

Building a Revenue Engine – Scaling Up Sales Automation

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KEYWORDS

Sales Automation, Use Case Centricity, Scaling Digitalization

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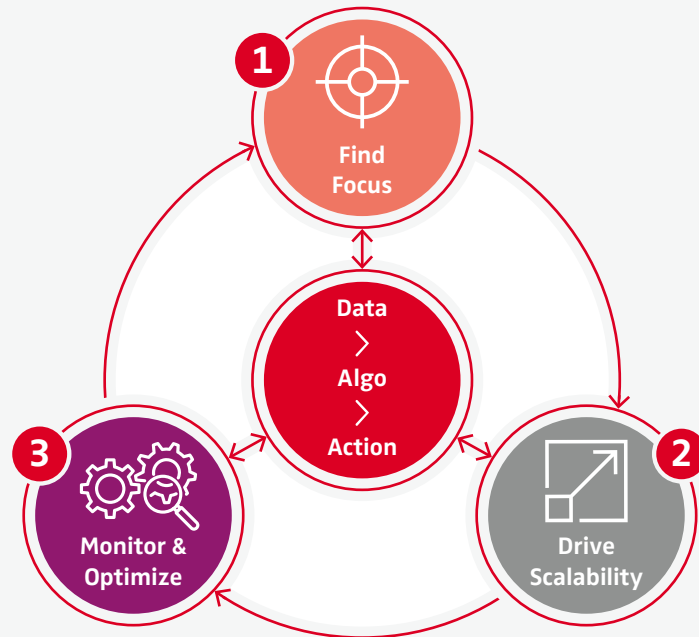
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Sales automation could be a Ferrari, but it seems stuck in the garage ✕ Digitalization of buying behavior has accelerated during the COVID-19 pandemic. Data and artificial intelligence (AI) technologies have promised to unlock business potential by enabling companies to personalize their customer encounters, serve customers more efficiently and improve process efficiency. But despite widespread adoption of digital technologies such as CRM systems, e-commerce platforms, marketing automation and various digital marketing channels, there seems to be a tendency to not reach the targeted business performance improvements – the proverbial Ferrari often seems to be stuck in the garage. We analyze why we are not seeing more evidence of the business benefits of marketing and sales automation and suggest a use-case-centric “revenue engine” that helps companies automate sales and marketing at scale with a higher success rate.

A platform-centric approach has limited success ✕ We observe that the mere adoption of digital platforms, such as Salesforce, Adobe or Hubspot, is not the key to success. Many companies focus too much on available platform technologies and platform architecture. However, what sets winners and losers apart is the ability to automate at scale. For companies not systematically scaling up the utilization of data and automation, the outcome may even be the opposite. With increasing investments in a multitude of digital channels and platforms, and the organizations to run them, the net impact of increasing levels of “digitalization” may lead to a negative impact on their financial performance.

A shift in mindset toward a use-case-centric logic is needed ✕ Successful companies focus on building a revenue engine, i.e., a methodology and process for putting the acquired data and automation capabilities to work – resulting in scaled impact and a flat, or even declining, cost base.

FIGURE 1 > The revenue engine framework



To scale, companies need to stop structuring their digital transformation initiatives via the platforms they are implementing and start using a use-case-centric lens. The “use case” concept, which has its background in software engineering, generally describes the intended business application of a given technology. In a use-case-centric logic, business priorities and applications are the starting point. Use cases leverage the available data through automation and use digital platforms as supporting tools to drive specified business objectives.

The revenue engine ✕ The revenue engine framework depicted in Figure 1 forms a basis to successfully use extant resources to scale sales automation. The framework has two main components: a data-driven methodology and a managerial process.

> **The core: The Data > Algo > Action methodology** ✕ The scalability of sales automation is dependent on a company’s capacity to create and operate use cases. Automation implies the use of algorithms and technologies to translate data into action. Most companies have an abundance of potential use cases for improving sales performance. Effective use cases utilize both transaction data of past purchases and services used by a given customer, as




well as behavioral data like web browsing behavior that displays more of a customer’s buying intent.

