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Delivered from Experience

CEO Value Creation Pulse: Confident in the Direction, Hesitant on the People

Q1 2024



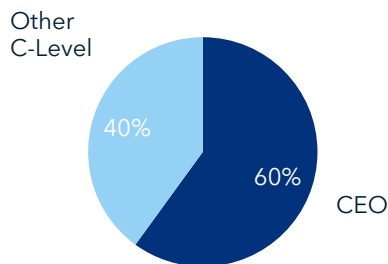
CEO Value Creation Pulse, Q1 2024

SBI's quarterly survey of CEOs and other C-level executives focuses on how they are planning for value creation, and the go-to-market strategies and tactics that will get them there. This report details four findings that should drive executive planning in early 2024:

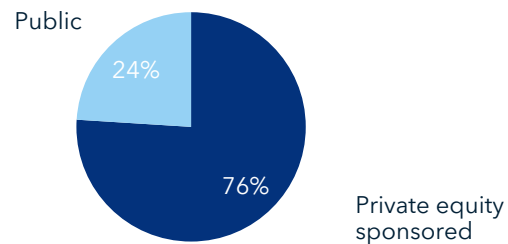
- 1. Boosts in Growth Confidence Fueled by Strong Forward Indicators** ([pages 3 - 6](#))
- 2. Investing More in Capturing New Markets, Despite Gaps in Confidence** ([pages 7 - 13](#))
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Together these indicators of CEO sentiment suggest that they are confident in the direction they have set their organizations on and the market momentum that they are feeling. But they remain hesitant about their ability to execute, and in particular whether they have their teams set up for success as they advance growth strategies.

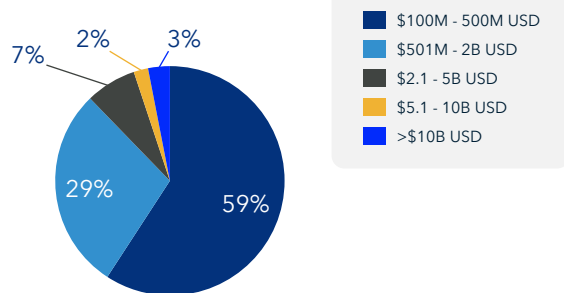
Respondent Title



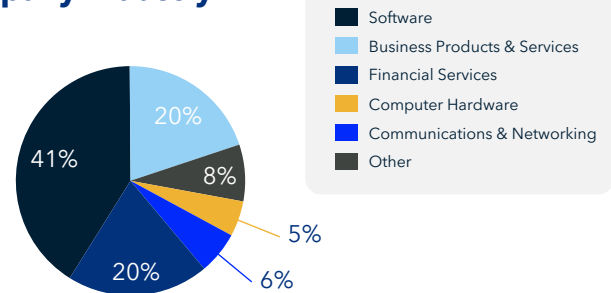
Ownership Structure



Annual Revenue



Company Industry



N = 87; Survey fielded in January - February 2024

1. Boosts in Growth Confidence Fueled by Strong Forward Indicators

Rebounding demand sentiment, after a significant drop in 2023, has CEOs and investors shifting their emphasis back toward growth. This confidence in demand is bolstered by improving signals in several forward-looking indicators, including pipelines, deal progression, and deal size and volume. One area of concern remains - renewal rates. In conversations, many commercial leaders note that today's ARR pressure is caused by customers looking to reduce license volume as they tighten spend.

2. Investing More in Capturing New Markets, Despite Gaps in Confidence

3. Confident in the Strategy, Questions About the Talent to Execute It

4. Relying on New Hires, But Long Ramps and Limited Additional Support Threaten Growth

Implications for CEOs and Their GTM Leadership Teams



Tighten up on execution. CEOs tell us they are more squarely focused on execution than ever. Executive leaders need to get deeper into the details with their teams - setting the right objectives and metrics, regularly reviewing them and updating plans to ensure they are set up to deliver. This will drive higher and faster demand conversion into actual bookings.



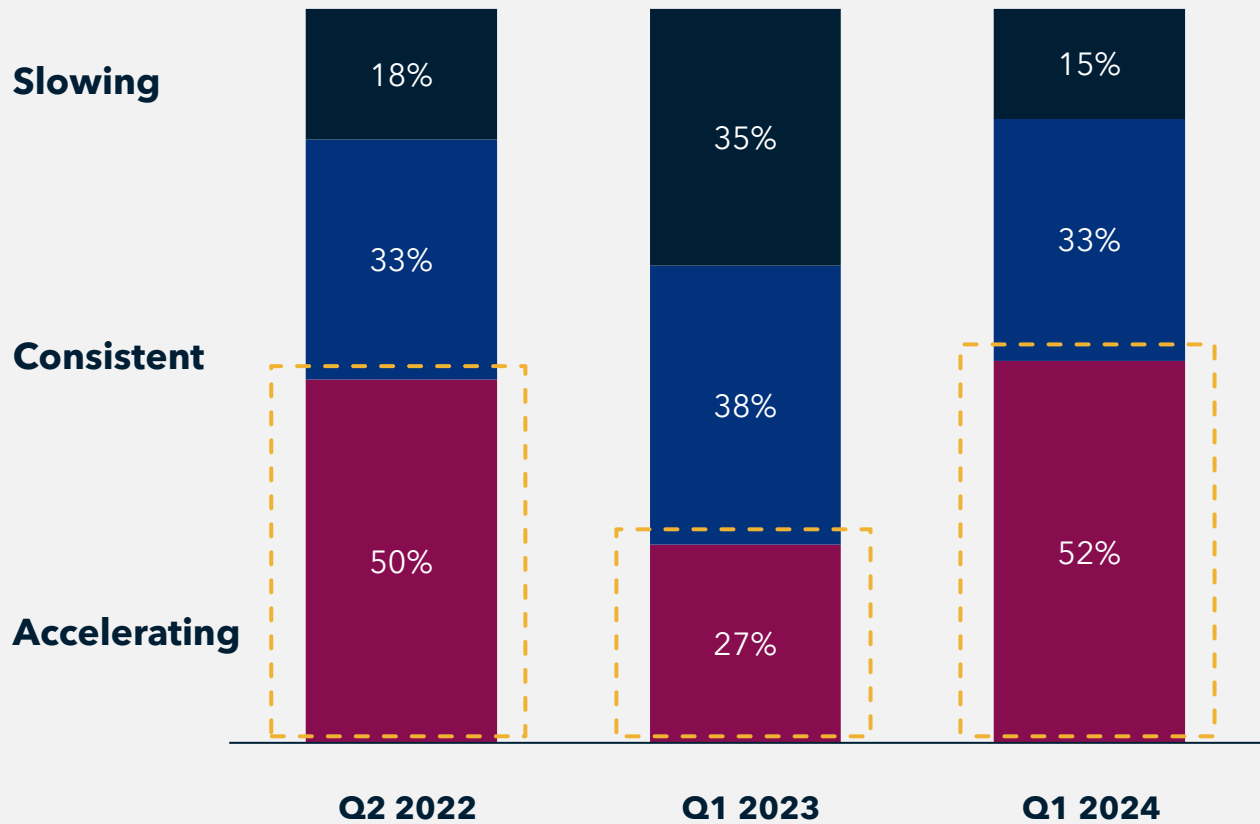
Identify buyer stall points. Revisit your funnel progression tactics for an era of still more conservative buying and heavy buyer distraction and confusion. Prioritize ease in both the customer's internal buying process and their "buying from you" processes.



Build a dedicated customer marketing strategy to tighten focus and drive cross-sell, up-sell, and advocacy. Analyze customer data to find friction points in the customer journey that can become the program centerpiece. Commit to focused ABM efforts on top fit/ propensity accounts to activate the strategy.

