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Thought Leadership Paper
Commissioned By Xactly
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Unleash Your Growth Potential With Continuous Planning

Adapting At The Speed Of Market Change
Requires A Major Overhaul For Most Growth
Strategy Leaders



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Executive Summary

As the pressures mount for growth strategy leaders and the pace at which new technologies mature propels forward, businesses that cling to dated internal planning processes and tools will be unable to compete.

In May 2020, Xactly commissioned Forrester Consulting to evaluate the unique challenges that growth strategy leaders face today and the actions they are taking to adjust their business planning and execution processes accordingly. Forrester conducted an online survey of 352 B2B sales, finance, and other line of business leaders to explore this topic. All respondents were director-level and above with responsibility and decision making influence over their organizations' revenue growth strategies. We found that although growth strategy leaders are aware that they must take a continuous, data-driven approach to planning, most are not making the people, process, or technology changes necessary to adapt at the speed of market change.

KEY FINDINGS

- › **Continuous planning has never been so essential.** As market pressures reach a new high, growth strategy leaders strive but fail to accelerate their planning processes fast enough.
- › **Complacency is the kiss of death for growth strategy leaders.** Board patience for poor growth performance wears thin as leaders struggle to overcome the business and technology challenges preventing them from optimizing their sales performance management (SPM) strategies.
- › **AI-driven SPM unlocks the advanced insights that fuel continuous planning.** The path to informed and continuous planning requires partnership with an SPM provider that offers the strategic guidance and AI-enabled solutions necessary to bridge the knowledge, processes, and technology gaps in business planning today.

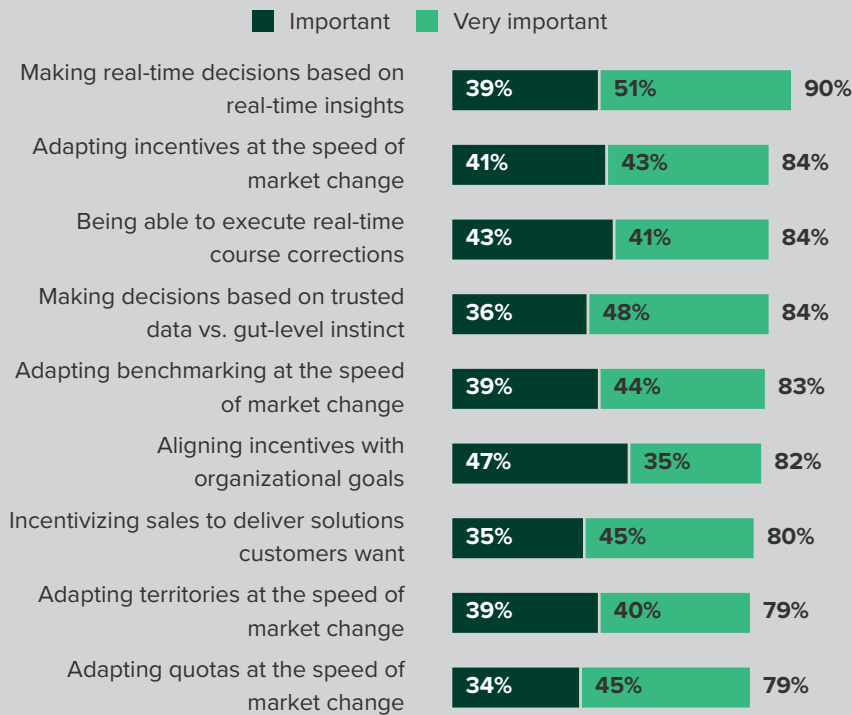
Continuous Planning Has Never Been So Essential

Sales and line-of-business leaders are increasingly responsible for creating great experiences for customers, prospects, and employees, all while delivering exciting topline and margin growth for their firms. In a world where there is little room for error and the average tenure of C-level executives continues to decline, it is more critical than ever to take a data-driven approach to business planning and execution. In surveying B2B growth strategy leaders, Forrester found that:

