BIGLITTLE

Revenue Leaks

What You Don't Know Can Cost You
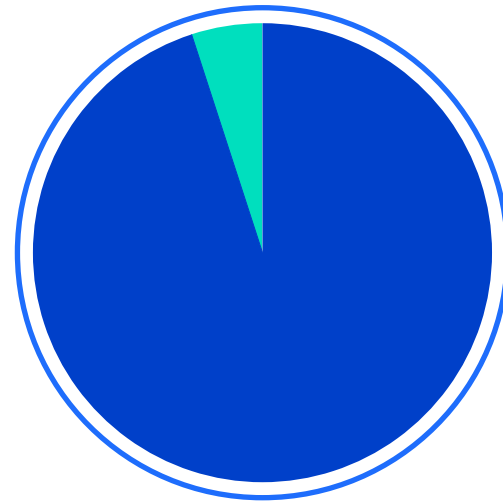
Table of Contents

Intro To Revenue Leaks

45%

of business leaders
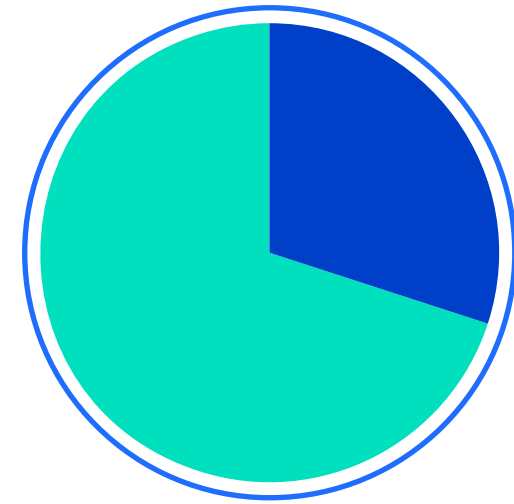say revenue leaks are
a systemic problem

- BCG

90%

of these revenue
leaks cannot easily
be found

- EY

20-30%

of revenue is lost
due to inefficiency
every year

- IDC

Impact
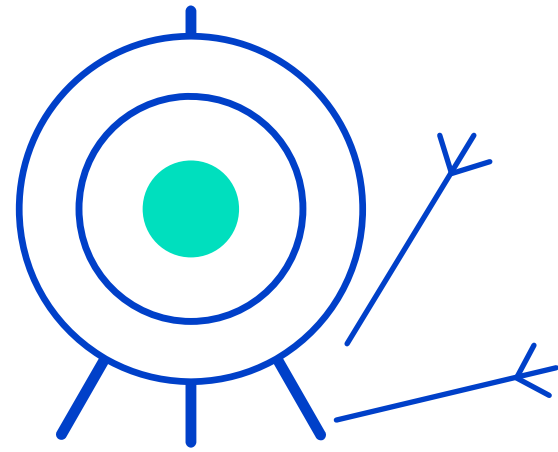
Missed targets

A study by Pavilion found that three out of four companies missed their revenue target for 2022.

Higher cost of customer acquisition

Money spent on inefficient GTM activities only serves to increase the customer acquisition cost (CAC) per customer.

Wasted productivity

All of the time GTM teams spend on leaky activities adds to the strain on limited company resources.

Three Different Approaches

Do Nothing

"If it looks like it isn't broken, then it isn't."
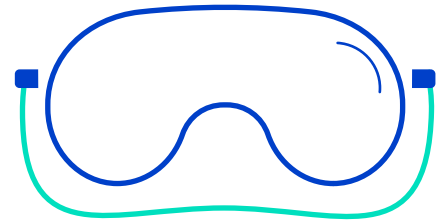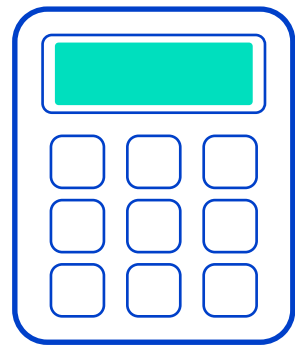
Operations teams always have more to do than there are resources for so it is easier to focus on the real fires even if they are more trivial.

The Old Way: Manual triage

"I have a hypothesis on what's broken but I don't have the time for manual analysis"

Swivel chair monitoring and cross-functional analysis across multiple GTM dashboards is gated by resource availability. Often, more visible and seemingly urgent issues take precedence.

The New Way: Revenue leak mitigation platform

"Put technology to work to watch all of my GTM ops and find my leaks autonomously"

Bring autonomous technology to revenue operations with an end-to-end revenue leak mitigation platform.that provides visibility into the current state of your GTM ops and detects issues that are leading indicators to revenue shortfall.

Advantages Of The Revenue Leak Mitigation Platform
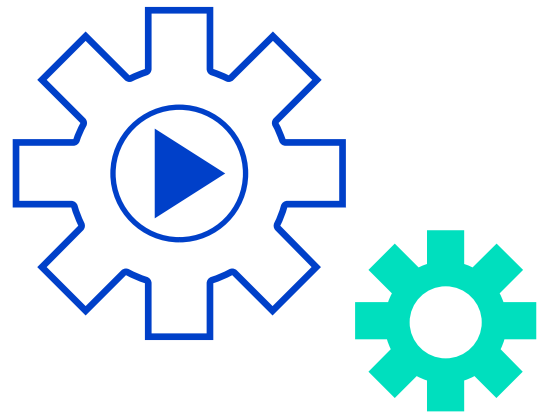
Automatic detection
No need for constant eyes on glass across multiple dashboards
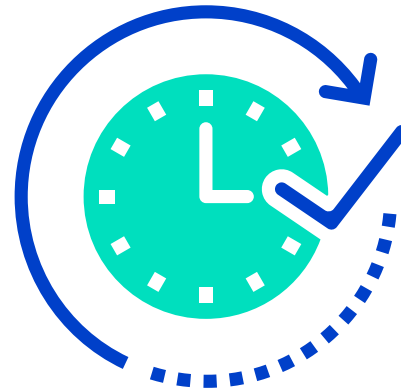
Active and real-time
Find and remediate issues before they lead to revenue impact
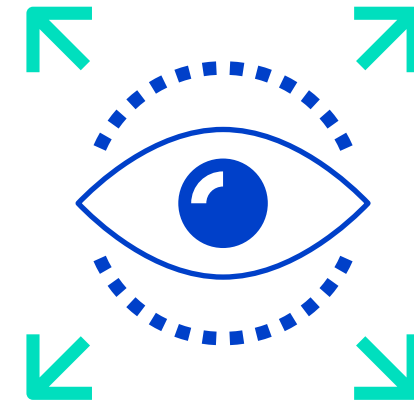
End to end
Monitor GTM Ops all the way from lead to deal to renewal and expansion

BigLittle Revenup, a revenue leak mitigation platform, has been leveraged by many organizations for automatic detection of revenue leaks across the entire revenue cycle. The following pages of this e-book looks at the top leaks that we've come across.
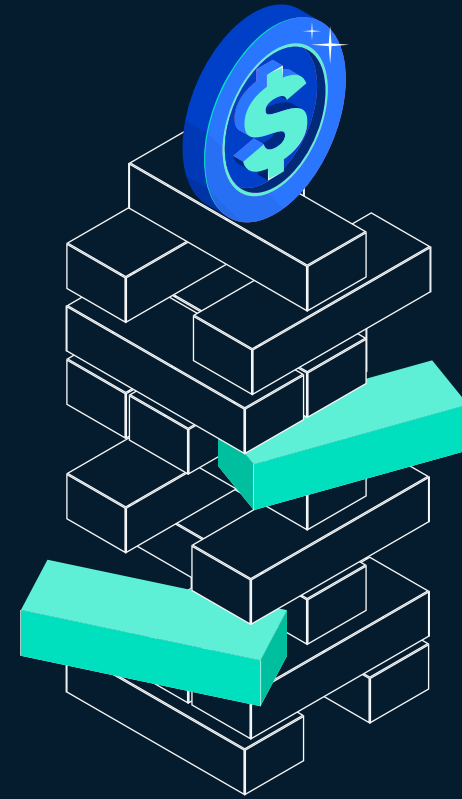
Top Revenue Leaks
You May Not Know You Have

