

# Using Win/Loss Analysis to Align Your Value Proposition

## How to Win Customers and Increase Profitability

### What Is Keeping You from Reaching Your Business Goals?

However successful your company is, there's always something you can improve. You may want to know why sales are down. Or why you haven't been getting the market share you should. Or how you can defend against new competitive pressures in the marketplace. These problems are seldom linked only to sales team performance — they usually stem from failing to meet customer needs through some combination of features, messaging, deal structure, and other factors. But how do you know which of these problems is keeping your company from reaching its goals? And how do you know what steps to take to solve them?

Win/loss analysis has mostly been viewed as a way to evaluate and adjust sales performance, but few voices in the business world have discussed the fact that this

tool can be used for much broader, and more strategic, purposes. Win/loss can identify deeper issues with your product or service, and as such, is a highly accurate and cost-effective diagnostic tool for developing value propositions: where win/loss asks what factors make a customer decide to buy either from you or your competitor, a value proposition articulates what those factors are. When you are not meeting your sales and revenue goals, a successful win/loss program will diagnose the problem — and a properly re-aligned value proposition will give its remedy.

### Win/Loss Analysis: The Diagnosis

A win/loss program tells the story of what happened in recent bids by gathering information from both customers and internal salespeople through interviews, surveys, or both. Win/loss provides direct feedback from the field, deal by deal; for bids both won and lost,

the company gains insight into what motivated the customer — whether features, service, price, the sales relationship, or other factors.

Win/loss analysis is a part of the Competitive Intelligence toolbox, but it is really a form of “customer intelligence” — insight not into your competitors' organizations but your customers' minds. Win/loss allows you to go beyond impressions and anecdotal reports from your sales team to understand what customers really care about, which you can check against internal perspectives to diagnose shortcomings in your current value proposition.

### Value Proposition Alignment: The Remedy

You may discover through win/loss that you are not meeting customer needs — in other words, that the value you present to customers is out of alignment with the value they are seeking from your offering.

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For customers to decide to buy from you, they must strike the right balance between perceived benefits and price. For you to clear profits you must strike the right balance between how much you put into your product or service and how much you charge for it. Even if customers choose to buy from you, if your company is investing in features that don't match their needs while not investing in those that do, no one wins. A properly aligned value proposition serves the interests of both parties by enabling your customer to maximize value and your company to maximize profit.

A re-aligned value proposition leads to decisions — to alter messaging, to change deal structure, to invest in product development, or to phase out features that do not add value for the customer. The right decisions win more customers and optimize operations for higher profitability.

#### Best Practices in Win/Loss Analysis

Win/loss analysis identifies strengths and weaknesses

in your value proposition across all market-facing activities and helps your company direct its resources at what really makes a difference for the customer.

Fletcher/CSI's recent survey and report<sup>1</sup> collected data on current win/loss programs across all major industries and identified key areas in which companies can utilize win/loss analysis more effectively:

#### Widely Distributed Results:

Successful win/loss programs distribute results throughout the company to be used by different groups for different purposes, e.g., by the marketing team to refine messaging, by the product management team to refine offerings and pricing, by senior management to develop training. Your win/loss program must be designed to get the right information to the right people — otherwise it will not help executives and other divisions make the changes necessary to improve your company's value proposition.

Summary Reports: Most programs do not go beyond reports on individual deals,

but summary reports (for example, grouping all the deals over the course of a quarter) identify themes and trends by correlating both qualitative and quantitative data. A factor that influences one deal may be an aberration, but when a summary report shows deal after deal being lost — or won — for the same reasons, the results are hard to ignore.

Mandatory Participation: The majority of programs make participation voluntary, but mandatory participation is more often linked to programs that produce summary reports, yield greater improvements to win rates, collect quantitative as well as qualitative data, and cover all deals instead of just those cherry-picked by sales. Executive sponsorship, combined with mandatory participation, ensures that the program collects comprehensive results on all of a company's operations, not just sales performance.

#### Third-Party Interviews:

Although the benefits of using a third-party CI firm to conduct customer interviews have been widely recognized, many companies are still

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conducting their win/loss programs internally. A third-party program does not lose the insight of sales personnel, who are interviewed for their perspectives; instead, it removes the elements of human nature that cloud results — such as emotional attachment or reluctance to speak openly to people one has built a relationship with — and brings in objective expertise that adds depth to the findings.

**Marketing Strategy:** Many companies are using win/loss to inform marketing strategy. They are discovering through win/loss that while they may have a sound value proposition, they are not communicating it effectively; a change in messaging can help educate customers about a company's value proposition and win more business.

**Program Stability:** Although there are significant benefits to an ongoing win/loss program, many do not last beyond three years. Since a company's value proposition must adjust to changing customer needs and market trends, a long-term and continuous examination of wins and losses is one of the best ways to monitor these changes

and re-align value propositions accordingly.

**Formal Evaluation:** Many programs do not have formal evaluation and feedback mechanisms in place, which both help the program meet needs across the company and provide evidence of its benefits.

### Applications of Win/Loss Analysis for Aligning Your Value Proposition

You are using win/loss analysis to its full potential only when it helps you identify what customers value most. By understanding over the course of multiple deals what makes customers decide to give you their business, you will be able to align your value proposition — to give only a few examples — by optimizing deal structure, or by investing wisely in product development. You will also know how to focus your messaging to make sure that customers understand the value you offer them. These applications of win/loss for aligning your value proposition

ultimately lead to an increase in profitability.

#### Optimizing Your Deal

**Structure:** By knowing what value-added features some customers are willing to pay more for, you can optimize your deal structure to increase margins.

#### Targeting Your Product

**Development:** By knowing what features customers value most, you can expand your market share by investing in product development that really makes a difference.

#### Focusing Your Messaging:

By understanding how perceptions of your product or service have affected recent deals, you will know how to focus your messaging to ensure that customers understand the value you are offering them.

### Conclusion

Win/loss analysis can be much more than a sales enhancement tool; it can help a company develop and communicate a winning value proposition.

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### How to Win Customers and Increase Profitability

Win/loss analysis and value propositions can be used in conjunction with each other to optimize all of your company's operations and strategy: by identifying what customers really care about you can ensure that your product or service offers them optimal benefits, your messaging tells them why, and your pricing matches what they are willing to pay. You can deploy win/loss analysis to diagnose how effectively you are meeting customer needs, then remedy any shortcomings — or capitalize on strengths — through a better aligned value proposition. Linking win/loss analysis and value propositions is a winning combination that your company can use to stand out from the competition, grow your customer base, and maximize profitability.

#### Reference

<sup>1</sup> Fletcher/CSI. (2012). *Win/loss programs: Best practices in win/loss*. Retrieved from [http://www.fletchercsi.com/images/FletcherCSI\\_Win-Loss\\_Survey\\_Results\\_2012.pdf](http://www.fletchercsi.com/images/FletcherCSI_Win-Loss_Survey_Results_2012.pdf)

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