- › **Growth strategy leaders are facing an unprecedented amount of pressure.** Respondents shared that they are facing more pressure than ever before to deliver on higher-growth targets (79%) while keeping up with ever-increasing buyer expectations (69%) and shrinking margins due to rising competition (69%). Accelerated market change was a reality even before a pandemic forced businesses to think digital first. As organizations are forced to operate more dynamically, their top priorities lie in accelerating their digital transformation efforts and attracting new business — all while identifying opportunities to minimize risk by reducing costs.
- › **Achieving key objectives requires the ability to adapt at the speed of market change.** When asked what was most important to effectively planning and executing on their goals, the No. 1 takeaway from respondents was speed. Annual planning — or even quarterly planning — is a thing of the past. Budgeting and forecasting are limited in their accuracy when they are based on old data. Leaders must evolve to the point of being able to make near real-time course corrections based on current and trusted data. Leading organizations will leverage these insights to adjust critical sales incentives and growth targets at the speed of market change (see Figure 1).
- › **Few organizations excel at executing real-time course corrections and making insights-driven decisions.** Less than one-third of respondents believe their organizations are very effective at course correcting in real time (27%), and that includes adapting sales incentives at the speed of market change (28%). In addition to being unable to pivot in step with their customers and markets, many growth leaders still tend to ground decisions in gut feelings, experience, or opinion (34%) versus trusted insights (see Figure 2). The desire to become insights-driven is universal, but so is the struggle to execute. This falls in line with Forrester's existing findings that only 48% of decisions are made based on quantitative information and analysis.¹ That's a statistic that has changed little in the past few years.

Figure 1

“When it comes to business planning and execution, how important do you believe it is for your organization to be effective at the following?”



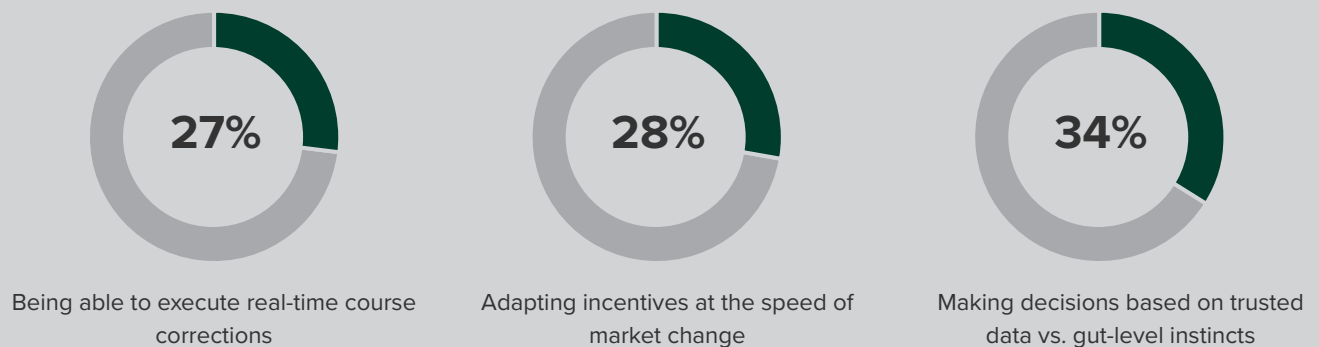
Growth strategy leaders strive to adapt incentives and growth targets at the speed of market change, but they struggle.

Base: 352 B2B global sales, line of business, and finance professionals from large enterprises

Source: Xactly Sales Performance Management Solutions Survey, a commissioned study conducted by Forrester Consulting on behalf of Xactly, April 2020

Figure 2

“When it comes to business planning and execution, how effective is your organization today at the following?”
(Showing “very effective”)



Base: 352 B2B global sales, line of business, and finance professionals from large enterprises

Source: Xactly Sales Performance Management Solutions Survey, a commissioned study conducted by Forrester Consulting on behalf of Xactly, April 2020

Complacency Is The Kiss Of Death For Growth Strategy Leaders

The good news is that sales and line-of-business leaders know that competitive advantage lies in a continuous and informed approach to planning. The bad news is that too many organizations are slow to act, and serious consequences accompany this complacency.

