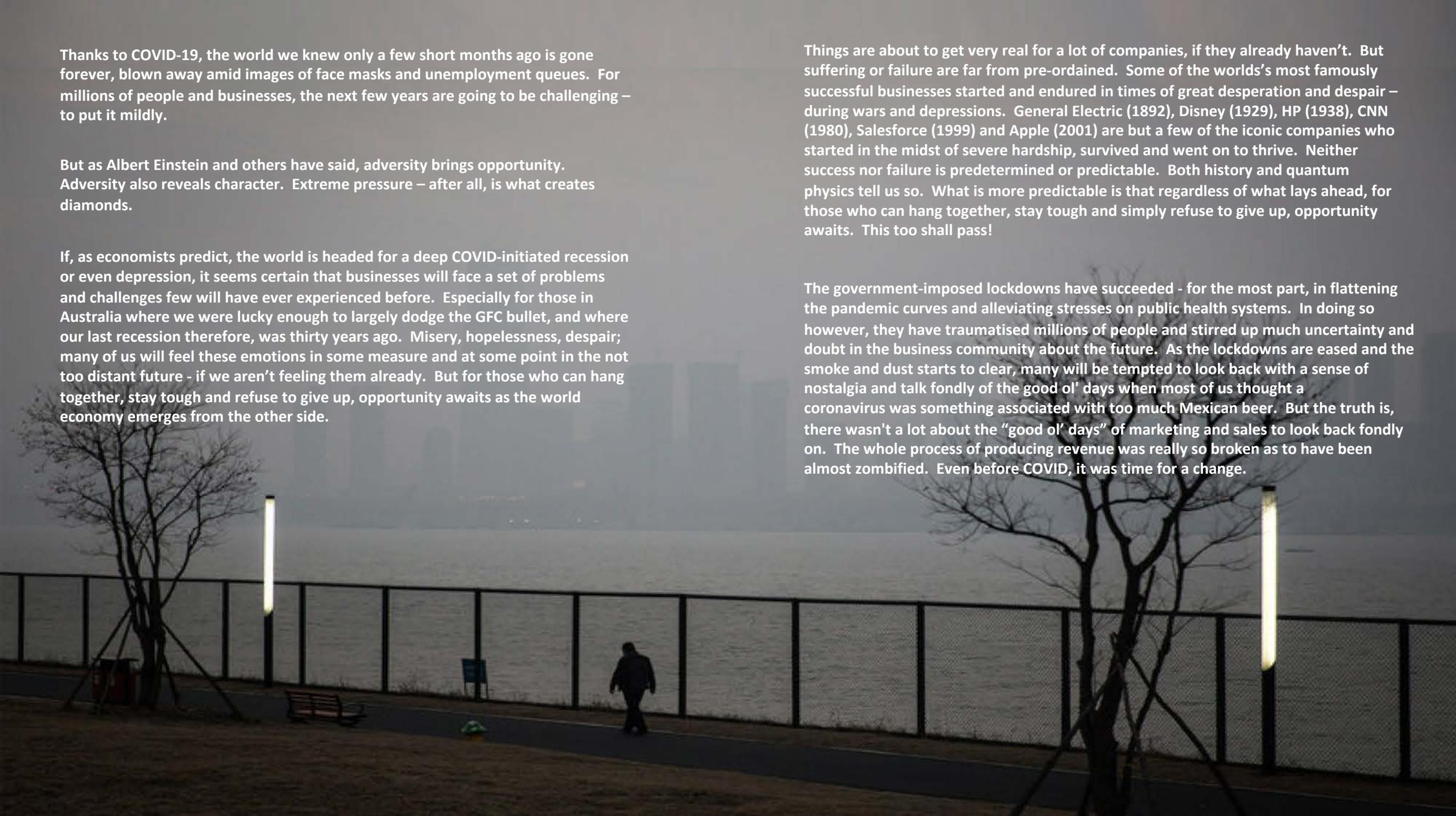
Thanks to COVID-19, the world we knew only a few short months ago is gone forever, blown away amid images of face masks and unemployment queues. For millions of people and businesses, the next few years are going to be challenging – to put it mildly.

But as Albert Einstein and others have said, adversity brings opportunity. Adversity also reveals character. Extreme pressure – after all, is what creates diamonds.

If, as economists predict, the world is headed for a deep COVID-initiated recession or even depression, it seems certain that businesses will face a set of problems and challenges few will have ever experienced before. Especially for those in Australia where we were lucky enough to largely dodge the GFC bullet, and where our last recession therefore, was thirty years ago. Misery, hopelessness, despair; many of us will feel these emotions in some measure and at some point in the not too distant future - if we aren't feeling them already. But for those who can hang together, stay tough and refuse to give up, opportunity awaits as the world economy emerges from the other side.