Marketing Leaks

Wasted ad spend
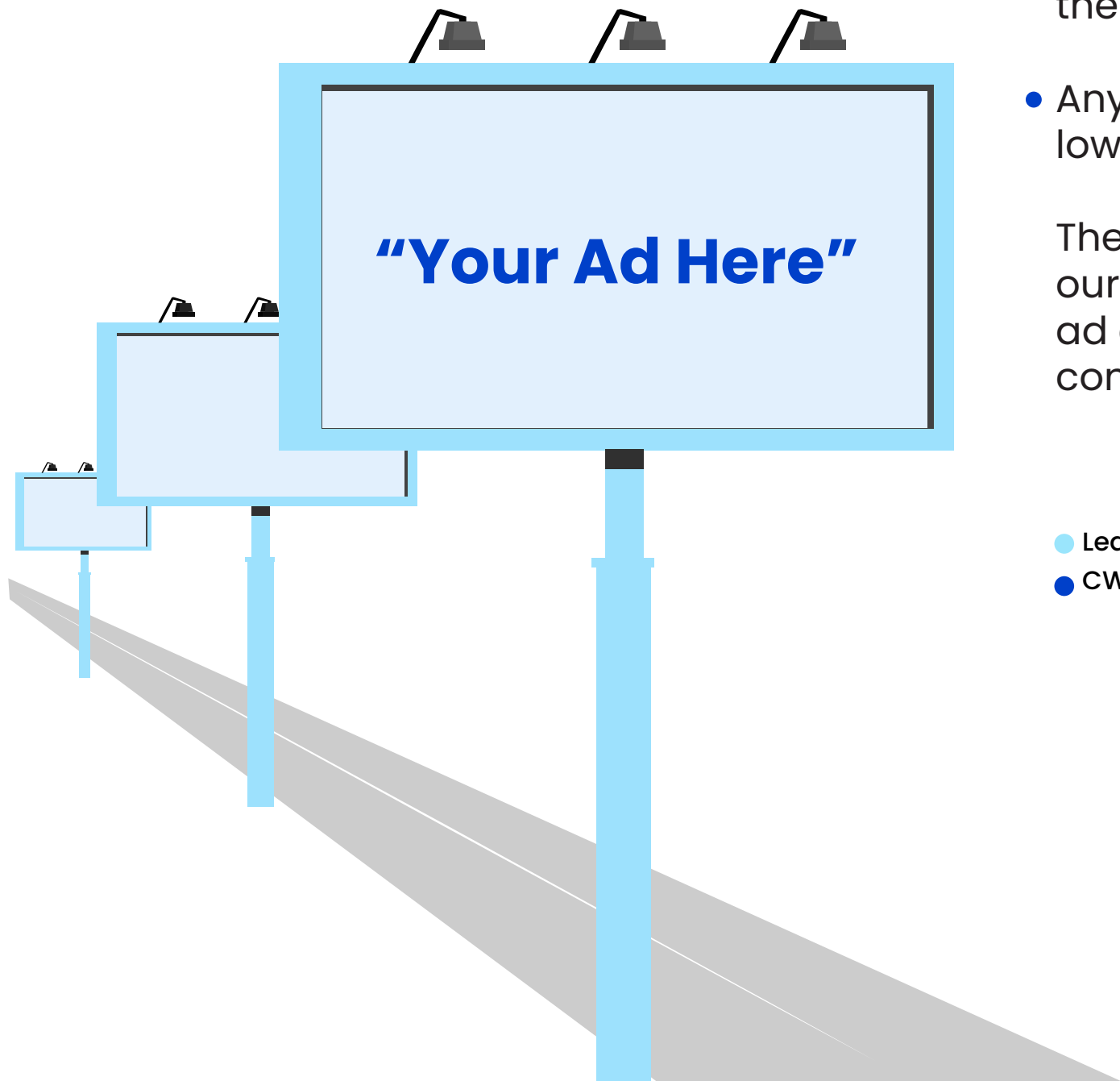
One of the most common types of marketing leaks are quasi-successful ad campaigns that generate a lot of upstream click-throughs without actually translating into revenue.
These include:

- Ad campaigns that have generated less in ARR than what has been spent on the full lifecycle of the ad

- Any ad campaigns with positive ROI (ARR > spend) but whose returns are far lower than other ad campaigns that could have been run in its place

The following chart compares the cost of ad spent and ARR returned for one of our customers. The cross-functional insight showed that the most successful ad campaign in terms of lead generation turned out to be a loss leader for the company.

"Your Ad Here"

Leads
CW

ARR $
Spend $

Google
AdRoll
LinkedIn
Organic Website

550 500 450 400 350 300 250 200 150 100 50

$50K $100k $150k $200k $250k $300k $350k $400k $450k $500k $550k
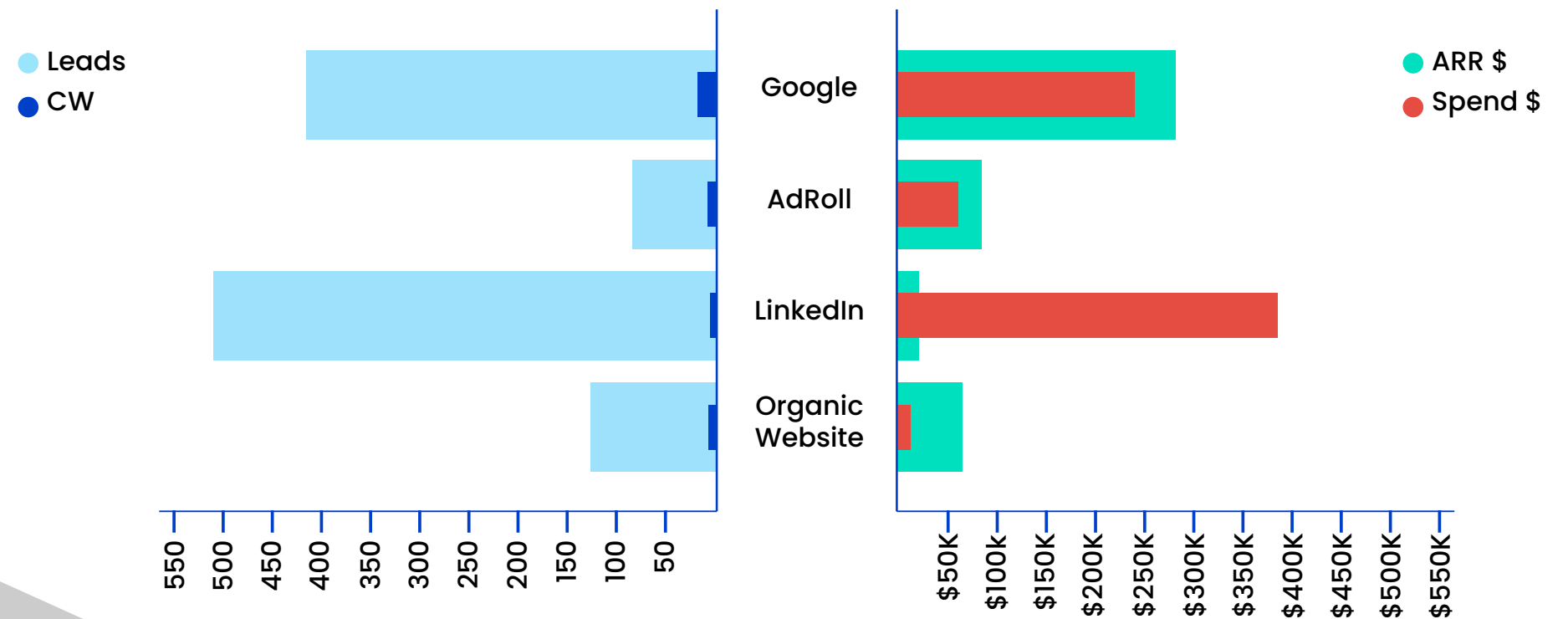
Marketing Leaks

Inefficient marketing campaigns

Positive marketing activity in terms of website visits or lead registrations or even MQLs does not necessarily translate into pipeline or revenue. If KPIs are misaligned across GTM teams, this could lead to a focus on upstream KPIs and subsequent leakage by way of wasted marketing budget from activities that generate website traffic, leads or even MQLs but don't convert into sales.

As can be seen from the campaigns below, on the face of it, campaign A looks very promising in terms of total # of MQLs, but campaign B is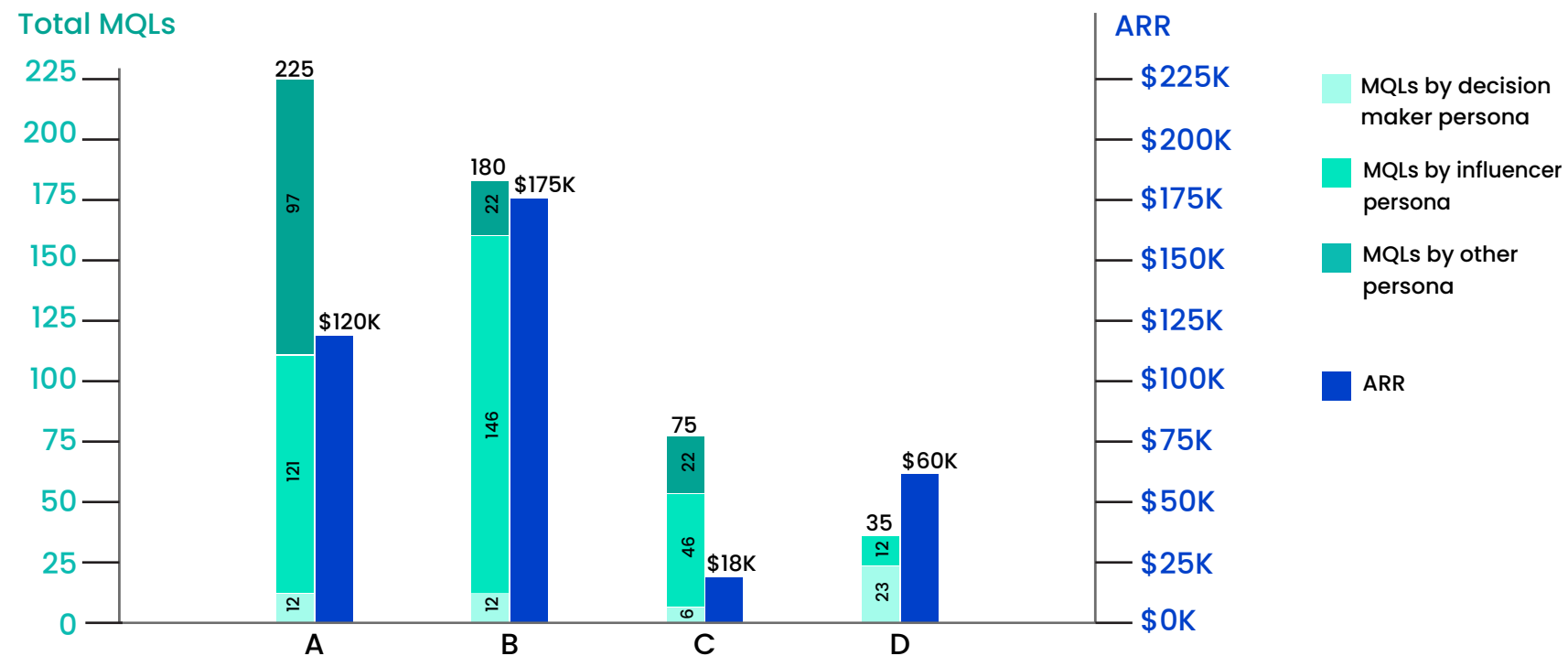 better in that it influenced more ARR than A. If we take a closer look at the breakdown of MQLs, we see that campaign D, which looked bad on first glance, is actually the best in terms of the percentage of decision makers it had a role in nurturing to MQL.