- › **Attrition rises as board patience wears thin.** Failure to align your planning velocity to the market impacts your ability to achieve higher growth targets, and our respondents shared that their boards have less patience than ever for poor growth performance (65%). Attrition is also on the rise, with 65% of respondents reporting they are experiencing unwanted sales attrition and 59% reporting that the average tenure of C-level executives continues to shrink (see Figure 3).
- › **Growth strategy leaders are handcuffed by inefficient processes and technology.** Although leaders agree they need to make a hard turn towards a continuous planning approach, the No. 1 business hurdle to achieving growth targets is long, inefficient quota-and-territory-setting cycles (71%). This ineffective planning approach is preventing them from pivoting incentives and compensation management as needed. The majority of leaders (90%) also lack an advanced technology solution that would allow them accurate and current insights into inefficiencies that are holding them back from hitting their growth targets (See Figure 4).

Figure 3

“Please indicate the extent to which you agree with the following statements.” (Showing “agree/strongly agree”)



65% We are experiencing unwanted sales attrition.



59% The average tenure of C-level executives at my organization continues to shrink.



65% Our board has less patience than ever for poor growth performance.

Base: 352 B2B global sales, line of business, and finance professionals from large enterprises
 Source: Xactly Sales Performance Management Solutions Survey, a commissioned study conducted by Forrester Consulting on behalf of Xactly, April 2020

Figure 4

Number one challenge preventing leaders from hitting their growth targets:

Technology

90%

A lack of real-time insights into current inefficiencies

Business

71%

We’re unable to pivot our incentive and compensation management as needed due to long, inefficient quota-and-territory-setting cycles

Base: 352 B2B global sales, line of business, and finance professionals from large enterprises
 Source: Xactly Sales Performance Management Solutions Survey, a commissioned study conducted by Forrester Consulting on behalf of Xactly, April 2020

- › **Leaders struggle to optimize their SPM strategies.** Growth strategy leaders are turning to SPM solutions to address the aforementioned challenges. Fifty-five percent of respondents have implemented an externally provided SPM solution, while 39% are planning to implement an externally provided SPM solution in the next 12 to 18 months. That said, leaders struggle to optimize their SPM strategies due to difficulties implementing best practices (57%), a lack of data centralization (57%), and a lack of executive buy-in (52%) (See Figure 5).
- › **A lack of education could be to blame.** To earn executive buy-in and implement best practices, growth strategy leaders need to start with an understanding of how sophisticated SPM providers can help them transform their sales organizations in impactful ways. When asked what was most important in partnering with an SPM provider, respondents with no prior experience working with an external SPM partner rated generic reporting capabilities and ease of integration as more important than the advanced analytics capabilities that provide the most opportunity for growth and transformation. For example, those already working with partners and expanding their licenses with external providers planned to take advantage of capabilities like machine learning (ML)-enabled predictions of leading indicators (82%), compared to only 54% of those planning to implement a solution for the first time. Increased education is needed to ensure growth strategy leaders understand best practices in leveraging new and improved SPM capabilities in a way that is meaningful to their stakeholders, employees, and bottom lines.

Figure 5

“Which of the following obstacles are holding you back from optimizing your sales performance management strategy?”



