

President & Chief Commercial Officer Growth Forum

SBI's **President and Chief Commercial Officer** Growth Forum brings together industry leaders to shape the future of B2B go-to-market strategies.

Meeting Insights – March 2023

SBI recently hosted a small group of commercial leaders for an invitation-only roundtable discussion on navigating market uncertainty and finding new ways to create value in 2023.

“The Weather is Cloudy but No Rain Yet”

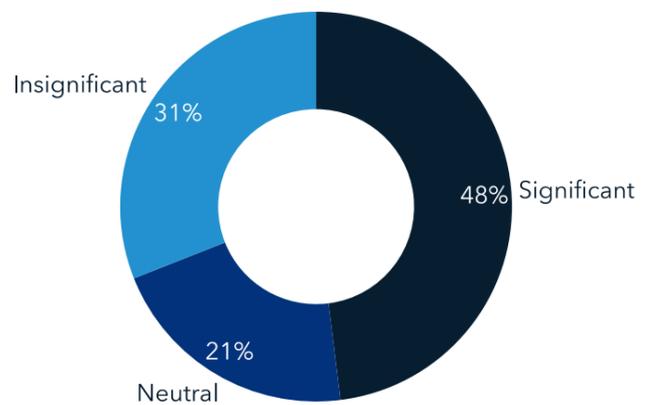
The first couple of months of the year are critical for commercial leaders as they leverage this time to determine how to guide and navigate the year and frame current opportunities. Discussions indicate that while there are clouds demand has remained resilient, in particular from the existing customer base. Most can find external forces positively impacting their businesses (e.g., easier hiring, infrastructure investments). At the same time, demand is showing variability across customer segments, creating a need for sharp commercial execution to ensure activities align tightly with the best opportunities and priority areas.

Trying to Maintain A Long-Term Focus, With M&A A Big Driver

Commercial leaders are continuing a trend from 2022 of focusing their organizations on agility, given persistent market uncertainty. At the same time, they recognize that a singular focus on responsiveness may have short-term benefits but risk longer-term growth. As a result, many are also doubling down on longer-term bets, in particular those that represent bigger shifts in their go-to-market approach (e.g., shifting revenue models).

Part of this longer-term horizon is a continued focus on M&A activity. SBI finds that roughly half of CEOs and commercial leaders view M&A as critical to their growth plans across the next 18 months. This group of commercial leaders reinforced the importance of M&A, in particular as multiples are beginning to descend. Most are prioritizing targets that help them buy innovation to accelerate time to market, along with expanding their total addressable markets. As always there is a need for a tight thesis for acquisitions, as opposed to spreading across multiple value creation areas at once. This should be backed by data and well-planned diligence.

M&A Significance as Part of Growth Strategy



N = 100
Question: How significant is M&A going to be to your overall growth plans in the next 24 months?

“We invested **3X more** in M&A in FY22 than we did for R&D.”

Shifting Talent Profiles to Match Shifting Commercial Strategies

Talent continues to be at the forefront for commercial leaders as they consider the skillsets they need to drive their transformation objectives. Leaders have shifted their focus from filling open roles in the short term with a focus on capacity, to taking a long-term approach and aligning their corporate strategy, commercial strategy, and talent strategy to ensure they evolve together.

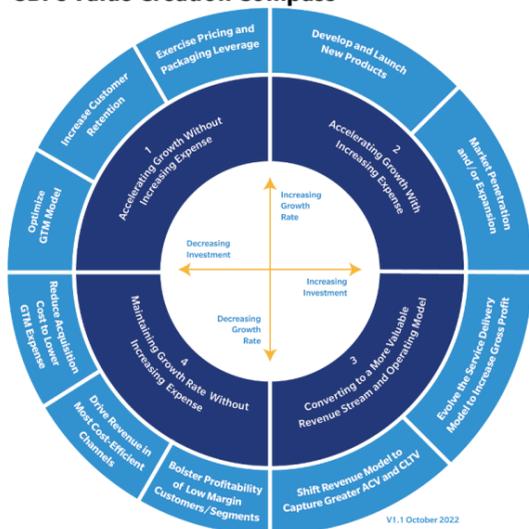
This is leading to three primary areas of attention. First is developing a clear talent profile based on both how work is getting done and what new products and markets the company is pursuing. Second is a move toward “hyper-segmentation” of roles based on activity and market segment. And third is a renewed focus on succession planning to match future leadership profiles with the evolving commercial approach of the organization.

Value Creation Centers on Earnings

When discussing their overall Value Creation Strategy from the end of last year moving into 2023, there was no single approach that the group was leaning into. Instead their answers varied based on industry, company size, and if they were private or public (e.g., publicly-held companies were more likely to emphasize increasing growth rates while decreasing expenses). Across the group, there was a renewed focus on what it means to drive EBITDA versus ARR in today’s market.

For companies finding themselves in an increasing expense environment, this was mostly driven by increases in labor expenses. Others were there for similarly strategic reasons – investing in growth or transformation, with those investments either beginning now to show returns in the growth rate or expected to show returns soon.

SBI's Value Creation Compass



SBI's Takeaways and Advice

- 1. Continue to emphasize capturing new revenue from existing customers.** Redirect marketing investments toward dedicated and targeted customer marketing, and engage sellers in diagnosing and matching offerings to demonstrated customer need.
- 2. Avoid the temptation of near-term productivity gains to inflect earnings.** Cost-out actions often fail to solve for commercial capacity and have a long-term negative impact on sales productivity. Target expense strategically to match your broader transformations, both on the capex side (e.g., with acquisitions) and on the opex side (e.g., with talent development and headcount growth).
- 3. Conduct an in-depth talent assessment to understand what is driving seller productivity in today’s challenging market.** SBI can help with a robust model of seller behaviors and an easy-to-deploy survey to evaluate your salesforce quickly and at scale.