Total MQLs / **ARR**

Chart data:

Campaign	MQLs by decision maker persona	MQLs by influencer persona	MQLs by other persona	Total MQLs	ARR
A	12	121	97	225	$120K
B	12	146	22	180	$175K
C	6	46	22	75	$18K
D	23	12	—	35	$60K

Legend:
- MQLs by decision maker persona
- MQLs by influencer persona
- MQLs by other persona
- ARR

Marketing Leaks
Incorrect Outreach sequences
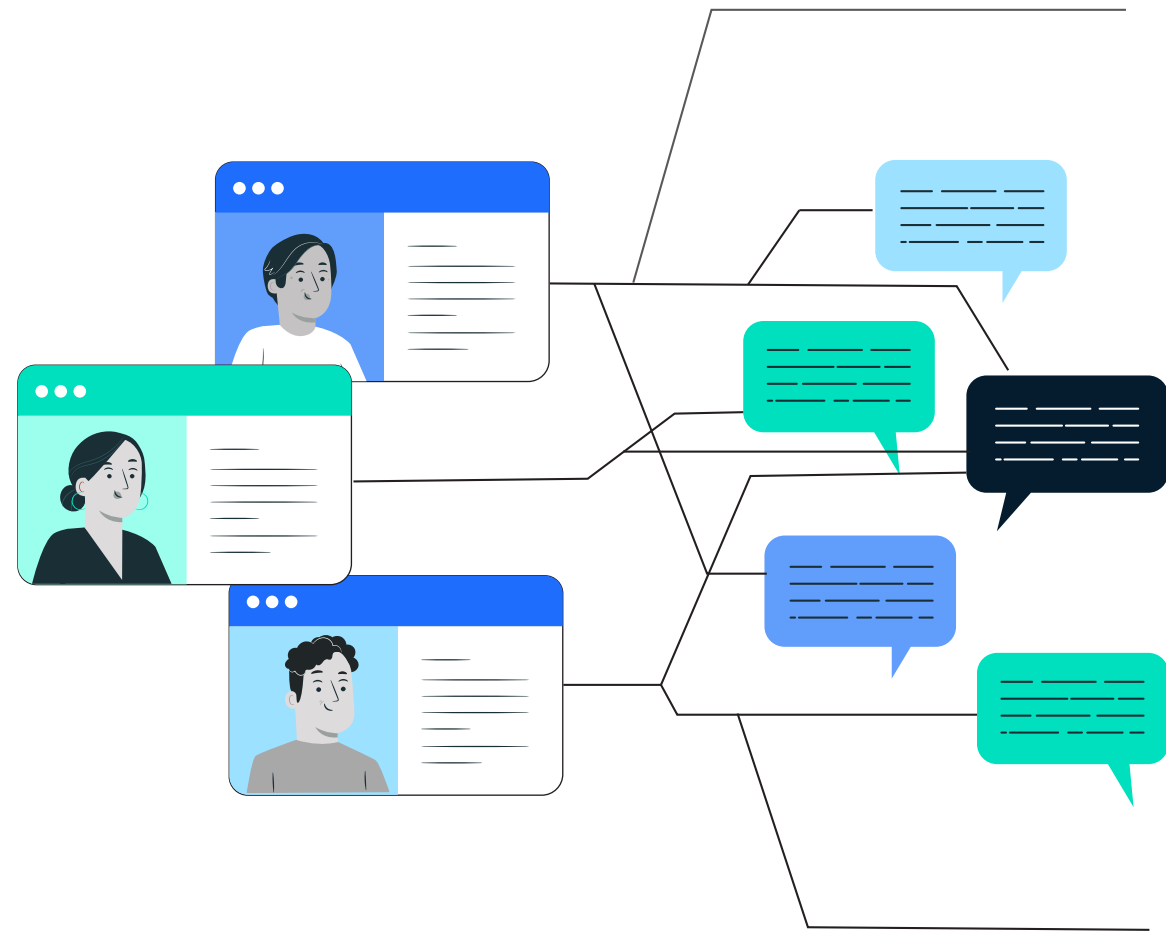
All MQLs are not the same - they vary by persona, demographic factors and buyer intent. If MQLs are targeted with incorrect / sub-optimal outreach sequences, they are less likely to convert to meetings and become opportunities.

The below chart examines the impact of targeting MQLs with historically underperforming sequences for that user profile. This customer had relied upon the top performing sequences for a given user persona in Q1 and Q2, but as the persona mix changed for MQL in later quarters, incorrect sequences were accidentally used during those quarters. The impact of this directly resulted in reduced SQL conversion in Q3 and Q4.

MQL Allocation to Outreach Sequence
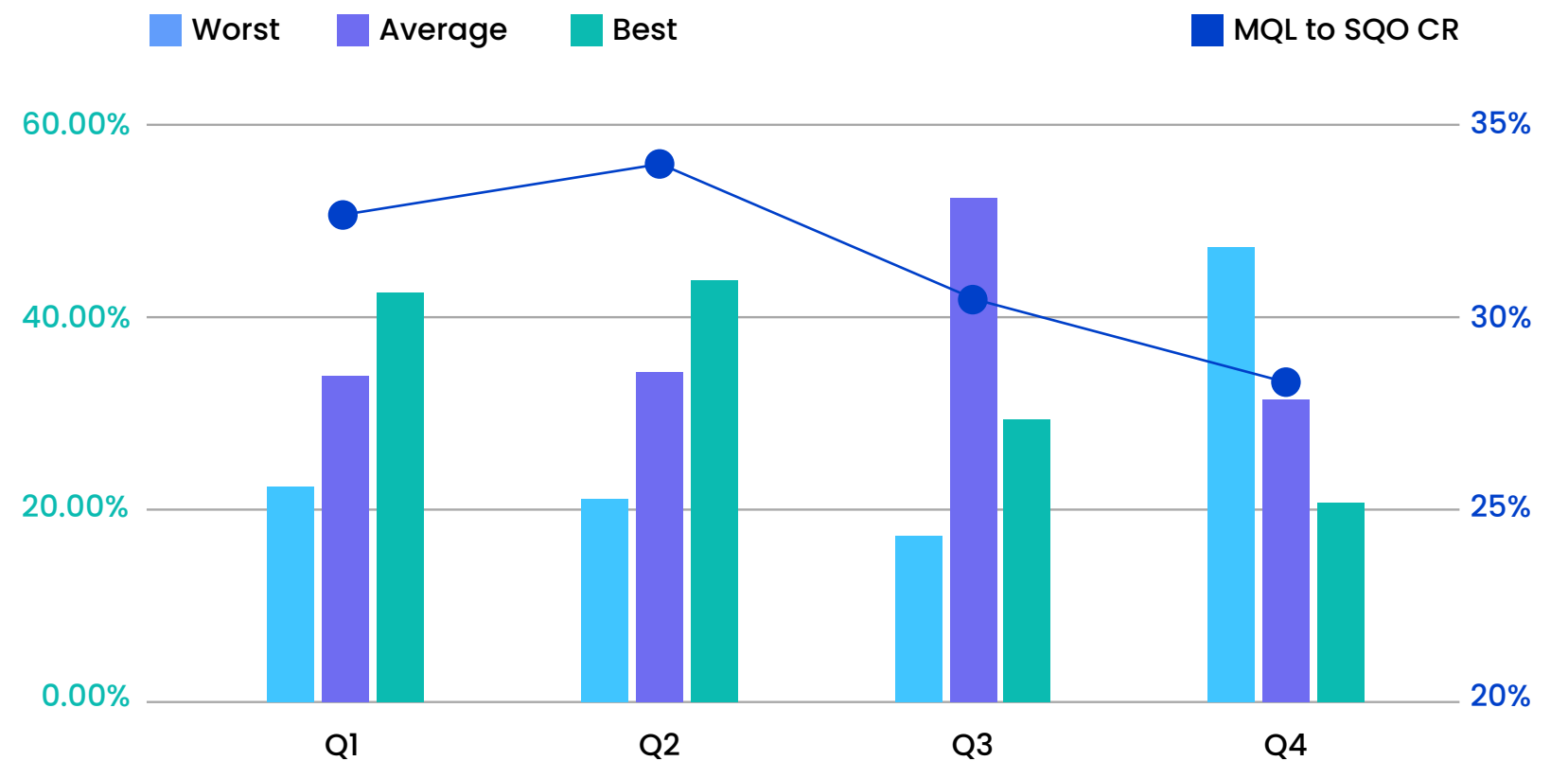
Marketing Leaks