Base: 352 B2B global sales, line of business, and sales professionals from large enterprises

Source: Xactly Sales Performance Management Solutions Survey, a commissioned study conducted by Forrester Consulting on behalf of Xactly, April 2020

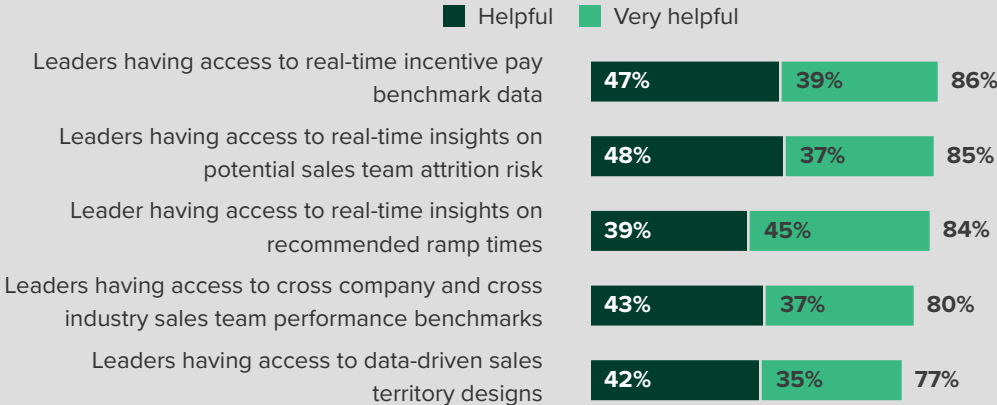
AI-Driven SPM Unlocks The Advanced Insights That Fuel Continuous Planning

The SPM solution market is growing as sales leaders see SPM as a vehicle to address the increased pressure to drive growth and maximize efficiencies. Although the SPM category has been around for 20 years, interest is resurging as sales leaders increasingly trust SPM solution providers to act as strategic partners, advising them on how to enable top-and bottom-line growth by strategically aligning and motivating their sellers while optimizing business planning cycles.²

- › **Homegrown cannot compete.** While 55% of respondents have externally provided SPM solutions in place, 56% also rely on homegrown tools. When organizations leverage external SPM providers for minimal functionality only and rely on time-consuming manual processes and tools for everything else, they are directly contradicting their aspirations of a data-driven, continuous planning future state. For example, only 19% of respondents reported being able to leverage their homegrown solutions for tasks like comparing key performance metrics, compared to 47% who are investing in externally provided solutions.
- › **An AI-driven solution delivers the advanced insights growth strategy leaders crave.** External SPM providers bring to bear unparalleled strategic guidance and AI-enabled insights. This includes actionable recommendations based on marrying your organization’s data with relevant market data. For example, some solutions leverage years of proprietary pay and performance data to provide sales leaders meaningful sales planning and optimization recommendations. Leaders agree that having access to cross-company and cross-industry sales performance benchmarking recommendations would be helpful to their sales organizations (80%) (See Figure 6). Sophisticated solutions not only offer a wider lens of trusted insights, but they also provide access to those insights in near real-time.

Figure 6

“How helpful would the following be to your organization?”



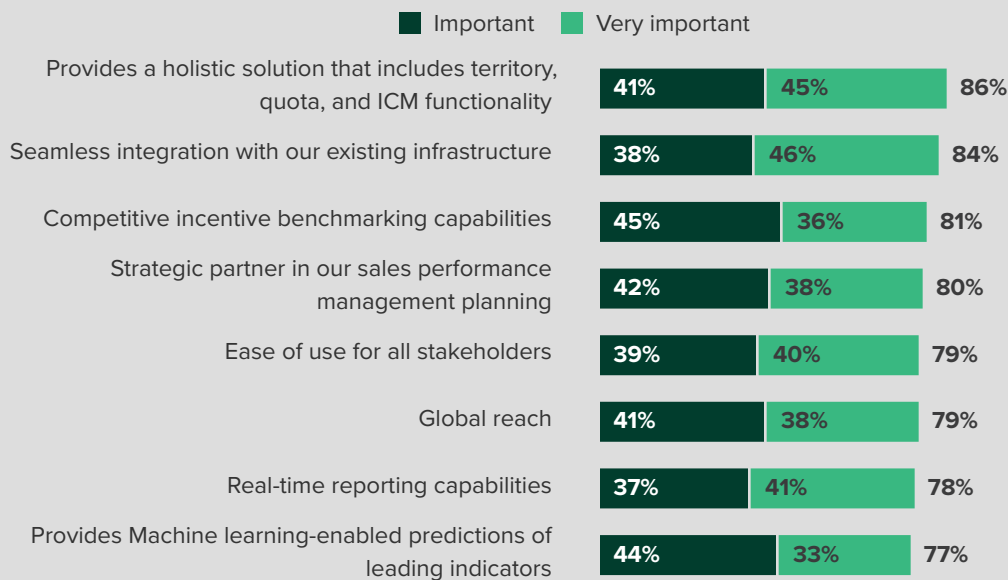
Base: 352 B2B global sales, line of business, and finance professionals from large enterprises
 Source: Xactly Sales Performance Management Solutions Survey, a commissioned study conducted by Forrester Consulting on behalf of Xactly, April 2020