Demand sentiment has rebounded to levels not seen since Q2 2022

CEO Characterization of Demand



Q2 2022 N = 120; Q1 2023 N = 91; Q1 2024 N = 87

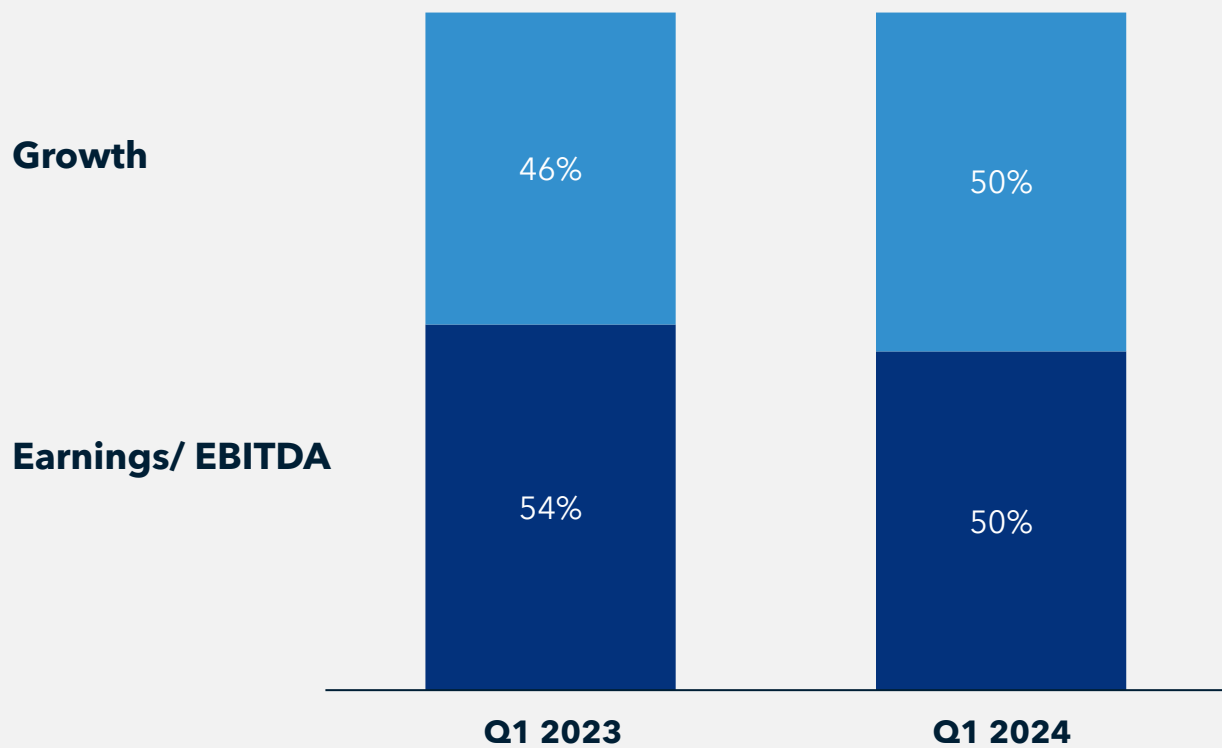
Response to question:

- Q2 2022: To what extent do you perceive softening demand indicators for your business?;
- Q1 2023, Q1 2024: How would you characterize demand indicators for your business?

Source: SBI Q2 2022 CEO Survey; SBI Q1 2023 CEO Survey; SBI Q1 2024 CEO Survey

A subtle shift back toward growth emphasis

CEO Perceived Relative Importance of Growth and Earnings Among Investors

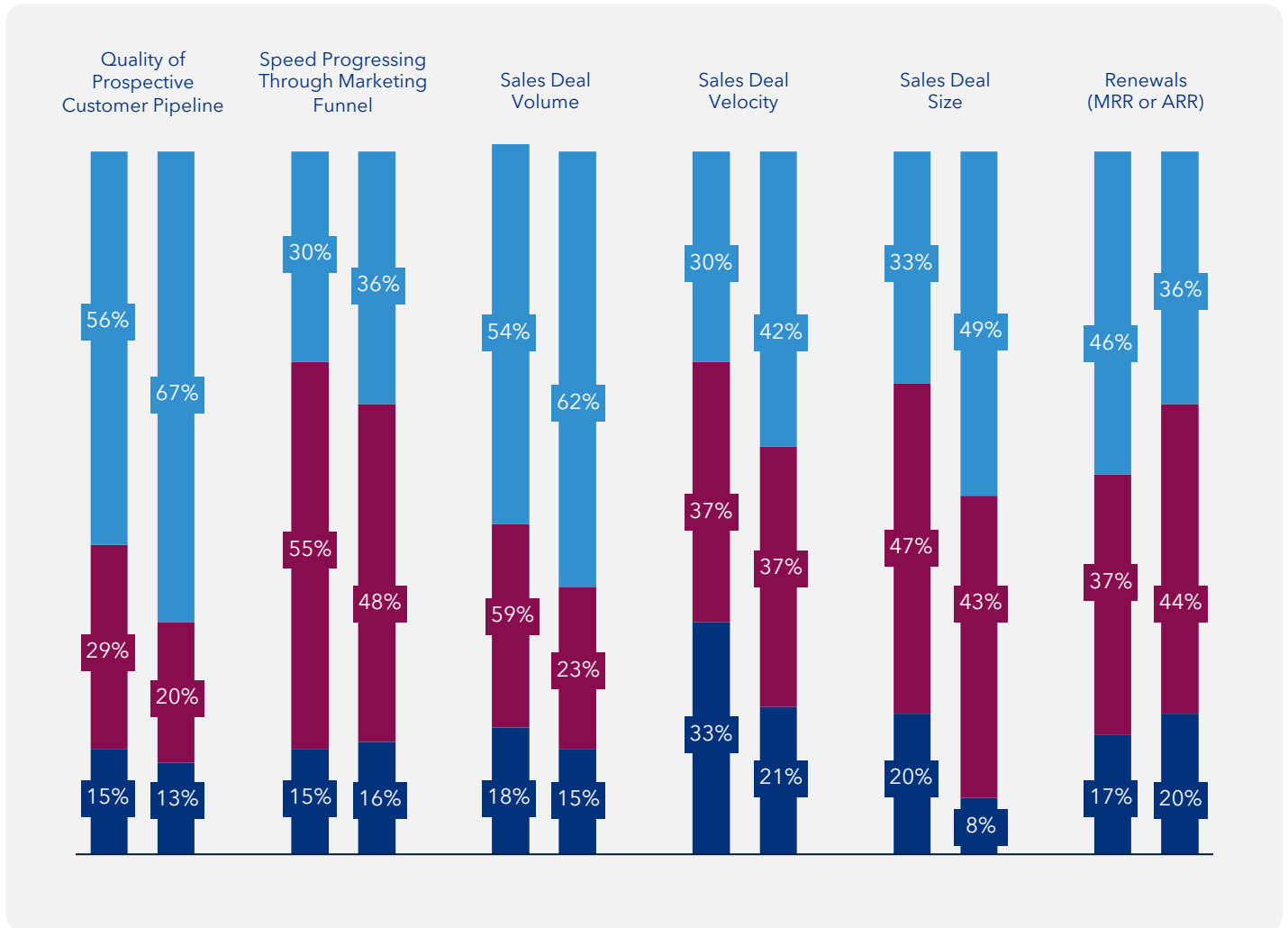


N = 91 (Q1 2023); 87 (Q1 2024)

Question: Allocate 100 points to indicate the relative importance your investors place on the following outcomes: Growth or Earnings / EBITDA. (current year / a year ago)

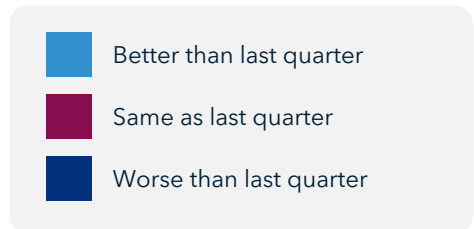
Source: SBI Q1 2023 CEO Survey; SBI Q1 2024 CEO Survey

Forward-looking indicators better than this time last year, with the exception of renewal rates



Q1 2023 N = 91; Q1 2024 N = 87

Source: SBI Q1 2023 CEO Survey; SBI Q1 2024 CEO Survey



1. Boosts in Growth Confidence Fueled by Strong Forward Indicators

2. Investing More in Capturing New Markets, Despite Gaps in Confidence

Plans for value creation in 2024 include a significant shift toward accelerating growth. This is largely focused on demand capture and market penetration, which are viewed as the most critical levers for success by CEOs, and a primary thesis for M&A activity across the next 12 - 18 months. We also see a substantial increase in emphasis on new product launches as a strategy for driving growth. These areas, however - market penetration and new product launches - are two areas with the largest confidence gaps among CEOs.