Inferior MQL quality due
to poor lead scoring

80

60

40

20

This revenue leak happens when the lead scoring is incorrect and a large number of under-nurtured leads become MQLs, in spite of having a low likelihood of ever b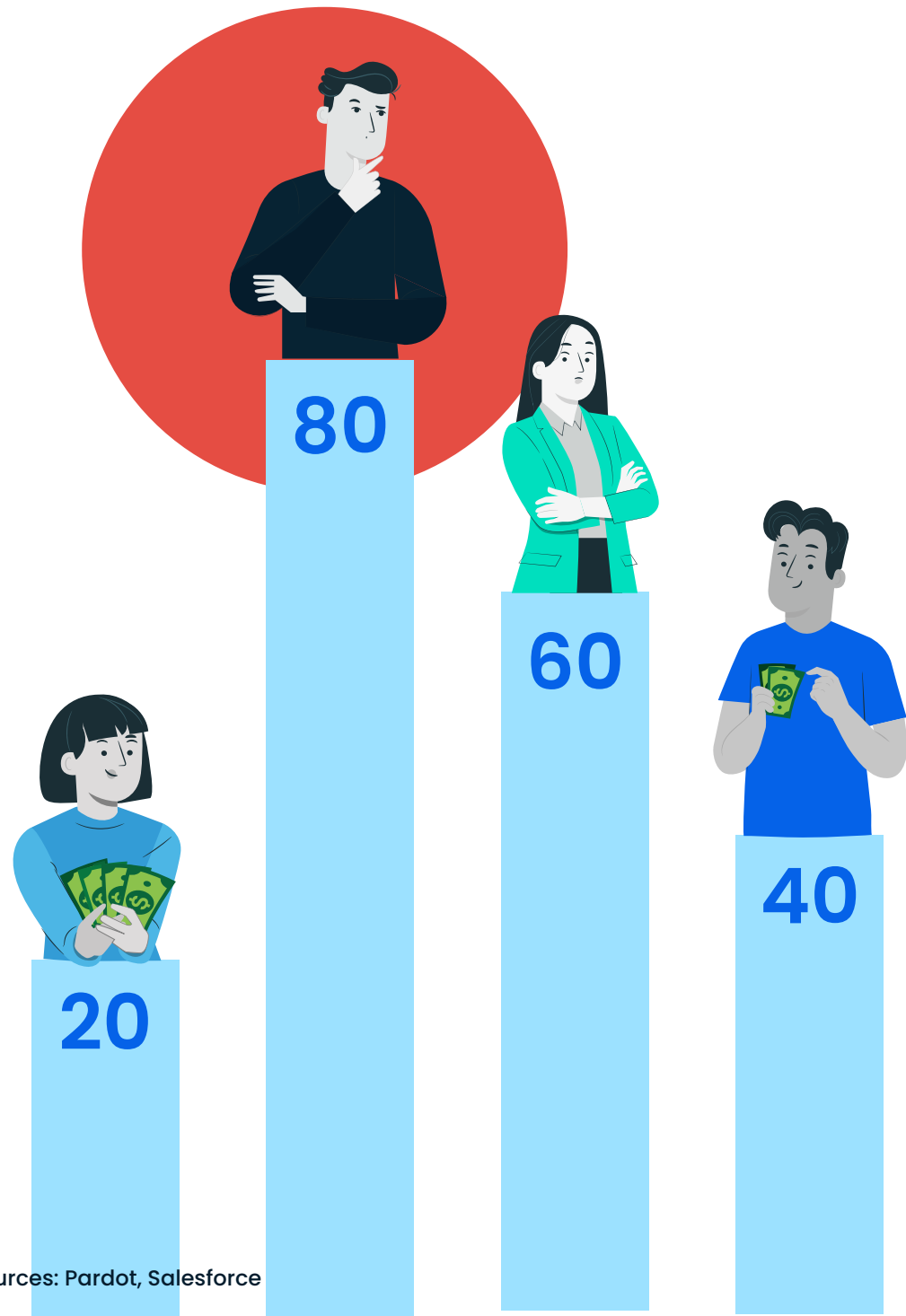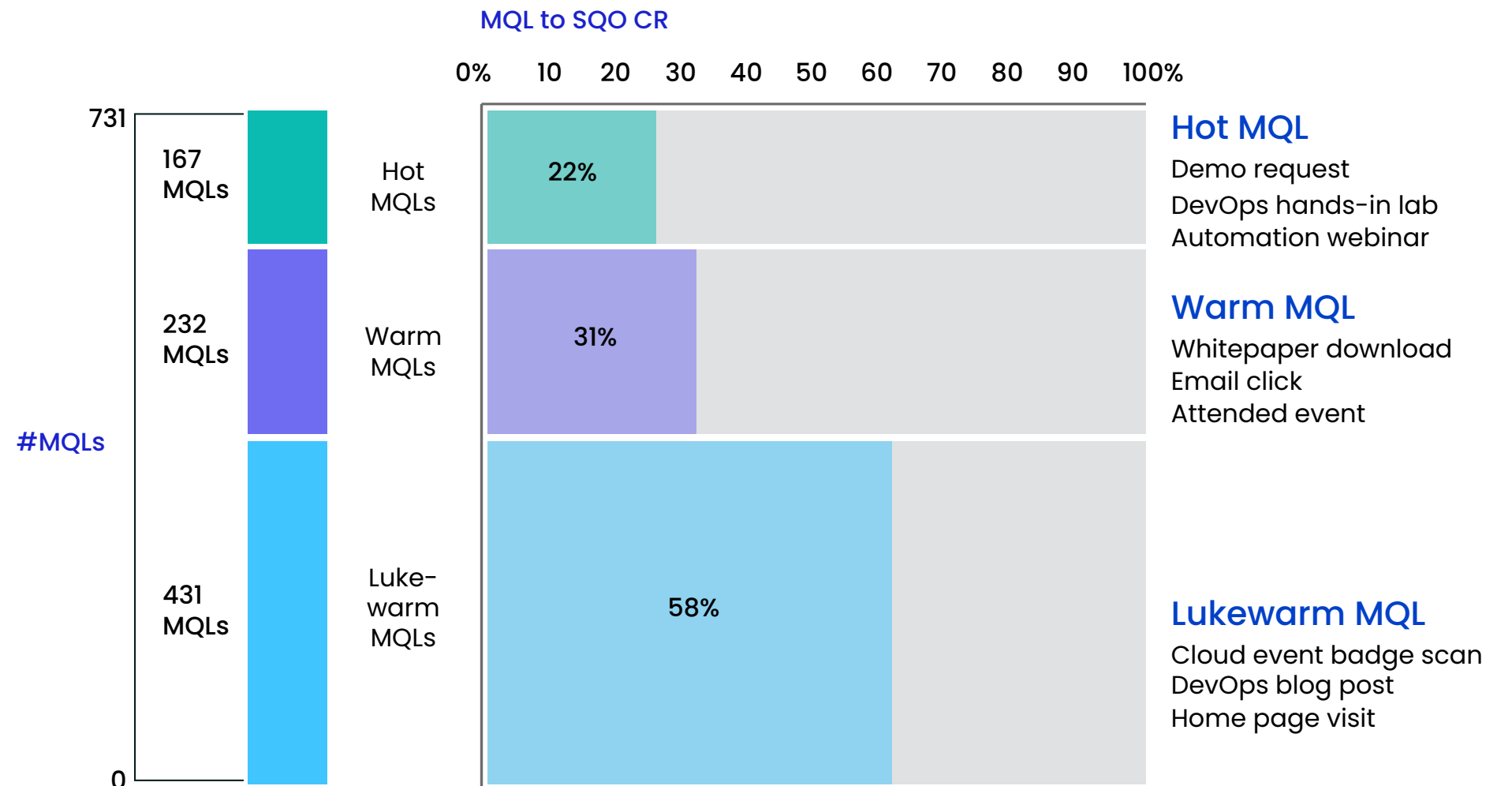ecoming SQL leads. By analyzing the historical performance of campaign touchpoints in terms of contribution to revenue conversion, all MQLs can be grouped into hot MQLs (influenced by most successful toucpoints), warm MQLs and lukewarm (least successful touchpoints).