- › **Motivate and enable your sellers with improved processes and tooling.** Sixty percent of respondents said their sales organizations are unequipped to proactively respond to changes in the market, while 59% said their sales organizations are unable to keep up with changes at their firms. With tight integrations into CRM systems, category-leading SPM solutions can help growth leaders quickly adapt and course correct. When a seller isn't tracking to meet their monthly or quarterly quotas, ML-generated insights can surface recommendations on product lines, services, or geographic region for the seller to double down on to raise the likelihood of meeting sales targets. At the organizational or team level, sales operations leaders can benefit from real-time recommendations for the timing and disposition of sales performance incentive fund (SPIF) to further direct sellers to the optimal activities to affect organizationwide business results.³
- › **Leaders turn to SPM to expedite their continuous planning journeys.** Forrester believes that SPM providers that can turn data into actionable business intelligence and have deep subject matter expertise and a clear vision for the future position themselves to successfully deliver measurable business results to their customers both today and tomorrow.⁴ Growth strategy leaders agreed. In fact, leaders who have already invested in an automated SPM solution cited continuous planning enablement as the top benefit realized. Those who are planning on investing in an automated SPM solution soon also cite continuous planning enablement as the top benefit they hope to realize. When it comes to selecting a provider, leaders seek holistic solutions, strategic guidance, seamless integration, and advanced insight capabilities (See Figure 7).

Leaders cited continuous planning enablement as the top benefit of investing in an automated SPM solution.

Figure 7

“How important are the following when partnering with an SPM provider?”



Base: 352 B2B global sales, line of business, and finance professionals from large enterprises

Source: Xactly Sales Performance Management Solutions Survey, a commissioned study conducted by Forrester Consulting on behalf of Xactly, April 2020

Key Recommendations

Today's growth leaders are under pressure to deliver robust top-line and bottom-line results, all while meeting the demands of independent and digitally savvy buyers. As if the pace and scope of change prior to the global COVID-19 pandemic weren't daunting enough, these leaders must now contend with the challenges of a remote workforce while increasing sales and organizational productivity. Growth leaders must now revise business plans as they look to salvage their fiscal years, adapt for new realities, and plan for the future.

Forrester's in-depth survey of 352 business leaders in sales, finance, and other lines of business about the role a data-driven and continuous approach to business planning plays yielded several important findings:



Speed and agility are more essential than ever. The business climate has never been as dynamic as it is today — from technology innovation to competitive pressures to volatile markets and global economic conditions. Growth leaders must have the right technology, systems, and processes to continuously adapt and evolve their business plans.



It's time for growth leaders to take a data-driven approach. Many organizations wish they had their data houses in order, but most do not. The days of gut-level decision making are well behind us. Growth leaders need to leverage best-in-class systems that help them quickly ingest information and turn it into actionable business intelligence they can use to course correct or maximize upside.