3. Confident in the Strategy, Questions About the Talent to Execute It

4. Relying on New Hires, But Long Ramps and Limited Additional Support Threaten Growth

Implications for CEOs and Their GTM Leadership Teams



Drive a tighter focus on upstream deal qualification and structuring to ensure higher late-stage conversion. This is critical both in existing markets - where cycle times have gotten much longer and “no decision” is increasing - and in new markets where mis-understanding of customer signals is a greater risk.



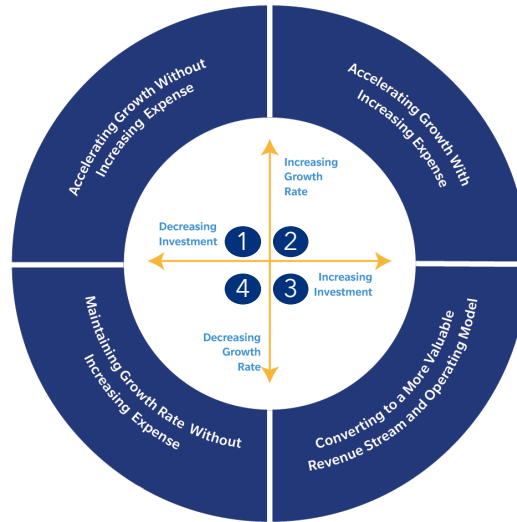
Re-think your messaging to capture attention in new markets. Tightening up marketing messaging is even more critical for organizations in growth mode. As more people join the organization and offerings get complex, Marketing must ensure core messaging and product clarity don't get diluted. On the customer front, differentiation will come from targeted marketing and ABM/X initiatives aligned to specific customer contexts.



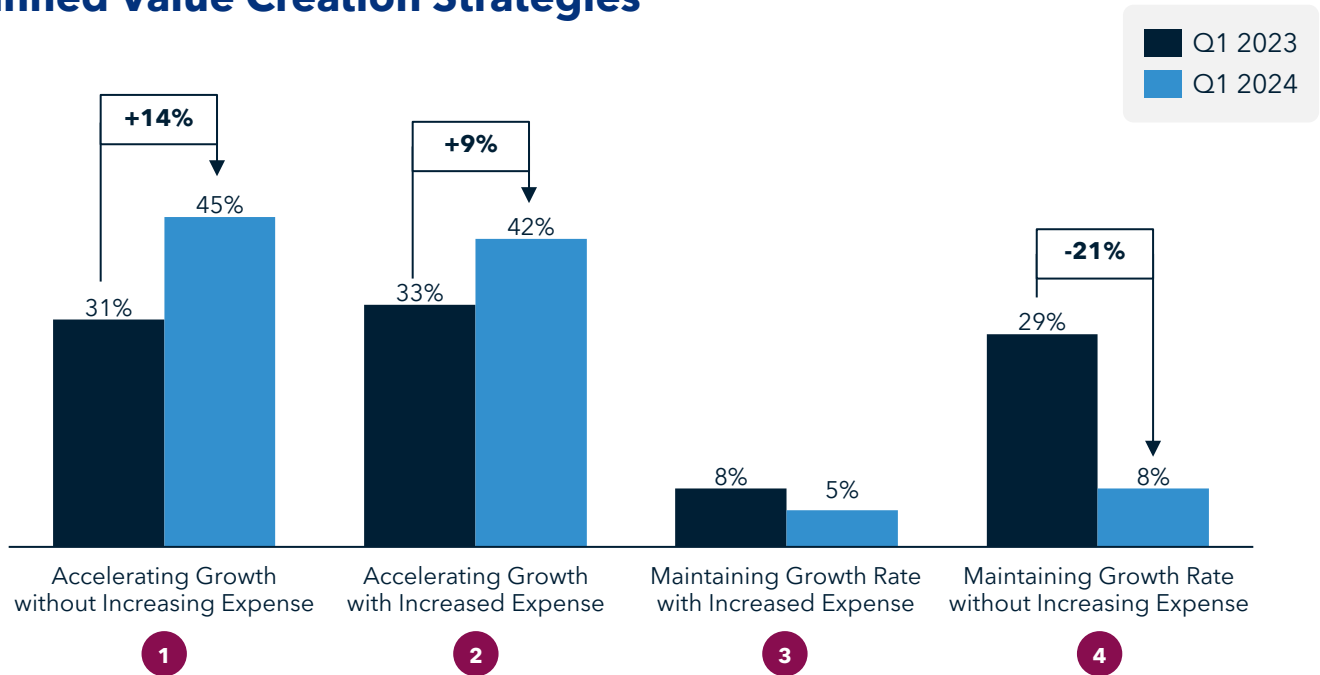
Establish dedicated GTM motions for new introductions to accelerate revenue capture. Gain alignment on metrics for success and how they will differ from core products and services. Use benchmarks from past and competitor launches to set expectations.

Clear shift to accelerating growth

SBI's Value Creation Compass



Planned Value Creation Strategies



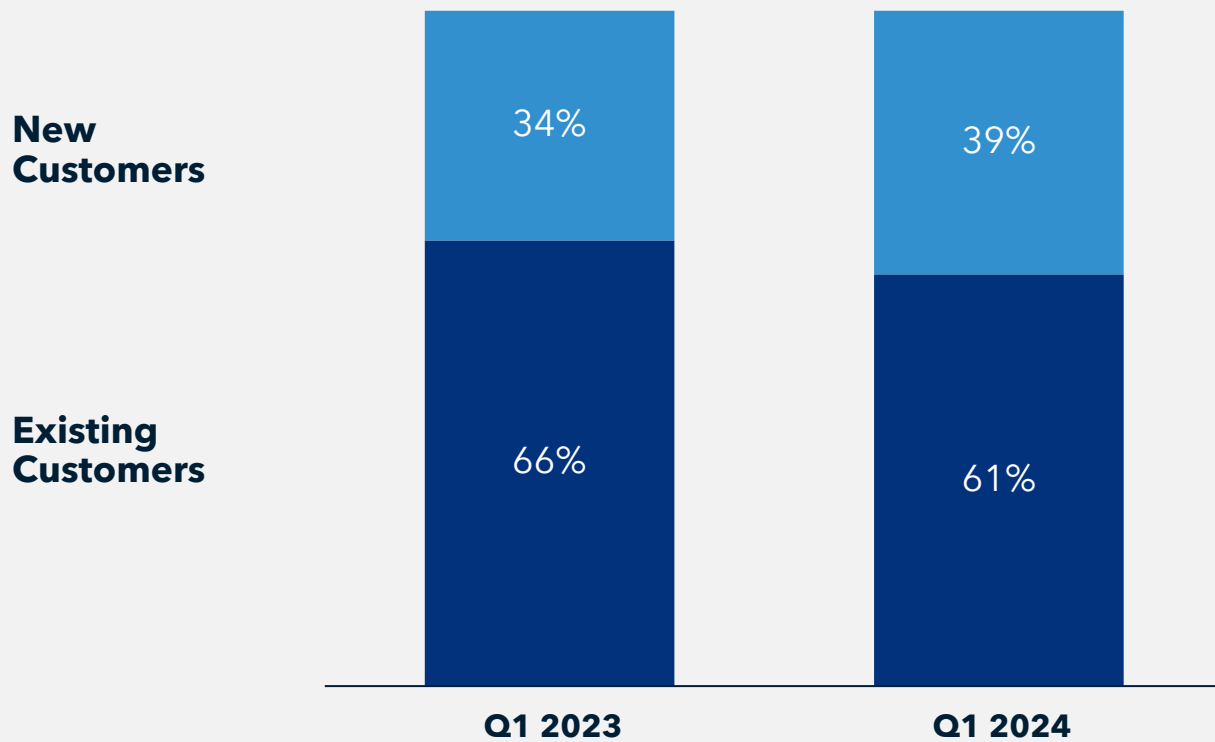
Q1 2023 N = 91; Q1 2024 N = 87

Question: Which of the following quadrants best describes your organization's approach to value creation?