The bar chart on the left shows the customer's 731 MQLs grouped by hot/warm/lukewarm and the bar chart on the right shows how each group performed in terms of conversion from MQL to opportunity. The adjoining table shows which touchpoints were responsible for creating under-nurtured MQLs for this customer.

MQL to SQO CR

0% 10 20 30 40 50 60 70 80 90 100%

731

167 MQLs — Hot MQLs — **22%**

232 MQLs — Warm MQLs — **31%**

#MQLs

431 MQLs — Luke-warm MQLs — **58%**

0

Hot MQL
Demo request
DevOps hands-in lab
Automation webinar

Warm MQL
Whitepaper download
Email click
Attended event

Lukewarm MQL
Cloud event badge scan
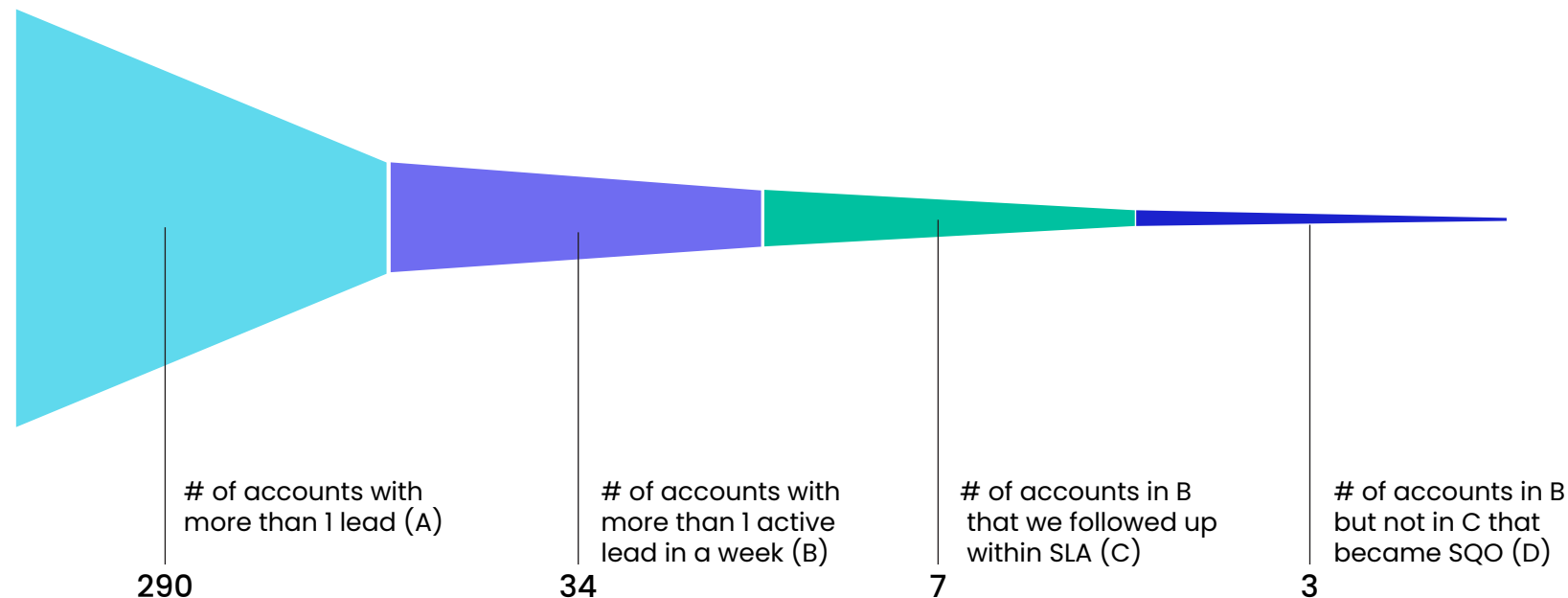DevOps blog post
Home page visit

Marketing Leaks
Missed account prioritization

This account-based leak happens when 2 or more persons from the same account register as leads and consume content from the website or marketing campaigns. Some or all of these leads may not convert to MQL on their own, but when they engage with your content together, they are strong signals of account buying intent.

Unfortunately, many organizations lack account-level awareness of buying intent. Each lead from the account is treated individually on its own merit. In some cases, the 2nd MQL from the same account is even closed out as a duplicate.

The customer shown below had 290 accounts with more than 1 lead. Of these, 34 exhibited account-level buying intent, where multiple leads concurrently engaged with the company's marketing assets in the same week. However, the company only acted upon 7 accounts of those 34, yielding 3 opportunities.

# of accounts with more than 1 lead (A)

# of accounts with more than 1 active lead in a week (B)

# of accounts in B that we followed up within SLA (C)

# of accounts in B but not in C that became SQO (D)

290

34

7

3

Sales Leak

Sales Leaks

Opportunities that are stuck in a specific stage for too long

When an opportunity goes stagnant or the account goes incommunicado, that's generally a bad sign and is a strong indicator of a potential revenue leak equal to the deal size of the opportunity. Opportunities can sit stagnant in a specific opportunity stage for various reasons including shifting customer priorities, emergence of competitors into the account, budget cuts for the project, turnover, lack of sales engagement or mismatch in customer expectations.

The attached table shows a potential revenue leak for opportunities that were stuck in a specific stage of the sales cycle for longer than the 90th percentile threshold for Closed Won opportunities in that same stage historically. Apple, for example, was in the Discovery stage for 45 days, when 90% of all CW opportunities in the past had spent under 34 days in the same stage.

| Opportunity Name	Stage	Days In Current Stage	90th Percentile Threshold For Time In Stage For CW Opps	Root Cause
Apple	Discover	45	34	Engagement
Banana Republic	POC	79	54	Misalignment
Orange	Proposal	70	45	Budget

Sales Leaks

## Lack of rep engagement with exec contact

Many deals are lost simply because the rep made no attempt to engage with the key decision maker or budget owner in the account. Very often, the contact info for the exec contact even exists in the organizational CRM, but no one has taken the time to engage him or her into the opportunity in the recent past. How often has this happened, and what are the revenue implications of bringing the C-level exec into the opportunity?

The chart on the left shows the correlation of win rate with average # of executive touchpoints in the last 30 days of the opportunity. The chart on the right compares the avg # of executive touchpoints for one rep in relation to the top quartile of reps and all other reps.

Win rate vs. Avg # of exec touchpoints

Avg # of exec touchpoints

Top quartile of reps   Rest of reps   Jack E Underperformer

Opportunity Stage
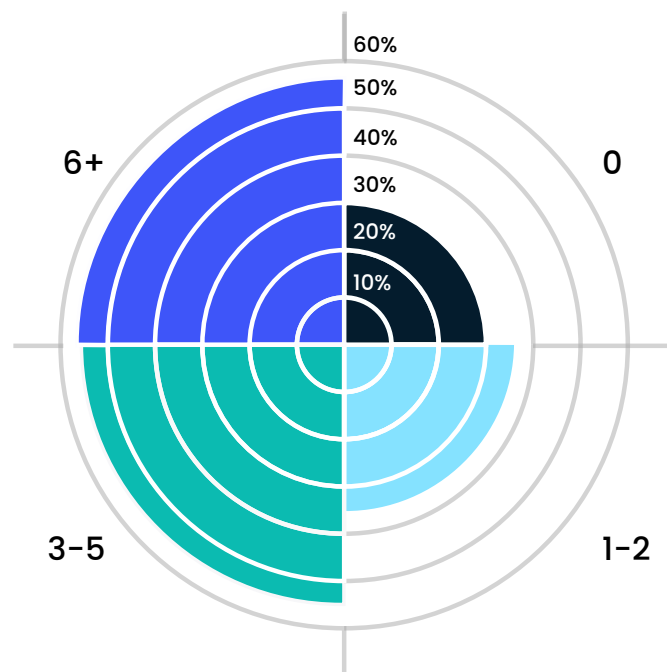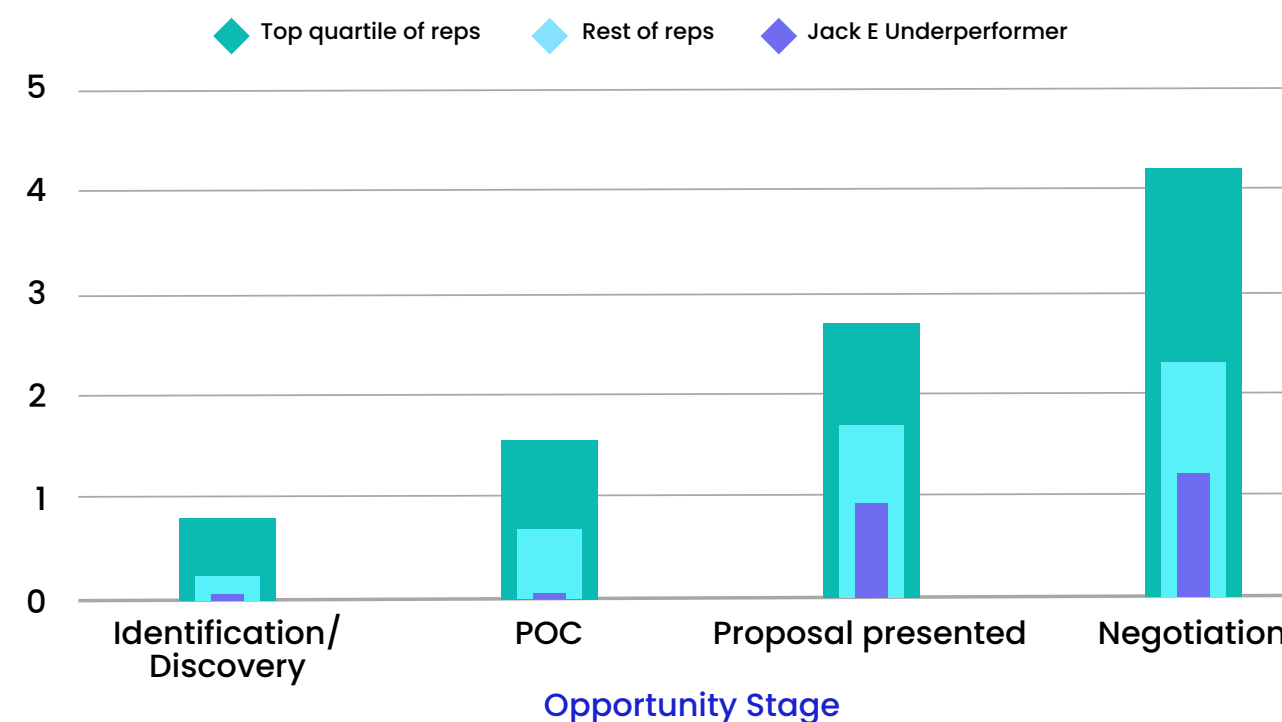
Sales Leaks