Table 1 illustrates with two sales-related use cases which data is used, which algorithms are applied and which action follows. The B2B retailer in the electronics industry, for instance, combined data to predict which products a customer is most likely to add to their order at checkout and personalized both the website experience as well as subsequent email messaging with the same recommendation. Additionally, key account managers get recommendations on what to suggest to their customers in the CRM system.

Business benefits and customer value can be created across multiple domains in a business. For instance, the Scandinavian telecom provider in Table 1 automated parts of the sales process and was able to increase pipeline generation, decrease the cost of sales and improve the customer experience.

> **A managerial process for scaling** ✕ The Data > Algo > Action methodology can be viewed as the axis around which companies build a managerial process to scale up sales automation. The process has three steps: first, finding focus for the efforts by identifying key value

TABLE 1 > Examples of use cases for sales automation

		 Data	 Algo	 Action
		Structured (tables of facts) or unstructured (text, images, voice) information available or obtainable as input for decision-making.	Algorithms that use data to predict an outcome: from simple rules-based models to sophisticated AI or machine learning models.	The automated action in any channel where data can be used to inform or trigger actions.
Use Case Examples	B2B Retailer Product recommendations on a website	<ul style="list-style-type: none"> > Purchase history > Browsing patterns of previous customers 	Purchase propensity calculated for all products in the product catalog	<p>The products with the highest purchase propensity are served up in the “recommended products for you” section of the website.</p> <p>A “product recommendations” section in the email uses the same algorithm outputs to personalize the email.</p> <p>The CRM tool uses the same recommendation scores to help field sales reps suggest the most likely product for a customer.</p>
	B2B Telecom Automated cross-selling	<ul style="list-style-type: none"> > Purchase history > Current service contract type > Firmographics (revenue, growth, industry) > Digital interactions in email and web > Results from outreach in campaign 	Propensity to buy next service/product	<p>The customers with medium likelihood to buy a second contract type are added to “warm-up campaigns” triggered in email and social media.</p> <p>The customers with high likelihood to buy a second contract type are sent to the telemarketing team for qualification and booking of meetings with sales reps.</p>

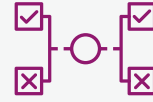
drivers; second, driving scalability by continuous learning and standardization; and third, monitoring and further optimizing the business outcomes of the applied use case. These steps need to be continuously connected to the core and form an ongoing process: The monitored outcomes influence which value drivers to focus on and how to scale up in the future.

- > **Find focus by identifying value drivers** × Scaling efforts should focus on key value drivers. Use cases with a large value potential and high urgency should be prioritized. To assess the value potential, top-line effects and bottom-line impact as well as indirect strategic benefits should be considered. Based on the assessment of the

value drivers, management must define which parts of the customer journey or lifecycle should be addressed and in which channels the use cases should be activated.

While an individual use case seems simple, implementing only a few is hardly enough to shift the needle on the topline. To achieve a significant impact on the desired business KPIs, companies must establish a target state that is clear and forces the management to soberly assess the effort required to reach the target automation level within the desired timeline. Describing the target state via a ballpark target automation level is a sound method to align expectations, while also planning and resourcing the work to get to the desired state.