Source: SBI Q1 2023 CEO Survey; SBI Q1 2024 CEO Survey

Small but noticeable shift toward more revenue from new customers

Relative Share of Net New Bookings From New vs Existing Customers



N = 91 (Q1 2023), 87 (Q1 2024)

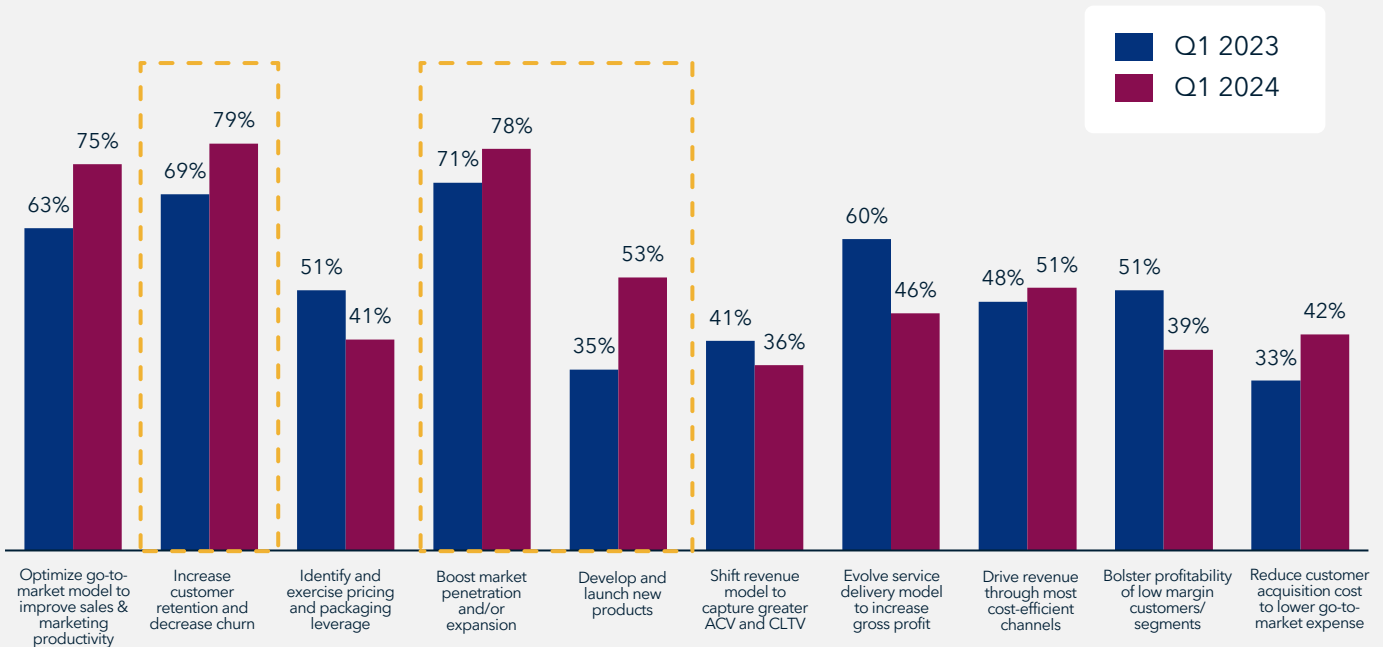
Question: What percent of net new bookings do you expect to receive from new vs existing customers in FY23?

Source: SBI Q1 2023 CEO Survey; SBI Q1 2024 CEO Survey

Notable increases in emphasis on customer retention, market penetration, and new launches

Criticality of Growth Levers, 2023 vs 2024

Percentage rating each as critical or highly critical to success



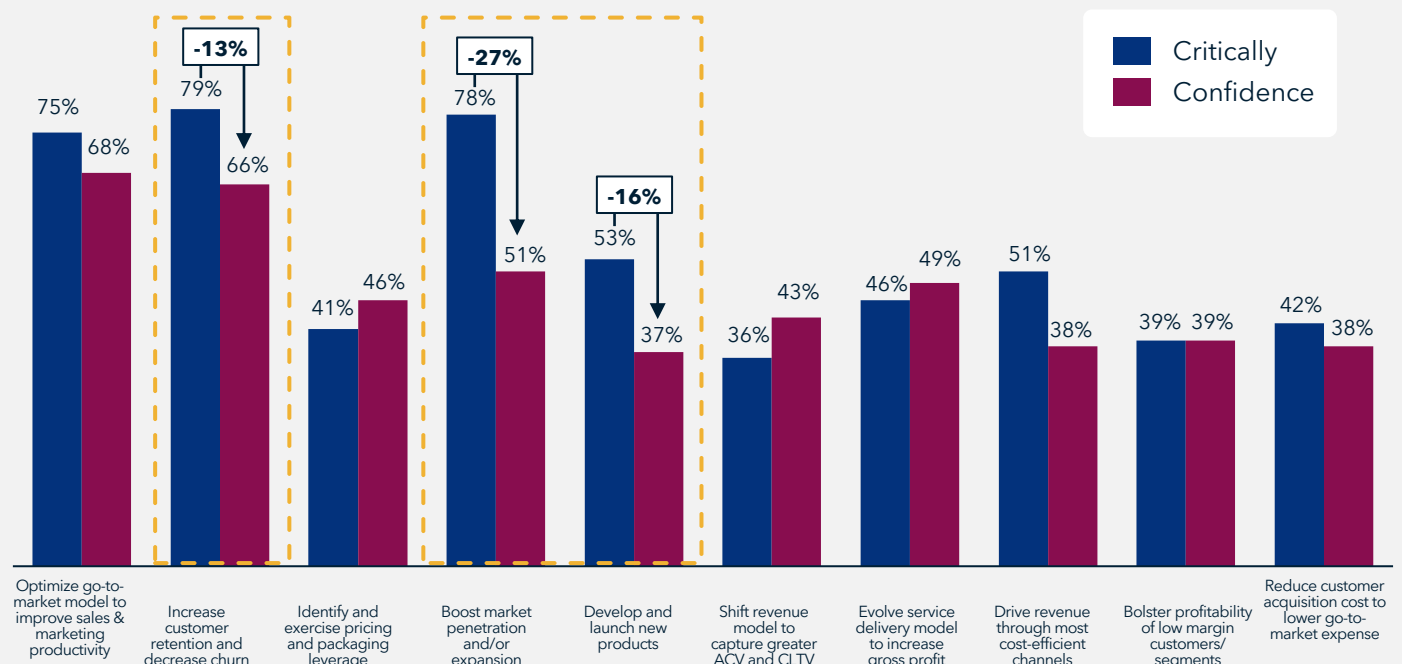
Q1 2023 N = 91; Q1 2024 N = 87

Source: SBI Q1 2023 CEO Survey; SBI Q1 2024 CEO Survey

Biggest confidence gaps in market penetration and new product launches

Criticality vs Confidence for Growth Levers for FY2024

Percentage rating each as critical to success and confident in ability to execute



