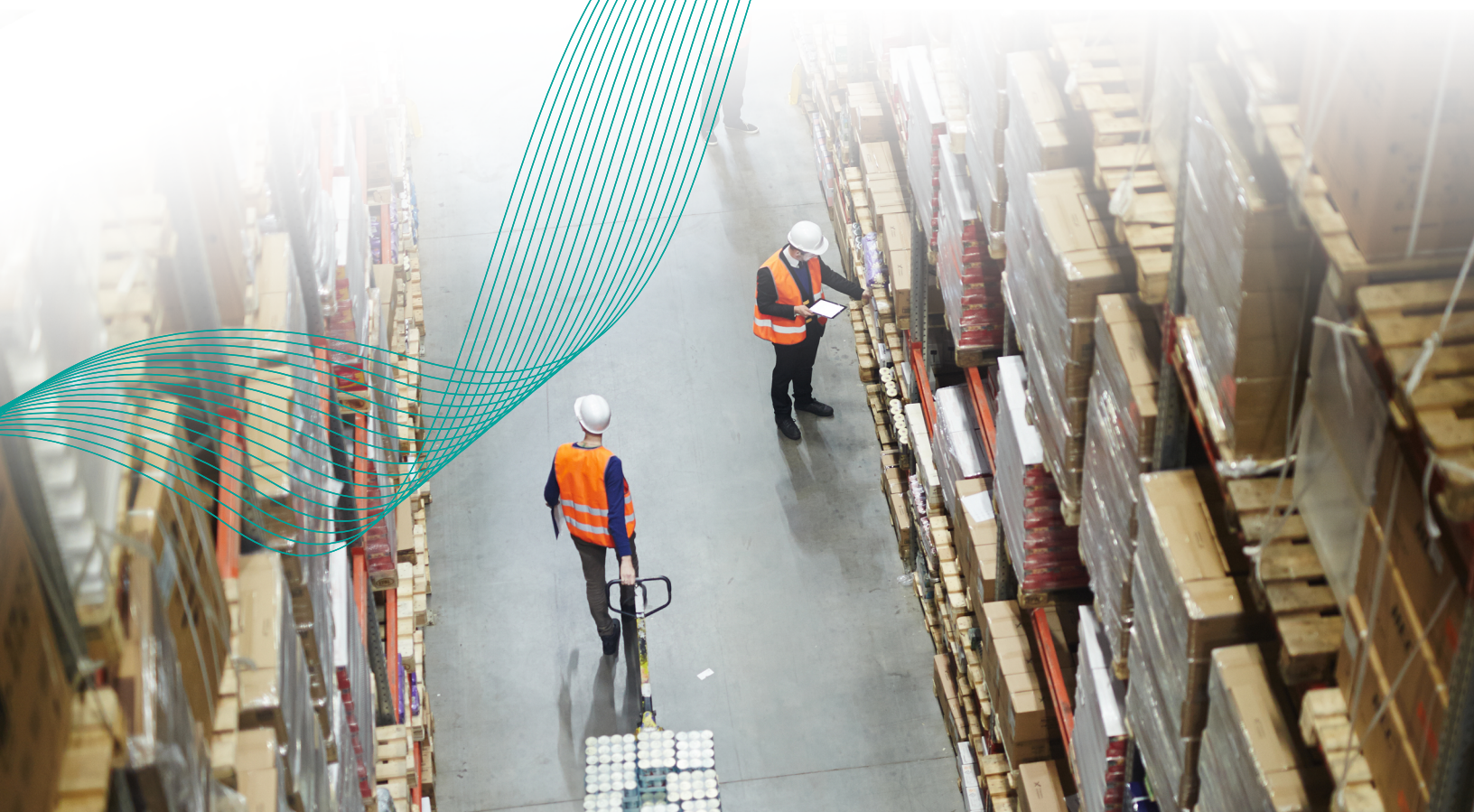




MRO DISTRIBUTOR REDUCES CUSTOMER CHURN, GROWS REVENUE MORE THAN \$60 MILLION

CASE STUDY



Challenges

- Very large customer, SKU counts
- Customer churn a growing threat
- Simplistic reports fell flat

Key Outcomes

- ▲ Higher-quality sales conversation
- ▼ Churn prevention before it's too late
- ▲ \$60 million revenue growth in two years

DYNAMICS OF MRO AND INDUSTRIAL DISTRIBUTION

For MRO and industrial distributors, eCommerce behemoths continue to threaten share and economic outlooks remain uncertain.