Things are about to get very real for a lot of companies, if they already haven't. But suffering or failure are far from pre-ordained. Some of the world's most famously successful businesses started and endured in times of great desperation and despair – during wars and depressions. General Electric (1892), Disney (1929), HP (1938), CNN (1980), Salesforce (1999) and Apple (2001) are but a few of the iconic companies who started in the midst of severe hardship, survived and went on to thrive. Neither success nor failure is predetermined or predictable. Both history and quantum physics tell us so. What is more predictable is that regardless of what lays ahead, for those who can hang together, stay tough and simply refuse to give up, opportunity awaits. This too shall pass!

The government-imposed lockdowns have succeeded - for the most part, in flattening the pandemic curves and alleviating stresses on public health systems. In doing so however, they have traumatised millions of people and stirred up much uncertainty and doubt in the business community about the future. As the lockdowns are eased and the smoke and dust starts to clear, many will be tempted to look back with a sense of nostalgia and talk fondly of the good ol' days when most of us thought a coronavirus was something associated with too much Mexican beer. But the truth is, there wasn't a lot about the "good ol' days" of marketing and sales to look back fondly on. The whole process of producing revenue was really so broken as to have been almost zombified. Even before COVID, it was time for a change.



An industry stuck in the past

Since the dawn of the Internet age in the mid 1990's, buyers and their buying processes, have evolved at an astonishing rate. Driven by ubiquitous global communications, instantaneous access to unprecedented levels of information and wave upon wave of new digital technology, buyers have long held the balance of power in sales-purchase transactions. Unfortunately in spite of an avalanche of sales and marketing technology options and analytical tools, sellers and their approaches for the most part still remain firmly anchored in the dark ages.

If you don't believe that, consider the following global benchmarking data from November 2019, just as the coronavirus pandemic was preparing to take off in China:



Broken Pipelines

Even prior to COVID-19 the average corporate revenue pipeline converted less than 2% of sales opportunities – and that number had declined by 48% since 2005.



Missed Targets

61% of resellers and 62% of direct sales rep's fail to make target. Only 39% of organisations make their sales targets.



CRM Isn't Helping

The global CRM market has grown by 18% per annum, while sales conversion and output continued to decline.



Training Wasn't Working Either

87% of training content is forgotten in 30 days. Spending on sales training has never been higher, yet BDM / rep performance has never been worse.



Longer Sales Cycles

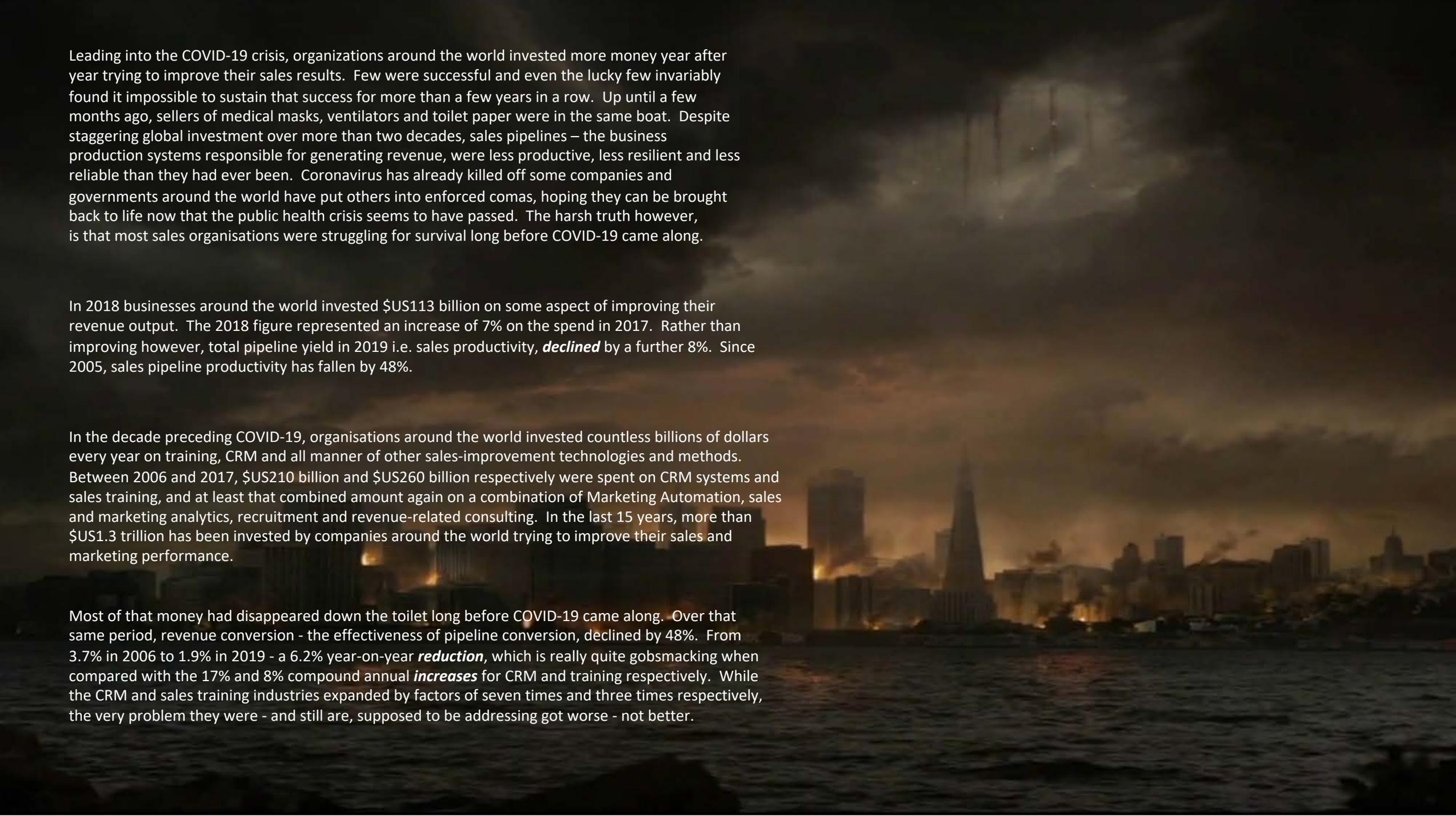
By November 2019, B2B sales on average took 34% longer to close than in 2015.