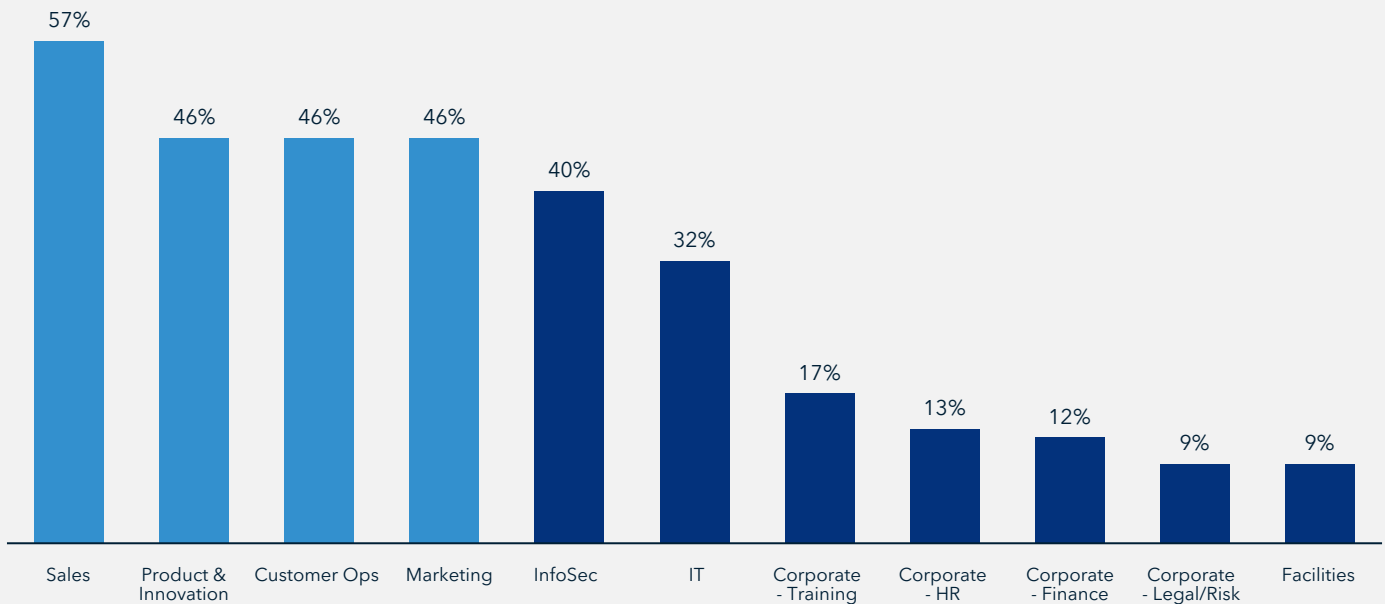
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Source: SBI Q1 2023 CEO Survey; SBI Q1 2024 CEO Survey

Sales, Product, and Marketing most likely to see operating expense increases

Areas of Expansion in Operational Expense

Percentage of respondents identifying as areas for moderate to substantial increase in expense

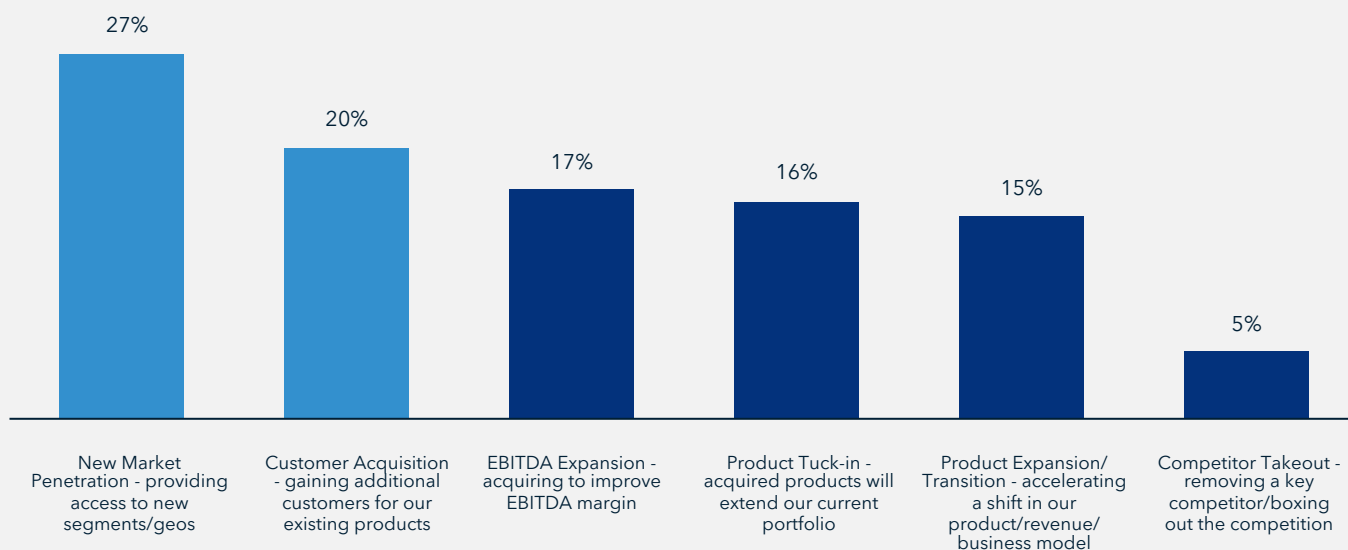


N = 87

Source: SBI Q1 2024 CEO Survey

Expanding markets, the primary drivers for M&A

Percentage Rating as Primary Strategic Intent for M&A Pursuits



N = 87

Question: Which of the following represents the primary strategic intent of your M&A pursuits for FY24?

Source: SBI Q1 2024 CEO Survey

1. Boosts in Growth Confidence Fueled by Strong Forward Indicators

2. Investing More in Capturing New Markets, Despite Gaps in Confidence

3. Confident in the Strategy, Questions About the Talent to Execute It

CEOs believe they have the right strategy, the right operating model, and strong product-market fit. Concerningly, however, GTM talent appears lacking. Barely half (and sometimes fewer) of CEOs feel they have the right people, with the right skills, allocating their time in the right ways. Further, they are largely neutral in their confidence in their commercial leadership teams, with a growing segment lacking confidence in them.

4. Relying on New Hires, But Long Ramps and Limited Additional Support Threaten Growth

Implications for CEOs and Their GTM Leadership Teams



Get clear on your needs and expectations across GTM roles. Competencies and role expectations cannot remain the same as buyers, markets, and products evolve. Evaluate the relevance of your GTM role design to ensure they are contemporary with your growth plan.



Ensure GTM organization alignment and collaboration to drive efficiency and customer satisfaction. Conduct a detailed role-based time and task audit to assess if teams are engaged in redundant time spend. Then establish clear and distinct RACIs for cross-sell, up-sell, and retention activities to reduce overlaps and increase ACV.



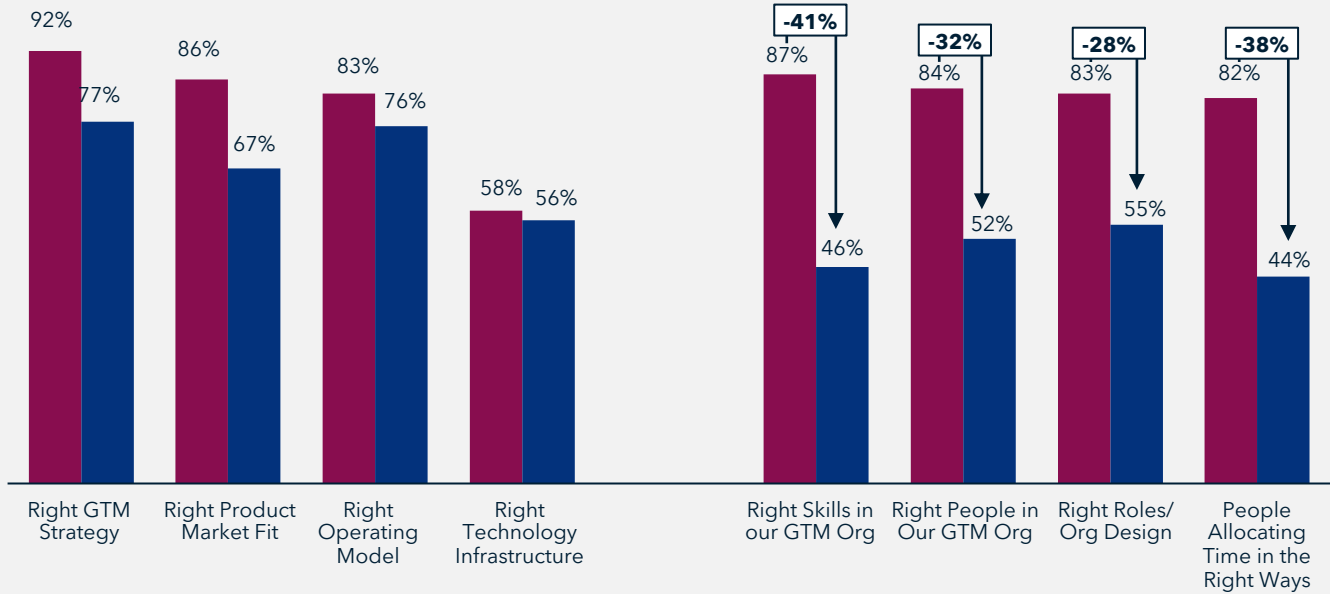
Upskill sales managers to effectively balance deal and skill coaching with their teams. Change the management conversation to be less about where deals are and how to push them forward with today's more conservative buyers. Ensure managers can help sellers develop the skills to tailor their messaging to the buyer's own data and buying process.