TABLE 2 > Monitoring scaling up efficiency



	Examples of		
	Top-line impact	Bottom-line impact	Indirect strategic impact
Leading indicators	<ul style="list-style-type: none"> > Attributed sales > Revenue impact per use case 	<ul style="list-style-type: none"> > Automation level: number of use cases automated > Sophistication of algorithms > Scale at which activations are in place across channels, geographies, business areas 	<ul style="list-style-type: none"> > Ability to attract and retain talent > Development effort per use-case in person-days or hours
Lagging indicators	<ul style="list-style-type: none"> > Total sales, revenue, pipeline > Customer satisfaction 	<ul style="list-style-type: none"> > ROI on data and technology investments > Cost of sales (including both sales, marketing, and IT-/data-related running costs) 	<ul style="list-style-type: none"> > Applicability of “revenue engine” in new markets or business lines > Generation of valuable (monetizable) data assets

> **Drive scalability and standardization** ✕ The main risk with a use-case-based approach relates to increased “divergence.” Divergence holds many connotations, but in the context of use-case-centric sales automation development, it signals uncontrolled variation in internal processes. This kind of uncontrolled divergence occurs when companies do not learn, document and standardize the executed Data > Algo > Action use cases. The outcome may thus create an ad hoc mentality in which processes are neither harmonized nor consistent, but always unique because they are singular to the persons or teams carrying them out.

To ensure scalability, processes need to be replicable across markets and/or business areas. Individual use cases should include cross-functional planning, prioritizing and sign-off processes. Everything that can be automated should be automated, and whatever cannot be automated should be standardized.

Rigid documentation practices reduce people’s dependencies and allow for leveraging cost-efficient resourcing alternatives for maintenance and low value-add tasks. Batching and codification of similar use cases and tasks create smarter resource allocation and scalability when developing the underlying technical capabilities.

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While using scalable architectures and tools for data management, algorithm development and orchestration of automation is critical, as several use cases will use the same data, and the same algorithms or variants thereof will be activated in several channels and use cases.

- » **Monitor outcomes and optimize processes** ✕ To keep the desired outcomes in mind and support a process of continuous learning related to scaling up, the data-driven sales and marketing company needs a rigid monitoring setup. The monitoring needs to support multiple viewpoints (see Table 2). First and foremost, to secure continuous support for the sales automation efforts, sales leaders need to show direct top-line and/or bottom-line outcomes. Simultaneously, to enable the longer-term scaling efforts, indirect strategically important indicators, such as improvements in overall skillsets, should also be followed up.

To support the agile adaption to changing circumstance in the business environment, the outcomes should not be measured only with lagging indicators. Leading indicators, such as improved sophistication of the used algorithms and the sales attributed to selected use cases, need to be monitored. A robust monitoring approach gives the sales leader the tools needed for “tweaking” the revenue engine to improve both the short-term and the long-term outcomes of sales automation.

Starting the revenue engine and keeping it running

- ✕ As it challenges existent practices in most companies, implementing the above-described methodology and process will require leadership skills. At the start, managers need to understand the effort required to reach the target automation level. To keep the engine running, marketing and sales need to improve their data literacy.

- » **Do not underestimate the efforts needed** ✕ In our experience, planning, creating and implementing a use case of average complexity from start to finish typically takes 10 to 15 person-days to execute, but up to 100 person-days are not uncommon if there is no systematic methodology in place.

The Scandinavian telecom company from Table 1 had severely underestimated the effort required to scale up a personalization effort by a factor of six to eight, because implementing each use case took much more time, and more use cases were necessary to cover enough customer interaction channels, products and contexts.

- » **Ensure both skill and will across marketing and sales** ✕ Scaling up requires that marketing and sales development is carefully coordinated. Digital marketing extends into what is traditionally selling territory, and digital selling teams similarly move upstream into what was regarded as marketing’s turf.

Another challenge that companies face relates to low data literacy. Both marketing and sales leaders must consider the need to “let go” and outsource decisions to algorithms: which customers to approach, what and when to sell and in which channels. A use-case-centric lens and the revenue engine framework create a common language, allowing both marketing and sales to become “literate” in the data domain.

- Keeping these issues in mind, scaling up sales automation with the revenue engine improves the ROI of data and technology investments. The developed technical and managerial capabilities can also be applied in other domains, including generating customer and market insights, business intelligence and reporting in general. So, dust off your Ferrari, open the garage door and start driving! ✕



FURTHER READING

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