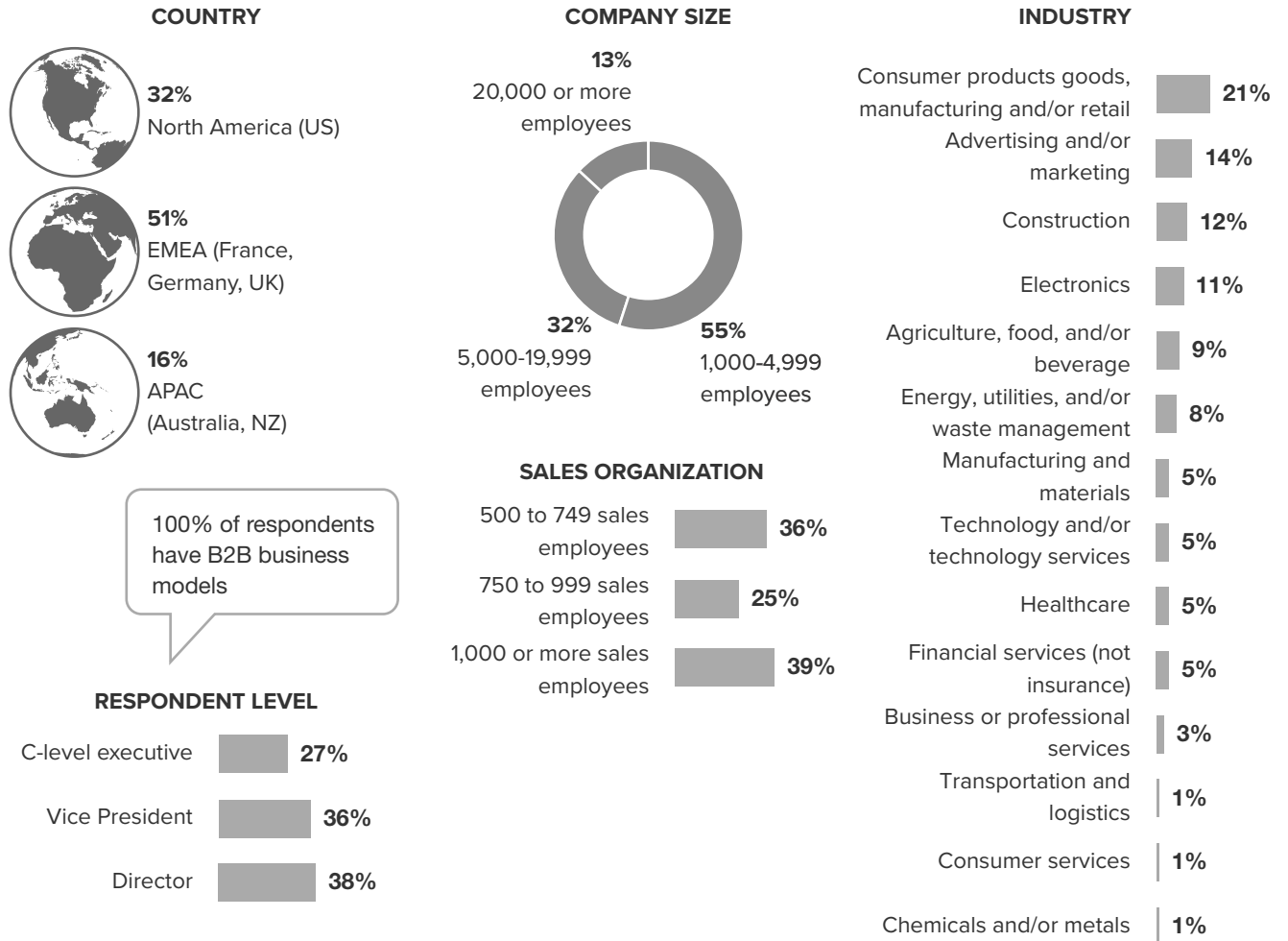
Inefficient processes and homegrown systems won't cut it. In order to effectively compete in an increasingly dynamic and digital world, growth leaders must embrace advanced technology solutions that allow them to drive greater efficiencies around all key processes, to cull insights from data and make real-time changes to strategies and plans. Organizations that only rely on homegrown solutions will not be able to compete with organizations that leverage automation and AI-driven insights.