Deals at risk due to inefficient ramping or training

A strategic goal of every CRO or head of sales is to reduce the time it takes for new sales hires to quickly be onboarded to the point of being ready to deliver at the same level as other quota-carrying reps. To the extent that some reps in the company take a lot longer to reach peak productivity is a revenue leak and a sign of something broken on the enablement side.

The table below looks at revenue leaks from inefficient or elongated ramp time for reps. It compares training level, sales touchpoint cadence and call etiquette (listening vs. talking) along with quota attainment for 3 reps that are ramping with the top quartile of ramped reps.

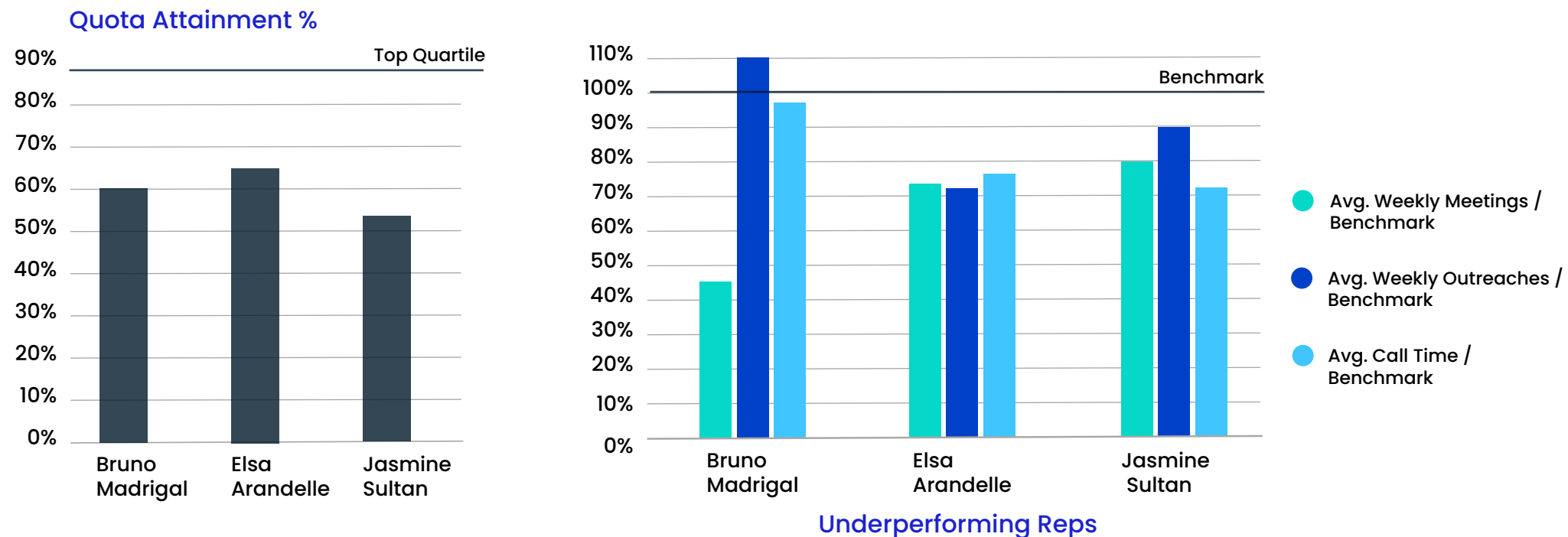| Rep name	Tenure (weeks)	Training Coverage	Avg. #Weekly Touchpoints	% Time Listening On Customer Calls	Quota %
Victor Creed	28	50%	29.1%	28%	40%
Lex Luthor	34	70%	31.2%	49%	63%
Arthur Fleck	36	60%	33.7%	73%	55%
Top Quartile of Ramped Reps	90	86%	48.2%	66%	89%

Sales Leaks

Deals at risk due to poor sales engagement/discipline

A common cause of revenue leaks is from opportunities that are at risk of loss or slippage simply because sales reps didn't do the basics in terms of staying in regular touch with the account, and keeping our champion aligned on the project and what is expected of either side in what timeline.

In the chart on the left, we compare sales touchpoints for 3 underperforming reps with the top quartile of sales reps. By correlating the average number of weekly meetings, number of outreaches (email or call) and overall call time with quota attainment, we can estimate the revenue impact of lack of sales engagement and the specific root cause. For example, Bruno is clearly behind on the number of meetings he sets per week - 45% of what the top reps do.

Quota Attainment %

Underperforming Reps

- Avg. Weekly Meetings / Benchmark
- Avg. Weekly Outreaches / Benchmark
- Avg. Call Time / Benchmark

Data sources: Salesforce, Gong

Sales Leaks

Opps at risk due to poor product certification

Some products are difficult to sell and the skill level of the sales engineer or solution architect will determine the likelihood of success of the vendor in the POC. If the product is technically complex, the level of training that the technical team has undergone will likely determine how effective they may be in the deal. The technical complexity in calculating this information on demand and across product and sales teams is why most organizations don't have this information at their fingertips.

◆ SE Selena   ◆ Avg SE in Top Quartile of SEs

Product Certification Score

Opps for Product

POC win rate for Product
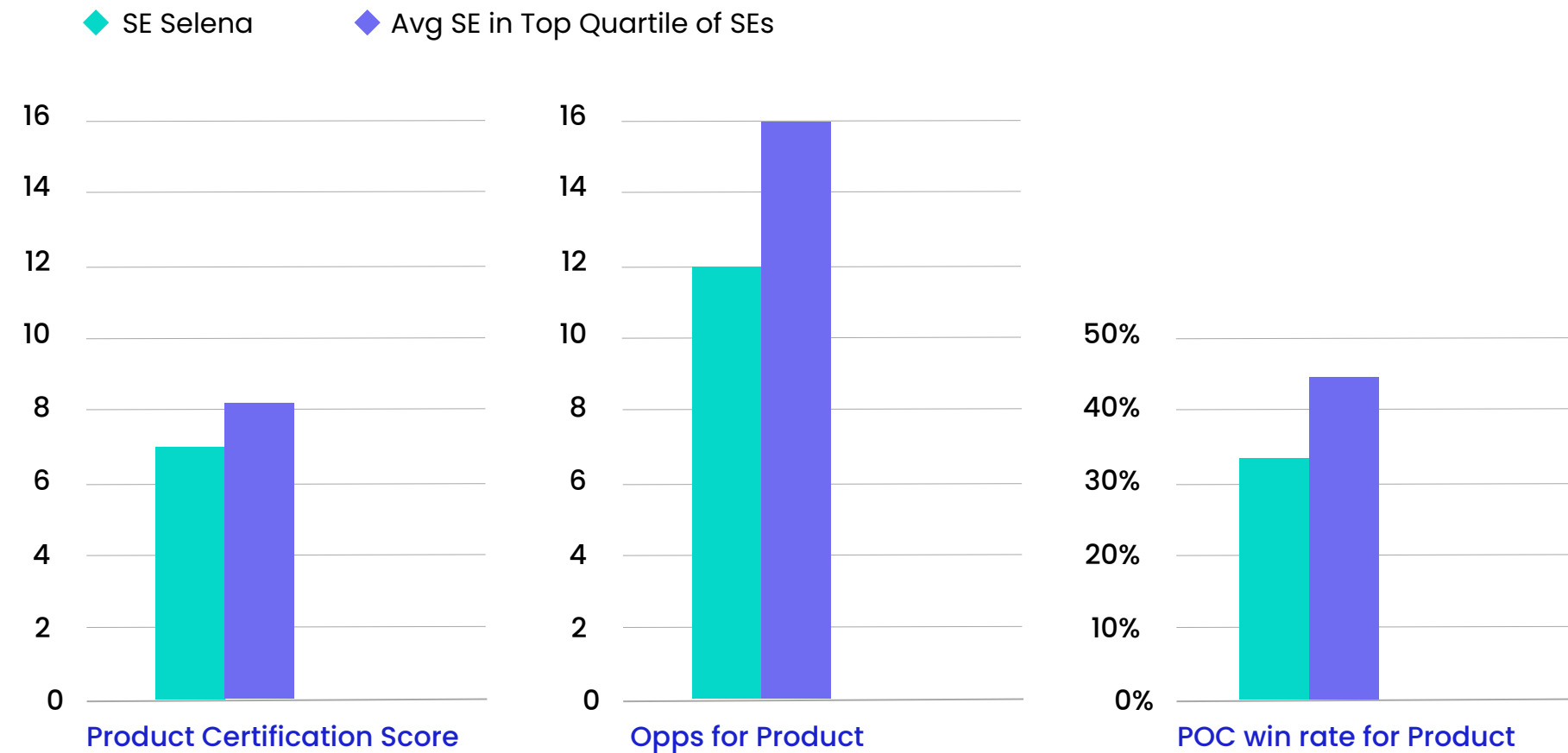
Customer Service Leak

