

# 7 Good Reasons to Conduct Win/Loss Analysis



By Jen Berkley Jackson



## 7 Good Reasons to Implement a Formal Win/Loss Analysis Process

Win/loss analysis is one of the most powerful research activities an organization can do. By having follow-up conversations with new customers and prospects that didn't choose your company, you can gather a wealth of information that will allow your organization to improve close rates and attract more customers.

Win/loss studies should be conducted on an ongoing basis to make sure that you are keeping abreast of the ever-changing mindset of your marketplace and buyers. As your potential customers' world is changing, so are their buying criteria, their pain points, and the way they want to be sold to. At the same time, your competitors' messages, pricing, and product offerings are also changing. You can gain insights and early warning signals about all of these things by doing ongoing win/loss analysis.

The importance of following up on lost sales may sound quite obvious, but falls into the category of "common sense just ain't common practice." Organizations usually rely entirely upon their salespeople's assessment of why a sale was lost or won, but this is just one piece of the picture.

Even though some organizations analyze the reasons for losing business, very few do the same with their 'won' sales – new customers. There is a wealth of information that you can get from new customers also.

### Why Do a Formal Win/Loss Analysis?

The seven reasons that your organization should implement formal, ongoing win/loss analysis efforts are:

- 1. To reduce sales cycles.** Customers are taking longer and longer to make decisions based on their need to make sure they are getting the best bang for their buck. If you are able to differentiate yourself/your products by speaking their language better than anyone else, you can help speed up this cycle and thin out your competitors at the same time.

By having insight into what is most important to people who buy your products regarding the benefits/results they are looking to gain, the problems they are trying to solve, and what internal resistance they may be facing, you have the inside track and can arm your salespeople with these insights and ensure that they are focusing on the right things when talking to prospects.

- 2. To get the 'real' story.** Most organizations ask their salespeople to 'check a box' in their CRM about why they lost a sale. This is a one-dimensional approach to understanding why a given sale was lost. In most cases, there isn't just one reason that a sale was lost and, unfortunately, more often than not if you need the salesperson to come up with one reason, you will hear the same one reason: price.

You do not want to compete on price! You have much more to offer than the other guy. And what if the issue wasn't really price but was the sales process or the salesperson? Most prospects aren't comfortable providing constructive feedback to the person they have worked with so they may not be fully disclosing all of the nuances of what led to their "no."

- 3. To gain competitive insights.** Customers and prospects have first-hand knowledge of how your competitors are positioning themselves, the pricing they are offering, and how you stack up against them. Asking for this input can be very insightful and the answers allow you to prioritize your efforts around which levers you adjust in your messaging as well as refining your business strategy to help you compete more successfully. It's not always a pricing issue...sometimes your key differentiator could be that you better understand your customers' issues, deliver products in a way that works better for them, have better payment terms, offer superior service, etc.
- 4. To gain insights about your own organization.** There is no other way to see how you are perceived by customers/prospects than to get their perspective. You need to know how your organization and your employees are perceived in the marketplace—your reputation and the word on the street about your products and services.

By having this information, you are able to compare it to the perception you desire. Only then can you make the necessary adjustments to ensure that you are perceived the way you intend. There are many stories about organizations that have no clue about how they are perceived in the marketplace and how often that leads to their demise. Savvy competitors can take advantage of that vulnerability and not only win sales but actually steal current customers.

- 5. To fine-tune your marketing efforts/messages.** There are many vehicles you are using to send messages to your prospects: your website, email campaigns, ads (print and web-based), and more. It's essential in this world of information overload that you hit the nail on the head quickly and succinctly *for the few seconds* that you have your prospects' attention and are using messages that break through the noise and compel them to take action.

Having input from prospects and customers about their issues/challenges/pain points when looking for products/services like yours will give you the secret weapon you need to target your messages to the heart of their most pressing issues. If you are able to speak their language and understand their problems better than anyone else, you are much more likely to get them to call, request more information, or do whatever it takes

to get the sales process started. And, as mentioned above, you will also differentiate yourself from others that they may be looking at, helping to streamline the sales cycle.