Confident in the plan; less confident in the people

CEO Ratings of Criticality and Adequacy of Contributors to Value Creation Goals

Strategy and Operating Conditions

Commercial Talent



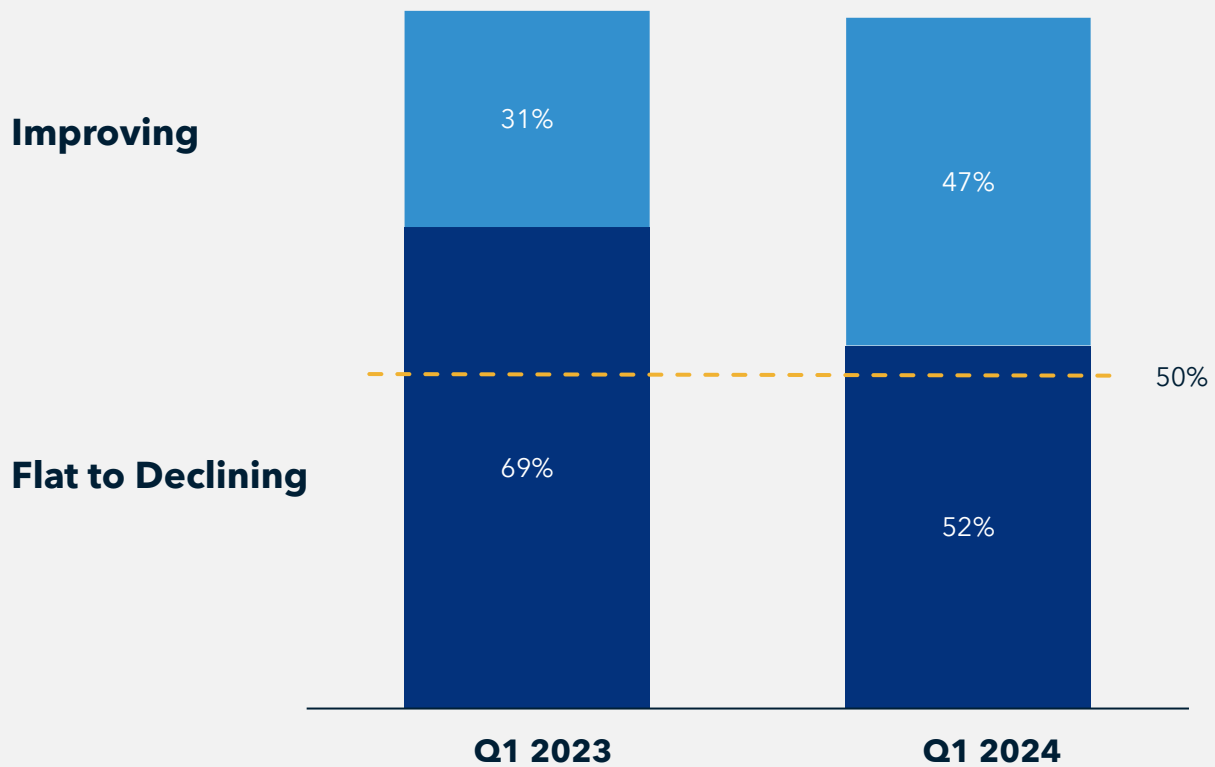
N = 87

Source: SBI Q1 2024 CEO Survey

- Percentage Viewing As Critical to Overall Success
- Percentage Agreeing They Currently Have it Right

Seller productivity better, but remains flat to declining for more than half

CEO Characterization of Seller Productivity

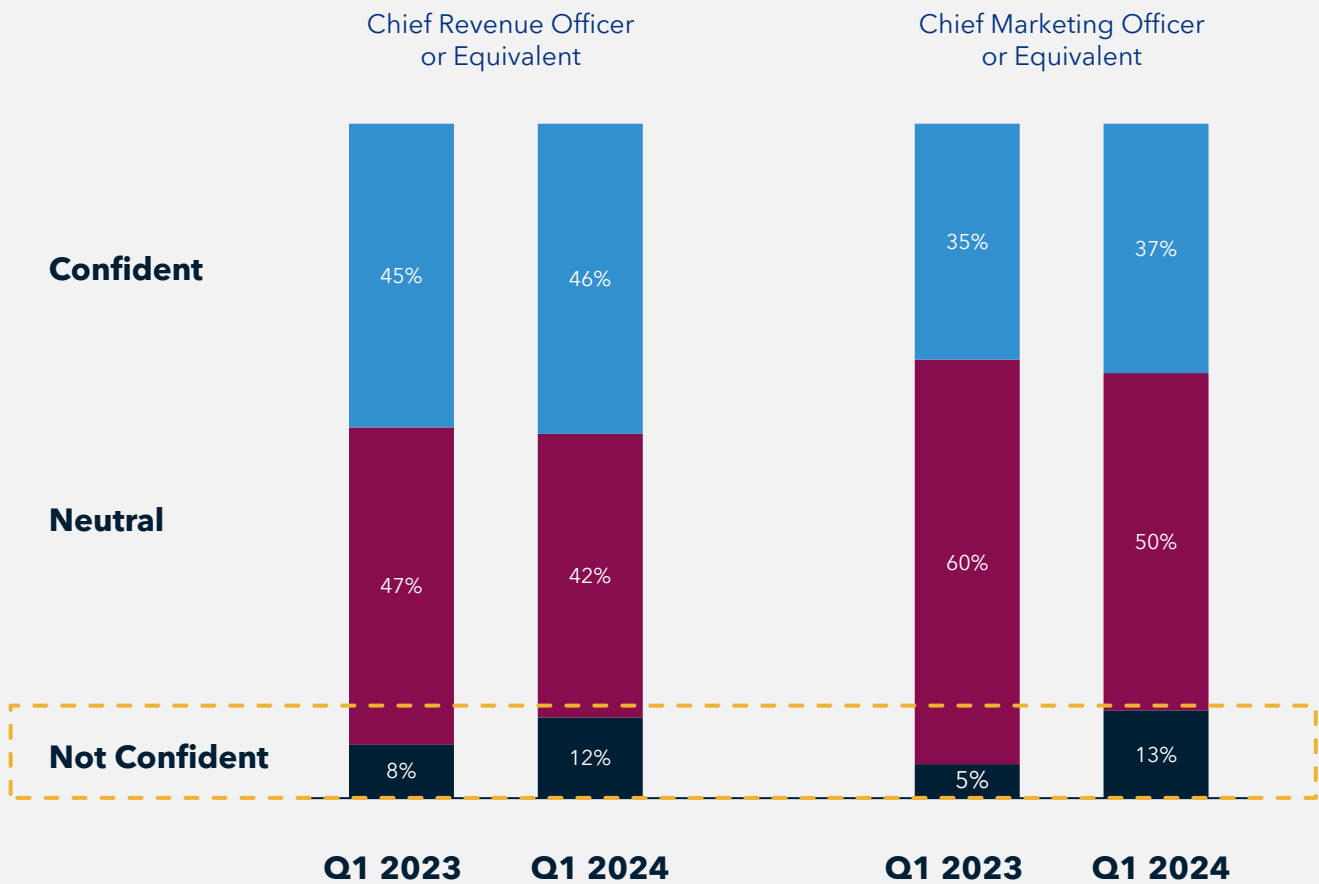


Q1 2023 N = 91; Q1 2024 N = 87

Source: SBI Q1 2023 CEO Survey; SBI Q1 2024 CEO Survey

A notable increase in CEOs expressing lack of confidence in both CROs and CMOs

CEO Characterization of Seller Productivity



N = 91 (Q1 2023), 87 (Q1 2024)

Question: Candidly speaking, how confident are you in the following executive's ability to drive commercial success for your organization?

