MARKETSOURCE®

An Allegis Group Company

Finance Metrics for Success in a Post-COVID-19 World

Today, there is an abundance of discussion around kick-starting the economy and getting back to normal—or a "new normal"—in our everyday lives and what business will look like across all industries. Nearly every piece of content I see in social and trade media is offering guidance on how to engage customers in this changed environment and in the future. Many discuss the impact of stay-at-home orders and the actions needed by sales, marketing, and product groups as we move into the second half of 2020 and on into 2021. Most of what I see and read is well-intended and good advice.

Only time will tell the true impact of COVID-19 on B2B buyer behaviors, business models, and economic forecasts. Yet amidst the uncertainty, businesses are looking beyond the current environment to position themselves for successful re-entry in a post-coronavirus world. They are considering what they can do today to create a strong foundation that will sustain them in what is sure to be a fluid environment for some time to come.

Where do you start? How about with the basics? Here are a few areas in which sales, marketing, and product leaders must be tightly aligned and maniacally focused:

1. Your Ideal Customer Profile (ICP) is well defined and consistently targeted
2. ALL personas and decision influencers (channel partners) within your ICP are identified
3. Your prospect, current account, and channel partner database is healthy
4. Your value proposition resonates with your sales channel(s), overcomes your competition, and creates a bias to purchase
5. Your revenue engine process is documented and supported by the right sales tech stack to increase effectiveness and efficiencies across your customer engagement model

> At a time when many businesses are experiencing the economic fallout of the pandemic, looking for ways to decrease costs and increase revenue is more important than ever.

There are many financial metrics or KPIs that organizations use to manage their business, but three are critical to understanding and assessing their health and future trajectory: Customer Acquisition Cost (CAC), Customer Lifetime Value (CLV), and Cost to Serve (CTS).

Clear and consistent insight into the costs associated with acquiring, retaining, and growing revenue is essential. Here are some thoughts on ways you can improve each of these measures to get you started.

Customer Acquisition Cost

CAC is the total cost of sales and marketing expense to acquire one new customer. Customer acquisition can be expensive, but you may be able to reduce these costs. Consider the following reduction measures:

- Transform cost-burdensome field sales roles to inside sales
- Leverage alternative sales channels and alliances to attract and close new buyers
- Improve sales velocity factors—the number of deals, deal size, close rate, and time to close
- Outsource sales tasks to optimize cost and increase speed to market

Customer Lifetime Value

CLV is a measure how much one customer is worth over its lifespan. It's no secret that it is far less expensive to retain and sell to existing customers than to win new customers. So, it goes without saying that increasing CLV is a critical metric. While there are many paths to improving CLV, here are a few to consider:

- Create and operationalize a post-sales engagement process (customer success) to ensure a good buyer-to-customer conversion
- Create separate but tightly integrated current account development and customer success roles
- Focus your current account development team on identifying new buying groups and developing cross-sell and upsell opportunities
- Focus customer success representatives on the buyer-to-customer transition, customer onboarding, and creating advocates for your products within the account
- Leverage digital touch strategies across the entire customer experience and ensure they are aligned for each type of customer engagement from transactional to complex purchases and customer interactions.

Cost to Serve

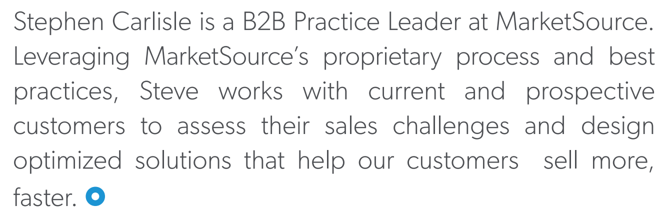
CTS, sometimes referred to as Average Cost to Serve (ACS), is a measure of the true cost of serving individual customers. Cost-to-Serve analysis allows leaders to value and segment customers by profitability, and to evaluate whether, where, and how to reduce costs across customer segments. Following are a few ways to reduce CTS:

- Identify and profile high- and low-profit customers and point your sales and marketing efforts toward acquiring new accounts with a high-profit profile
- Consider managing low- or no-profit customers out of your portfolio and find new buying groups within your more profitable accounts
- Move customers to self-service tools that have lower operational costs
- Give customers fewer reasons to seek support by identifying and correcting common areas in which support is sought

The MarketSource Advantage

For over 40 years, MarketSource has led its clients in quickly pivoting to meet rapidly changing needs. Let us determine the appropriate strategy for your company with a ***free MarketSource assessment***. MarketSource sales experts will work with you to define your challenges and design a turnkey solution. Whether you are looking to gain new customers, launch new products, grow market share, optimize sales expenses, or maximize a mature product, we can help. Reach out today.

About the Author



Stephen Carlisle is a B2B Practice Leader at MarketSource. Leveraging MarketSource's proprietary process and best practices, Steve works with current and prospective customers to assess their sales challenges and design optimized solutions that help our customers sell more, faster.