Customer Service Leak

Accounts at risk of churning due to poor support ticket resolution

If customers run into too many high severity issues with the product too often, and if those issues are not resolved on a timely basis, it won't be surprising if many of them will be inclined to churn, especially if there are competing alternatives available to them. In this example below, we uncovered a high churn risk account with a higher than normal number of unresolved high severity support tickets and higher resolution time for high severity tickets that based on past opportunities has a 60% likelihood of loss.

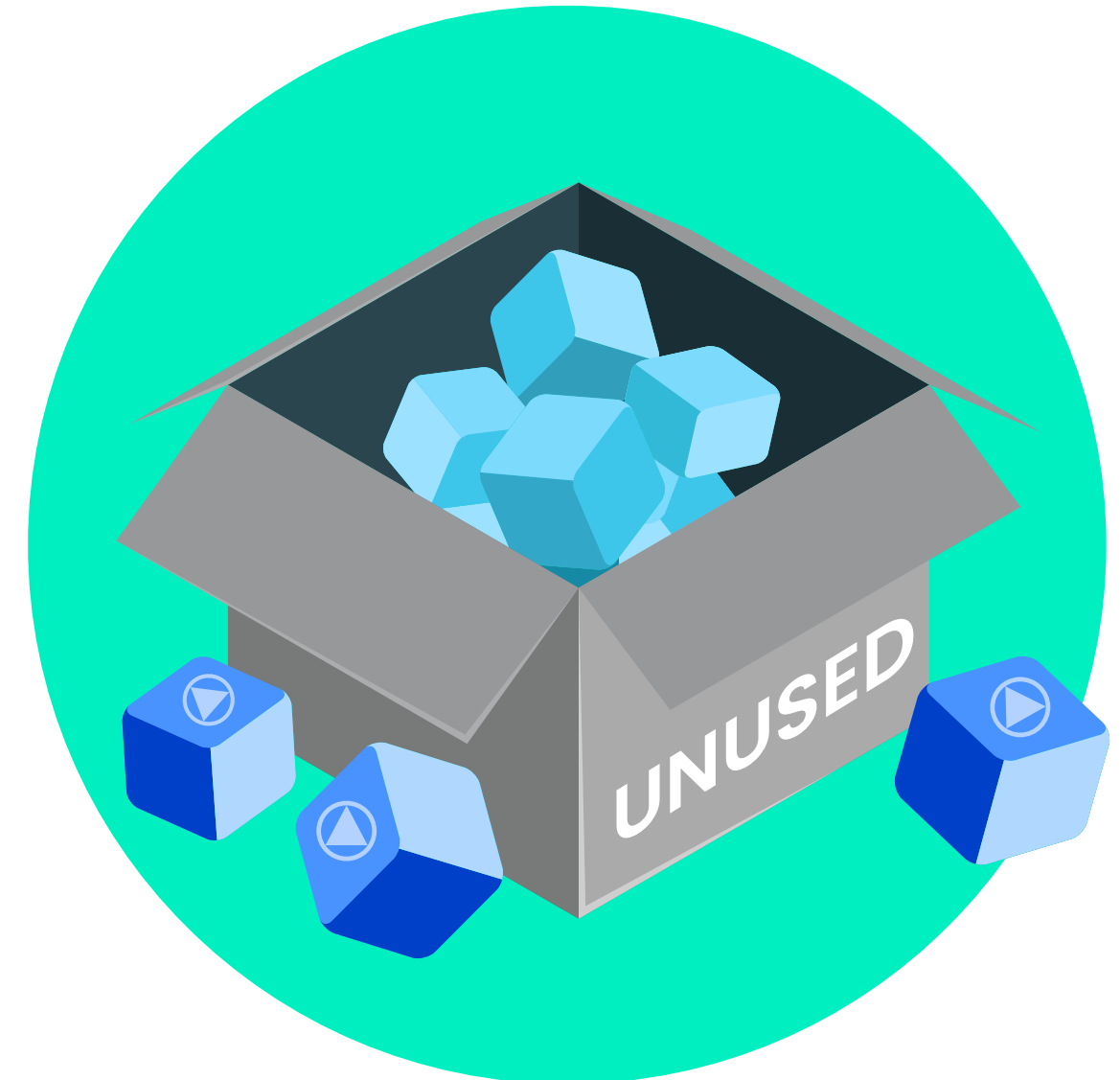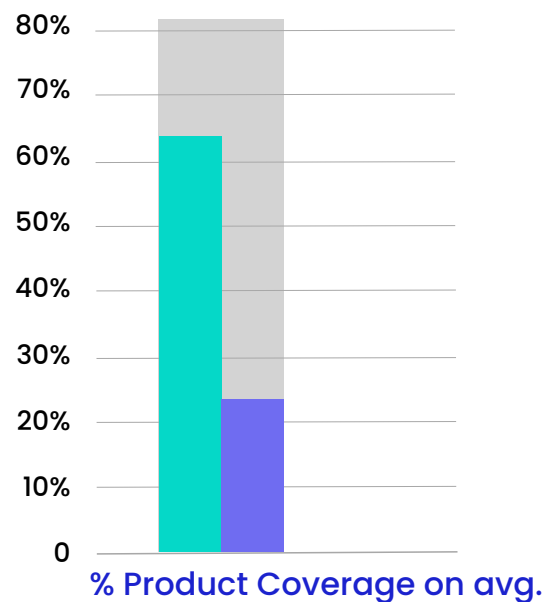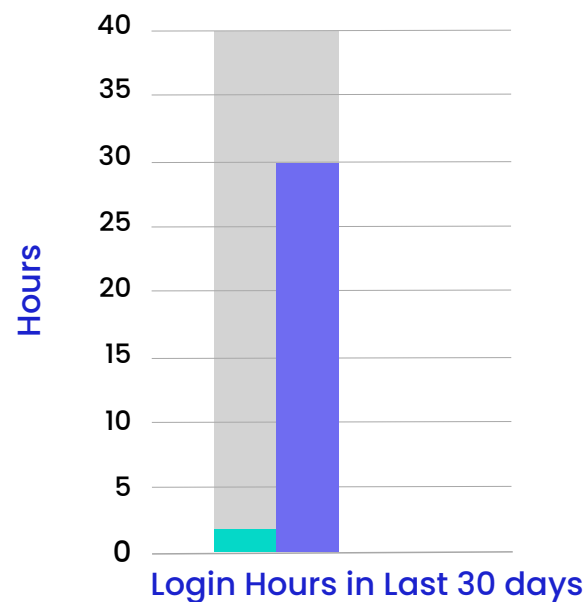| Account Name	Amount	# Unresolved High Severity Support Tickets	Avg # Of High Severity Support Tickets Over Current Term	Avg Resolution Time For High Severity Support Tickets	% Risk Based On Historical Win Rate
Acme Inc.	$275K	2	12	34 days	60% risk of loss
All existing accounts (avg)	$60K	1.2	2.3	18 days	N/a

Customer Service Leaks

Accounts at risk of churn from lack of adequate product usage

The fact that if customers are not using your product regularly enough, or are not using enough of the product, they are not likely to renew at the next term is obvious. The challenge often for many organizations is piecing together this insight at short notice on an on-demand basis.

This revenue leak was computed automatically for our customer by correlating data from the CRM and product usage logs. Both accounts Acme and Zaeka are at high risk of churn. Acme's users have barely logged into the product in the last month. Zaeka's users are logging in a lot more (although less than the average existing customer) but in Zaeka's case, they are using a far smaller percentage of the product - only 24% in comparison to 81% for the average customer.