Source: SBI Q1 2023 CEO Survey; SBI Q1 2024 CEO Survey

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To improve productivity, CEOs are focused on managing out poor performers and hiring in higher performers. Most expect at least a moderate increase in headcount. While positive churn is important, time to productivity for new hires is slowing, putting growth plans at risk. This risk is heightened with few emphasizing enablement or even improving onboarding programs. And while emerging technologies like generative AI hold promise for improving GTM productivity and performance, efforts here remain largely experimental for the vast majority.

Implications for CEOs and Their GTM Leadership Teams



Press commercial leadership to develop a deeper understanding of who their true A-players are. Purely metric-driven assessments, gut feelings, or over-reliance on similarities to their own past performance often lead to holding on to the wrong people. Define performance on a combination of objective and validated competencies, potential, and outcomes.



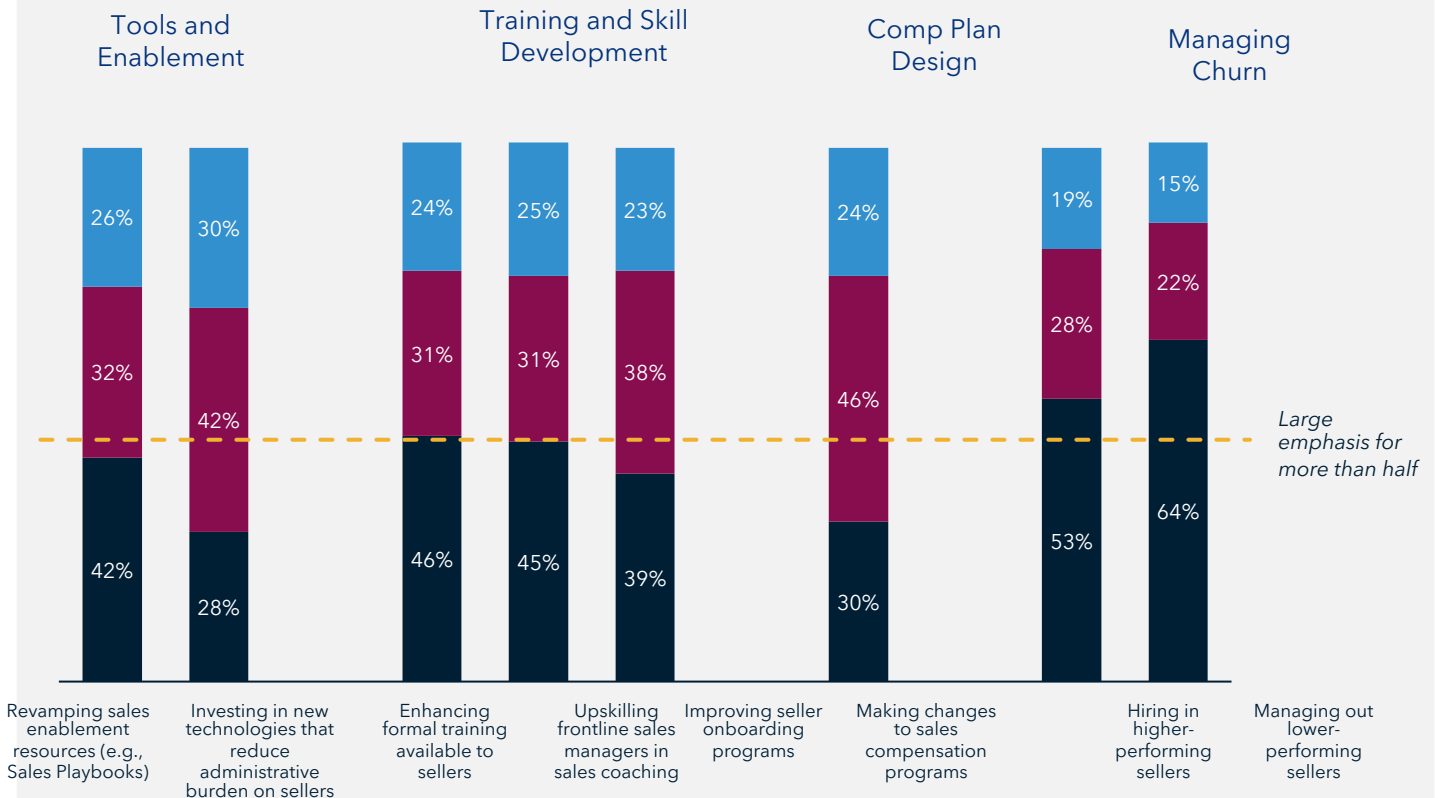
Drive leaders at all levels to invest much more time on selection. Get clear on what to look for in candidates, particularly as selling and buying journeys are evolving.



Focus generative AI efforts on its game-changing potential to accelerate business and commercial acumen among GTM teams. Generative AI can accelerate time to productivity for onboarding sellers, as an always-on expert on the product and customers. Do less “telling” when it comes to prompts and usage guidelines, instead driving use of generative AI as a tool for creativity and learning

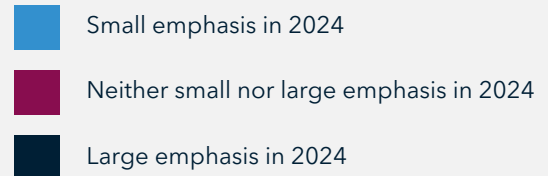
Primary emphasis on positive churn to manage skill gaps

Initiatives Being Considered for Accelerating Seller Productivity and/ or Skill Development