Given the inherent complexity of these businesses — large customer counts and even larger SKU counts — maintaining market share and retaining existing business is a critical strategy.

MAINTAINING MARKET SHARE IMPOSSIBLE AGAINST INCREDIBLE COMPLEXITY

The same was true for this more than \$1 billion broadline distributor of specialty maintenance, repair and operations (MRO) products. Backed by a leading private equity firm, this company was under extreme pressure to deliver significant revenue growth.

At the core, this company's topline growth was hindered by the scale and complexity of its business. The product catalog includes more than 150,000 MRO products, all of which are sold to more than 100,000 active customer accounts ranging from individual contractors to large OEMs and national purchasing groups.

Beyond the quantity and diversity of products and customers, the company had multiple discrete go-to-market brands – each with its own salesforce of inside and outside reps. With so many moving parts, it was impossible for reps to stay on top of their accounts and pursue them in alignment with growth strategies. In fact, reps struggled just to manage churn within their existing books of business.

Senior management understood the reps' dilemma. They knew the salesforce needed better tools and information in order for them to deliver the consistent growth investors expected.

In all, this building products distributor came to the realization that there were millions of such deviations and customer-specific prices that existed. Not only was margin rapidly leaking, but with no guidance on price deviations and overrides in place, prices lacked rationality in terms of how each price reflected each customer's unique relationship with the company. This meant that small customers often received better prices than large customers, or big orders received the same discount as tiny orders.

SIMPLISTIC REPORTS FELL FLAT

To help sales with productivity, management conducted a transactional analysis to identify opportunities for organic growth. They worked with a consulting firm that helped them create “white space” reports for the sales reps. The reports were massive spreadsheets that reps had to sift through in hopes of finding genuine opportunities.

Adoption of the reports was so poor that the company nearly gave up. But the general manager for one brand recognized that while the idea of applying analytics was sound, burying sales reps under more reports wasn't the right approach. He was certain that the only way to help the typical

sales rep to make her numbers was by providing actionable, account-specific guidance on what customers to call and what products to sell. He began looking for a better way to boost revenue growth and sales rep productivity.

A SMARTER APPROACH TO GROW SALES

Executives smartly began exploring data science providers with expertise in helping B2B distributors grow organically. They were in search of a solution that would help them retain more existing customer business at the product category level while knowing precisely where opportunities to grow customer accounts existed. Ultimately, they chose Sales IQ™ to provide a solution much more powerful than typical sales reports: simple answers in the form of prescriptive sales guidance.

Sales IQ transforms existing transaction, customer and product data into purchase pattern signals, predicting when a customer might defect, or where accounts are ripe for cross-sell. Delivered directly to reps via CRM and email, reps are pointed to the latent sales opportunities most likely to result in immediate wins.

RAPID IMPLEMENTATION & ADOPTION PAID OFF

Sales leadership made it clear that the Sales IQ program was a top growth priority and regularly communicated its importance across the salesforce.

Sales reps were trained on Sales IQ by their managers. Inside reps were to receive 30 weekly opportunities while outside reps were to receive ten. Once live, they discussed usage and collected feedback in team meetings and in one-on-one coaching sessions. Front-line managers used the closed-loop reporting to stay on top of adoption and results, weaving the opportunity flow into all facets of their management cadence.

Within six weeks of the initial rollout, Sales IQ guidance was live. Given the robust training and focus, adoption started, and stayed, above 85 percent, yielding net win rates of nearly 40 percent. The management team was astounded by the results, so much so that they accelerated the full deployment schedule. Within months, the majority of the company's salesforce was up and running with Sales IQ.

Thanks to executive support and a strong focus on adoption, Sales IQ quickly became business as usual across the company.

WIN-WIN FOR THE COMPANY AND ITS CUSTOMERS

With Sales IQ guidance in-hand, sales reps could finally stay on top of their accounts. Communication now happens at the ideal time, not when it's too late. And when reps do engage with customers, their conversations are of higher quality and more productive as measured by sales-per-call. Both sales rep and customer satisfaction improved, amplifying the first order benefits of the program. On top of that, sales rep performance grew dramatically, with "B-level" players now performing at the "A" level and "A-level" players performing at the "A+" level.

Substantial, Sustained Sales Growth

In the two years since Sales IQ was fully deployed, this MRO distributor has measured more than \$60 million in revenue lift. Management is extremely pleased, as is the sales team and the customer base. Sales IQ is strongly embraced by frontline sales reps, because it has contributed to their take-home commissions and a 15 percent increase in overall quota attainment.

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