- 6. To stay relevant.** Your organization should always be looking for ways to innovate its products and/or services to ensure that you are offering state of the art solutions to your customers' problems. All too often, these innovations are coming from design or engineering departments vs. the marketplace. Win/loss interviews can provide insights into what customers are looking for, what issues they have with current marketplace solutions, as well as what supporting services would help them get the most from your products.
- 7. To make customers glad they chose you (and lost prospects regret that they didn't!).** Doing win/loss analysis differentiates your organization from your competitors. As mentioned earlier, it's something that is not commonly implemented by organizations, despite how valuable the insights are. By following up with customers who chose you, you show a commitment to continuous improvement and that you are customer and market-focused. This will make them realize that they chose the right company and it strengthens their relationship with you from the start.

Following up with lost prospects can seem a bit daunting; however they tend to be intrigued by a company who is interested in learning from 'bad' sales experiences and with the right cash incentive, are glad to participate. It's important to handle these conversations tactfully and not come across with any hidden message. Ironically, there are many instances where these same contacts come back as highly qualified prospects when their experience with their company of choice didn't go as expected or if they still haven't made a purchase. By handling a lost sale interview professionally and non-defensively, your company makes a positive impact and could still have a chance to get the sale.

## Tips for Implementing Win/Loss Analysis

Those are the compelling reasons why you should conduct win/loss analysis. Now for the details of *how* to implement such a program.

The best way to gather input is via one-on-one telephone interviews that last no longer than 20 minutes. Your new customers will be glad to participate without any incentive; however you will need to offer a cash incentive to people who didn't choose to do business with you. The amount of that incentive varies by the level of the person and their functional area – higher for executives and IT contacts, lower for non-management contacts in the Purchasing department. One creative approach that gets a lot of response is offering to provide a donation to a charitable organization of their choice.

There are many nuances to implementing a good program. Listed below are some of the success factors to build into your company's approach to win/loss analysis:

- Get top level support: having the top executives support a win/loss program is key since the results of these programs reach beyond any one department.
- Conduct ongoing interviews with both won and lost sales contacts: both perspectives will be helpful and important.
- Develop an interview script that covers the key data you want to understand and includes both open and closed-ended questions, allowing you to quantify the results.
- Work with an external professional researcher to conduct the interviews: customers and prospects are much more likely to be forthright about their input/feedback if they are talking to an objective 3rd party. Professional researchers can also help analyze the results objectively.
- Collaborate with the sales team: it's key to have their support and help in developing the interview script and interpreting results.
- Share results cross-functionally in the organization: you will get insights that go beyond sales processes, pricing, etc. Be sure that all trends are shared with the appropriate areas and integrated with data they may already be collecting. This helps ensure that there is a complete view of the customer's world.

Win/loss analysis is one of the easiest and highest impact programs your organization can implement to ensure that you are staying abreast of key trends, insights and input from the people your organization interfaces with. The insights gathered in these efforts can help you get started if you aren't already doing win/loss analysis or fine-tune your current efforts to get more impact.

*To learn more about how to conduct a high-impact win/loss analysis, call 408-358-0700 for a free 30-minute consultation that will help provide customized input based on your specific business and customer base. We will also be glad to provide you with a sample win/loss interview script.*

## About The Insight Advantage

The Insight Advantage can implement a win/loss analysis program quickly and painlessly, using a proven process based on expert research that can be adapted to any given customer/industry. We can help you increase sales and decrease the cost of your sales efforts. We can show you how to easily prioritize the products and services you are offering to customers so that you are only doing things that matter to them.



**Jen Berkley Jackson**, founder and owner of The Insight Advantage, has a thorough understanding of the impact of customer insight on profits and market share as well as the many processes that are essential to all organizations: new product development and marketing, product maintenance, packaging, operations, order processing/fulfillment, sales development, product/technical support and other supporting services.

She has extensive experience in using various methods (surveys, focus groups, one-on-one interviews) to integrate the voice of the customer into all functions, helping organizations increase market share, revamp product lines/services, and ultimately increase customer loyalty and retention. Throughout all of her work, Ms. Berkley Jackson brings a strong commitment to helping organizations realize the link between increased profits and a commitment to making key business decisions with customers' current and emerging needs in mind.

### The Insight Advantage

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