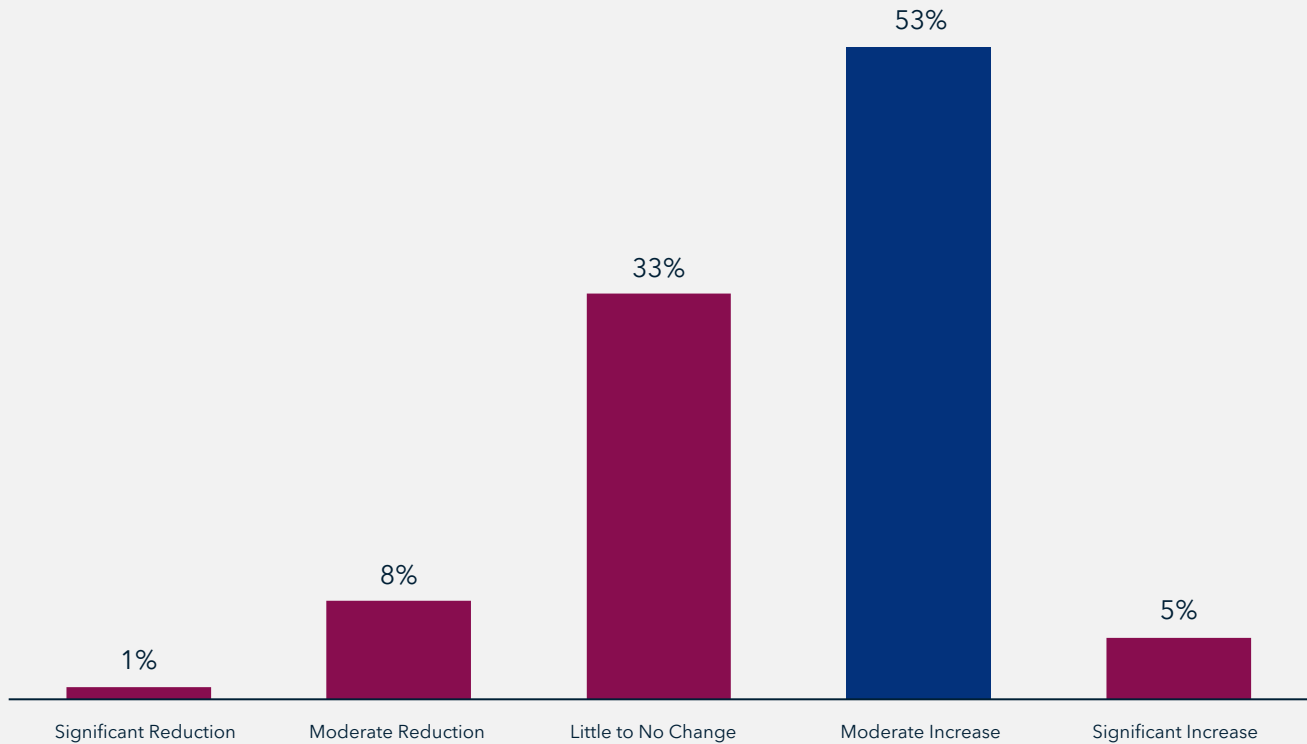
N = 87

Source: SBI Q1 2024 CEO Survey



Go To Market Headcount Expectations for 2024 Relative to 2023

Percentage Rating as Primary Strategic Intent for M&A Pursuits

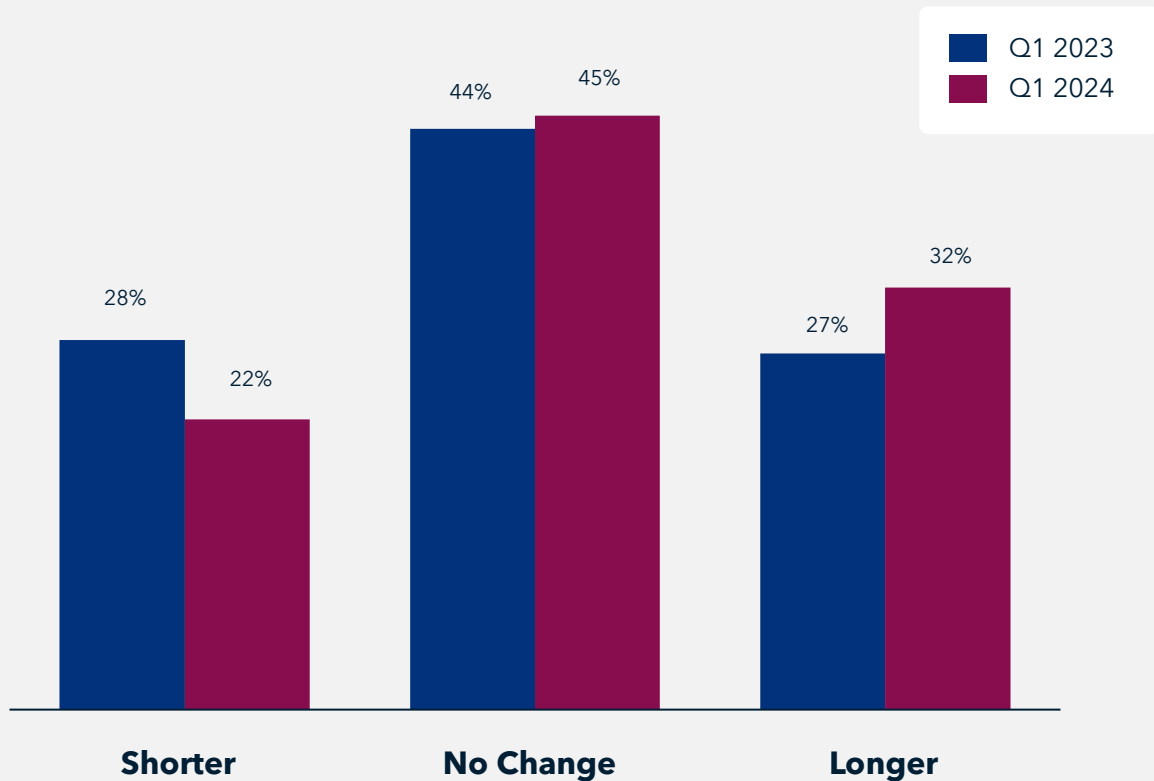


N = 87

Source: SBI Q1 2024 CEO Survey

Ramping new hires is more likely to be taking even longer

CEO Characterization of Time to Productivity for New GTM Team Hires

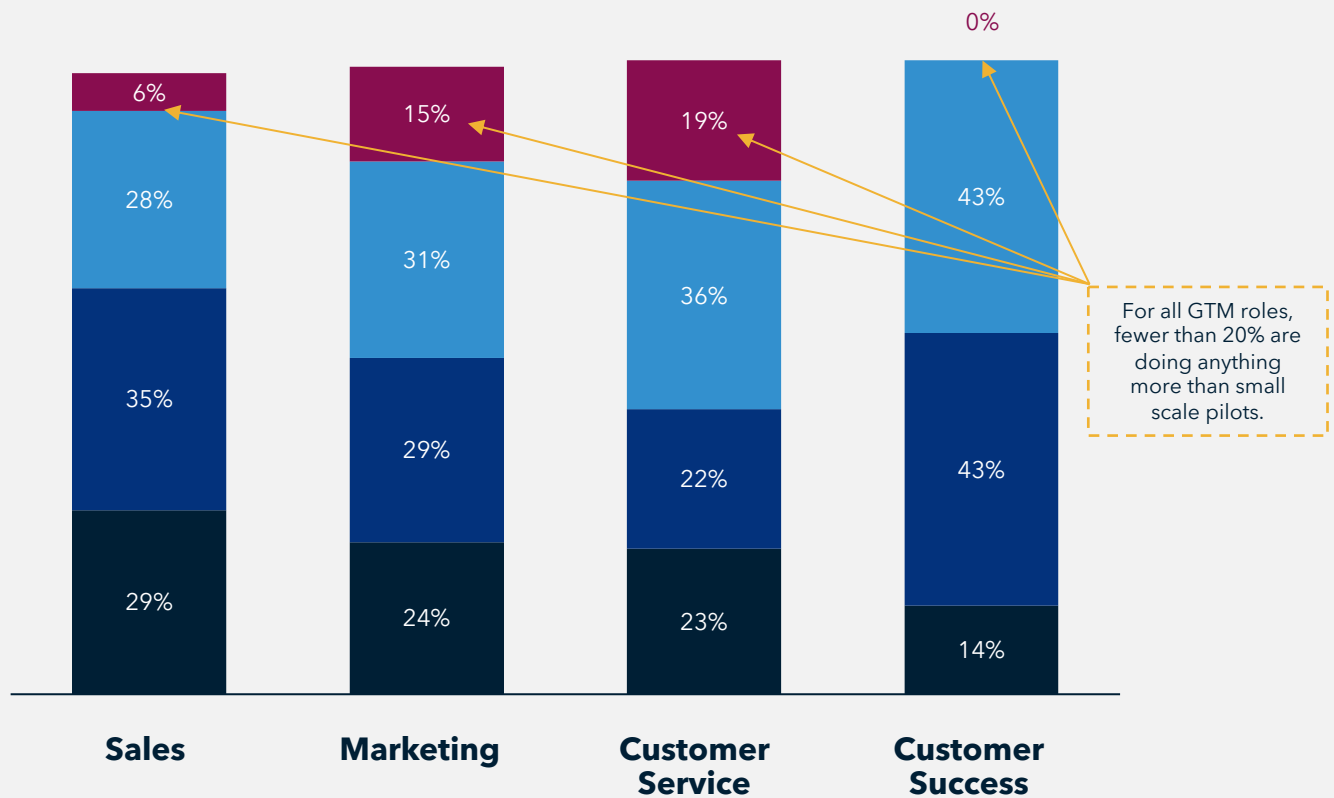


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Source: SBI Q1 2023 CEO Survey; SBI Q1 2024 CEO Survey

Few using AI systematically to help their teams

Generative AI Utilization Across the GTM Organization



N = 87

Source: SBI Q1 2024 CEO Survey

- Running larger scale pilots or actively implementing at scale
- Running some small-scale pilots
- Exploring options
- Have done nothing to very little

About SBI

Driven by insights and delivered from experience, SBI continues to help clients grow their revenue, margin and enterprise value in ways never before possible.

Working with us, leaders can expect confidence and trust with experienced partners every step of the way. We engage and support our clients as an extension of their team, both guiding and working side-by-side to deliver relatable, practical strategies that work for today and tomorrow.

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