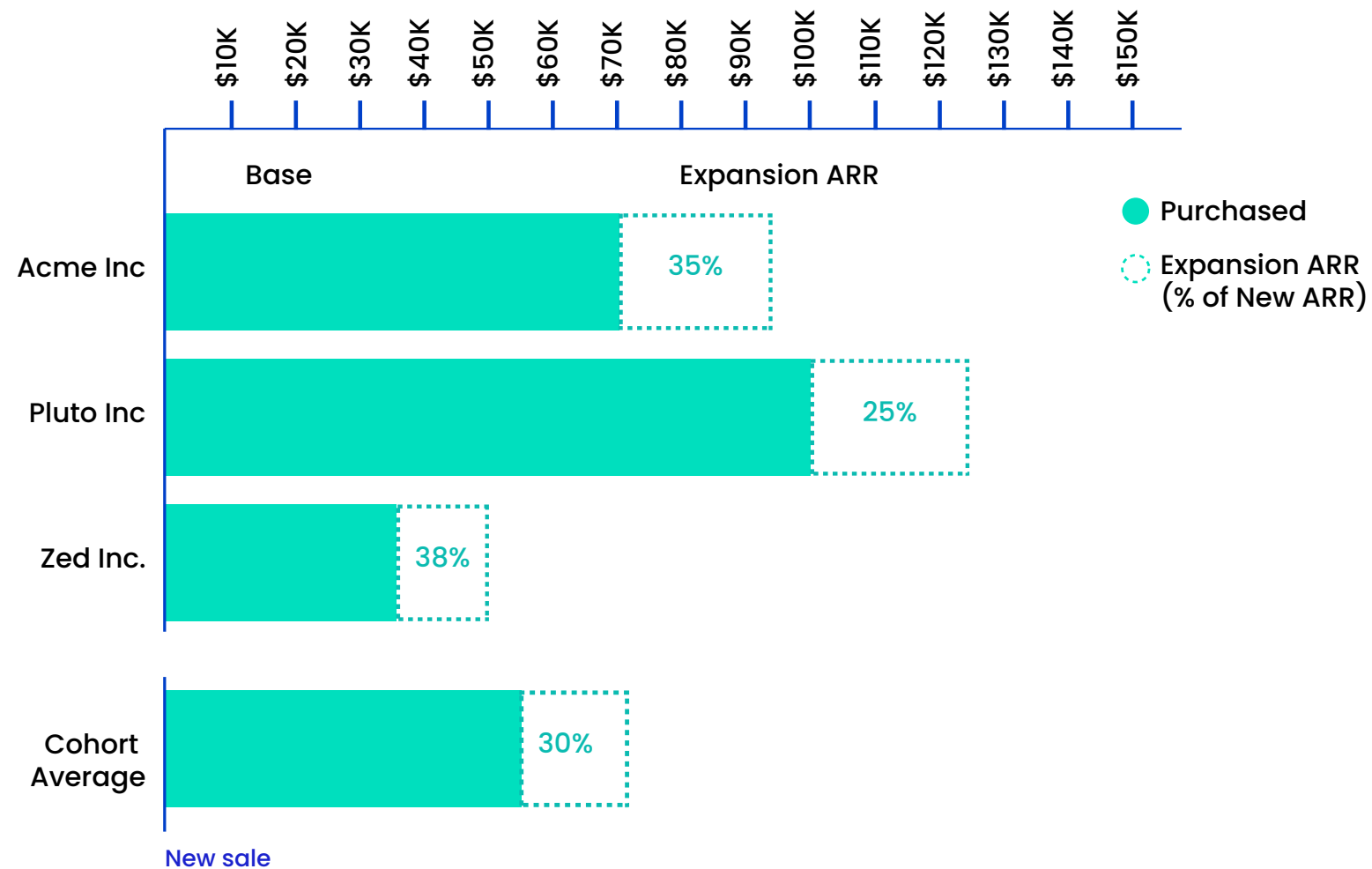◆ Acme Inc.   ◆ Zaeka   ◆ Average for existing

Login Hours in Last 30 days
(y-axis: Hours, 0 to 40)

% Product Coverage on avg.
(y-axis: 0% to 80%)

Customer Service Leaks
Missed expansion opportunities

This CS revenue leak looks at the expansion sale opportunity for a certain customer cohort. If the customer is part of a group that has historically started with product A and then upgraded to product B, then all existing customers of this cohort that currently only have product A purchased are candidates for this future upsell opportunity.

.

Base   Expansion ARR

$10K | $20K | $30K | $40K | $50K | $60K | $70K | $80K | $90K | $100K | $110K | $120K | $130K | $140K | $150K

● Purchased

⬚ Expansion ARR (% of New ARR)

- Acme Inc — 35%
- Pluto Inc — 25%
- Zed Inc. — 38%
- Cohort Average — 30%

New sale

About BigLittle

BigLittle Revenup is a revenue leak mitigation platform that works on top of your existing GTM tech stack to drive visibility into the inner workings of your revenue engine, as well as the detection and remediation of revenue leaks across all your GTM operations including marketing, sales, customer success, product and finance. Revenup can drive improvements of upto 10% in ARR! Schedule a demo today.
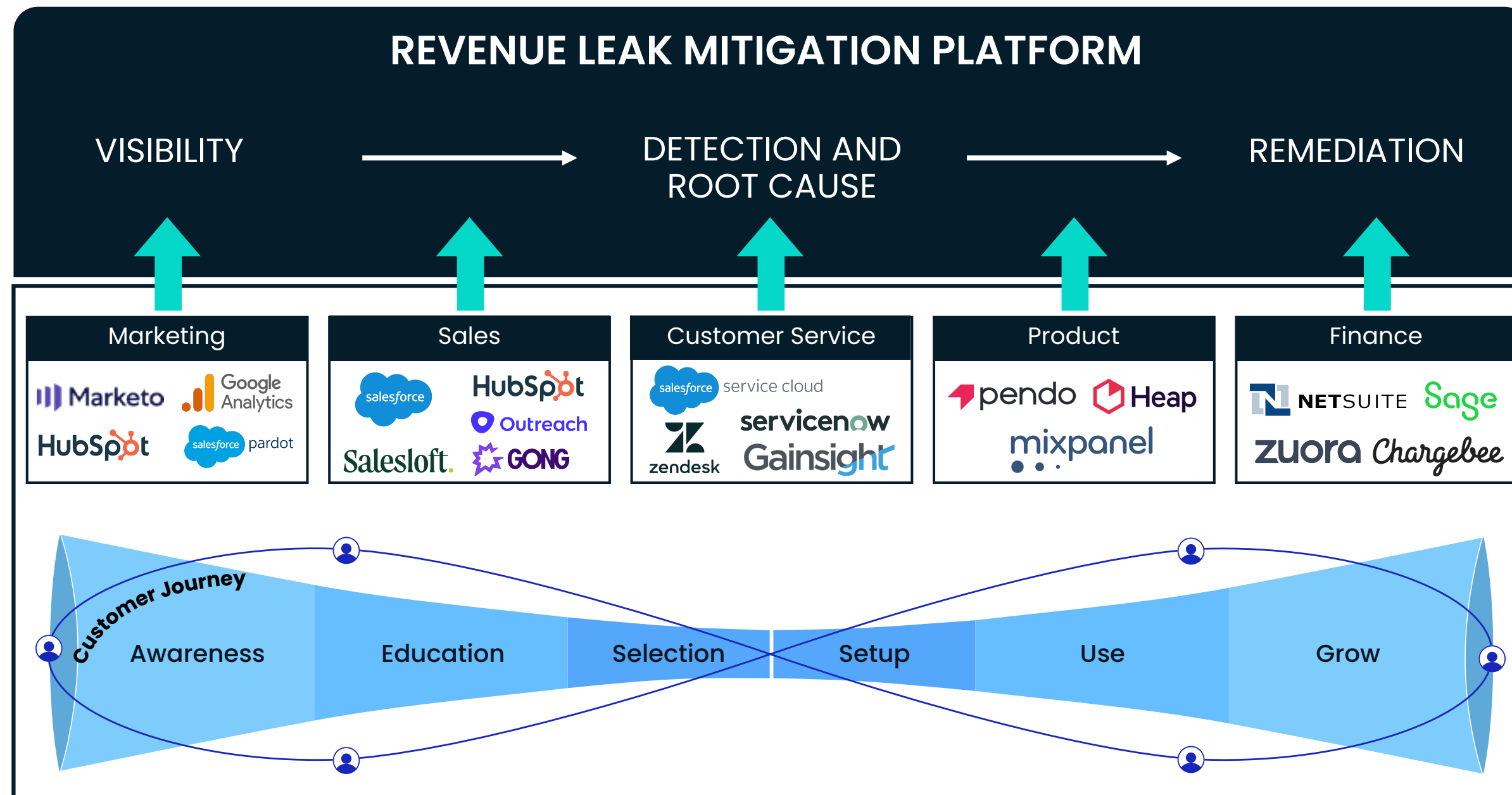
BIGLITTLE

Plug Your Revenue Leaks
with BigLittle

15 Minutes to connect   **7** Days to onboard   **21** Days to ROI

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Let's Connect !

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