Appendix A: Methodology

In this study, Forrester conducted an online survey of 352 B2B growth strategy leaders in the United States, France, Germany, United Kingdom, Australia, and New Zealand to evaluate the unique challenges faced by growth strategy leaders today, the actions they are taking to adjust their business planning and execution processes accordingly, and the benefits of working with an SPM provider. Survey participants included decision makers in sales, finance, and other lines of business. The study was completed in April 2020.

Appendix B: Demographics/Data

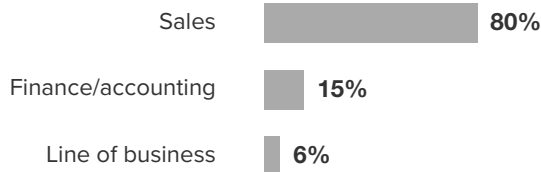
FIRMOGRAPHICS



Base: 352 B2B global sales, line of business, and finance professionals from large enterprises
 Source: Xactly Sales Performance Management Solutions Survey, a commissioned study conducted by Forrester Consulting on behalf of Xactly, April 2020

RESPONDENT DEMOGRAPHICS

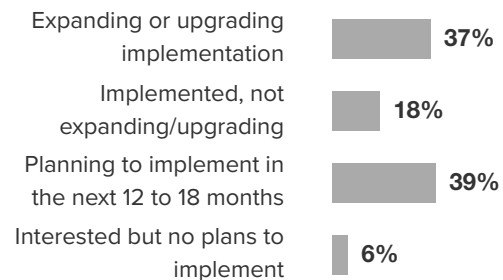
CURRENT POSITION/DEPARTMENT



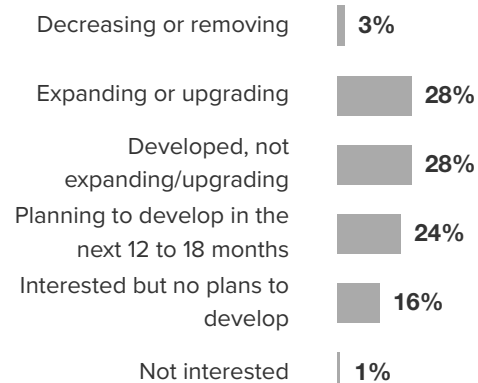
“Level of responsibility when it comes to revenue optimization/growth strategy at your organization:”



“What are your company’s plans when it comes to implementing an externally provided sales performance management (SPM) solution for business planning and execution?”



“What are your company’s plans when it comes to developing a homegrown sales performance management (SPM) solution?”



Base: 352 B2B global sales, line of business, and finance professionals from large enterprises

Source: Xactly Sales Performance Management Solutions Survey, a commissioned study conducted by Forrester Consulting on behalf of Xactly, April 2020

Appendix C: Supplemental Material

RELATED FORRESTER RESEARCH

“The Forrester Wave™: Sales Performance Management Solutions, Q1 2019,” Forrester (<https://www.forrester.com/report/The+Forrester+Wave+Sales+Performance+Management+Solutions+Q1+2019/-/E-RES143851>).

Appendix D: Endnotes

¹ Source: June 15, 2020, “Struggling To Find Value In Data? Insights Service Providers Deliver Business Value — And Build Culture And Capacity,” Webinar (<https://www.forrester.com/webinar/Struggling+To+Find+Value+In+Data+Insights+Service+Providers+Deliver+Business+Value+And+Build+Culture+And+Capacity/-/E-WEB31126>).

² Source: “The Forrester Wave™: Sales Performance Management Solutions, Q1 2019,” Forrester (<https://www.forrester.com/report/The+Forrester+Wave+Sales+Performance+Management+Solutions+Q1+2019/-/E-RES143851>).

³ Ibid.

⁴ Ibid.