Anaemic Lead Flows

80% of CEO's question whether marketing makes any meaningful contribution to acquiring or retaining customers. 74% of CSO's agree.





Leading into the COVID-19 crisis, organizations around the world invested more money year after year trying to improve their sales results. Few were successful and even the lucky few invariably found it impossible to sustain that success for more than a few years in a row. Up until a few months ago, sellers of medical masks, ventilators and toilet paper were in the same boat. Despite staggering global investment over more than two decades, sales pipelines – the business production systems responsible for generating revenue, were less productive, less resilient and less reliable than they had ever been. Coronavirus has already killed off some companies and governments around the world have put others into enforced comas, hoping they can be brought back to life now that the public health crisis seems to have passed. The harsh truth however, is that most sales organisations were struggling for survival long before COVID-19 came along.

In 2018 businesses around the world invested \$US113 billion on some aspect of improving their revenue output. The 2018 figure represented an increase of 7% on the spend in 2017. Rather than improving however, total pipeline yield in 2019 i.e. sales productivity, **declined** by a further 8%. Since 2005, sales pipeline productivity has fallen by 48%.

In the decade preceding COVID-19, organisations around the world invested countless billions of dollars every year on training, CRM and all manner of other sales-improvement technologies and methods. Between 2006 and 2017, \$US210 billion and \$US260 billion respectively were spent on CRM systems and sales training, and at least that combined amount again on a combination of Marketing Automation, sales and marketing analytics, recruitment and revenue-related consulting. In the last 15 years, more than \$US1.3 trillion has been invested by companies around the world trying to improve their sales and marketing performance.

Most of that money had disappeared down the toilet long before COVID-19 came along. Over that same period, revenue conversion - the effectiveness of pipeline conversion, declined by 48%. From 3.7% in 2006 to 1.9% in 2019 - a 6.2% year-on-year **reduction**, which is really quite gobsmacking when compared with the 17% and 8% compound annual **increases** for CRM and training respectively. While the CRM and sales training industries expanded by factors of seven times and three times respectively, the very problem they were - and still are, supposed to be addressing got worse - not better.

”How we got here is far less important now than how we get out of here.”



Of course the aftermath of the Coronavirus pandemic will now leave many businesses around the world facing the commercial equivalent of nuclear winter. But as with the systematic destruction of public health and other essential systems, it matters little how we got to where we are now. Inquiries and post-mortems can assess the causes and allocate blame in due course. What really matters, is what companies are going to do now - to dig themselves out of the holes they find themselves in. How we got here is far less important now than how we get out of here.

While most external risks such as environmental degradation, cyber-attacks and political instability have been pretty well researched for some time, the risks to corporate revenues remain nowhere near as well understood or adequately measured or managed. Many say that the disaster we now have on our hands courtesy of COVID-19 could not have been imagined much less predicted, but even that's not true. The signals had been blinking red for some time, from the increasingly woeful marketing and sales benchmarks mentioned above to Bill Gates' now famous speech to [TED in March 2015](#). Marketing and sales organizations have employed more and more technology, but still relied on "experience", semi-educated guesswork and gut-instinct for decisions on how and where that technology was deployed. And serially ignored signal after signal that the system was in danger. In spite of access to more data and advanced analytical tools than at any time in history, analysis and understanding of revenue risks or the true cause-and-effect relationships between tactical interventions and customer reactions remained almost non-existent, still largely driven by subjective interpretations of what customers and clients appeared to do rather than objective data-informed analysis of what they actually did do, when they did it – and more importantly, why.

COVID-19 is going to change so many aspects of our lives in ways we could never have imagined even a few short weeks ago. Many businesses - even whole industries, are going to disappear forever. What will take their place is unclear. But one thing we do know is that for businesses to survive beyond this enforced hibernation period governments around the world have just put us all through, they will still have to sell. But they will have to do it a whole lot better than they used to. Those that do won't just survive - they might even thrive.

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