

## WIN/LOSS ANALYSIS: THE COOPERATIVE ANGLE

ELLEN NAYLOR



Win/loss analysis is my favorite tactical cooperative intelligence (CI) practice. In this process you interview your customers after the sales event to find out why they chose to do business with you or decided on another competitor, and so much more. A great marketing touch point with your customers, it shows them you are willing to invest the time to obtain their feedback on their business dealings and relationships with your company.

Win/loss analysis also combines knowledge from sales, customers, the competition, your products or services, and the market you compete in. I recommend it to clients as the single best practice, as it keeps management in touch with what's happening in their market place. For the time and money expended, it offers the best return of any tactical CI practice.

But here are a few caveats if you want to practice win/loss analysis cooperatively:

- Identify clear objectives for conducting win/loss analysis.
- Invest the time to develop the questions you want answered.
- Maintain professionalism throughout this process.
- Don't merely survey your customers.
- Don't just interview losses, include wins.
- Include sales, but do not have sales conduct the interviews.
- Communicate your findings broadly.

### IDENTIFY CLEAR OBJECTIVES FOR WIN/LOSS ANALYSIS

Be very clear on what you want to learn through win/loss analysis so

you can conduct your interviews with the right customers. Are you losing sales in a certain geography where you used to win? Do you systematically track all wins and losses above a certain revenue amount since that's 80% of your company's revenue? Do you just track surprise wins and losses? Are you looking to gain market share in a certain industry? Are you looking for customer testimonials among your wins? Or perhaps you're looking to enter a new market or have just introduced a new product and want to track its successes and failures.

Be clear about how soon you should conduct the interviews after the sale closes. Most companies conduct win/loss interviews monthly or quarterly, depending on their goals. Interview as many customers as necessary to meet your learning objectives. If you wait too long after the sales event to conduct the interview people will forget the issues you want to cover. Conduct the interviews on a periodic basis, no more than 3 months after the sale to gain the optimum benefit. When you conduct interviews sporadically, you cannot identify trends with confidence.

### INVEST THE TIME TO DEVELOP THE QUESTIONS

Once you have defined your interviewing objectives, engage the people "in the know" at your company to develop the questions you want answered in the win/loss interviews. One process I find very helpful at identifying hidden issues is to conduct a company SWOT on why your customers buy or don't buy from you, and what you might do to stimulate sales. Ideally this exercise involves

individuals from sales, marketing, product management, and at least one sales vice president.

You can quite easily develop the questions you want answered from this exercise. But recognize that this should be a teamwork exercise. While you need perspective and buy-in from sales, why not take advantage of the broader expertise in other company functional areas to develop a more robust list of questions that might help groups like product development.

### MAINTAIN PROFESSIONALISM THROUGHOUT THE PROCESS

The first level of professionalism is clearly communicating the interview goals within your company. Once you have identified the goals for your win/loss process, developed the questions to ask your customers, and determined how often you will conduct win/loss interviews, make sure that this information is communicated to all involved parties down the line. I have been involved in win/loss efforts where the sales vice president and sales managers supported the win/loss process, but they did not effectively communicate their position to their sales force. Later, when I called on the sales people to become connected with their customers, they did not know that a win/loss analysis process had been established, who I was, or what the objective of such an endeavor might be.

Whether you conduct these interviews through your internal marketing folks or use a third party, you want sales to know that their customer has been targeted as a win or loss interview candidate. They are expected to cooperate and give the prospective interviewer the best information

possible about how to connect with their customers.

In addition, you want the interviewers to have the best information possible (title, company relationship, etc.) about the people they will ask for an interview, and how approachable those individuals are. The interviewer needs to talk directly with the salespeople, obtain an assessment of the existing customer situation, and identify whether there was a sales win or a loss.

It's much more professional and effective if the sales person first contacts their customer and informs them that an interviewer will be calling to schedule a follow-up interview about the sales event.

Another way to provide a professional approach to win/loss interviewing is for the interviewer to first call or email the customer contacts to set up an appointment for the win/loss interview, rather than immediately jumping into the phone interview. On some rare occasions, I have conducted the win/loss interview right on the spot. But scheduling an interview in the future allows the interviewer to clearly explain the purpose of this win/loss interview, and what the customer can gain from it. For some customers who want further information, I send them an email describing the areas I would like to discuss during the interview. This is the art of win/loss interviewing.

## **DON'T MERELY SURVEY YOUR CUSTOMERS**

A simple customer survey does not allow you to collect unanticipated information they might be willing to share during an interview. The survey process does allow you to collect trends, which can be very valuable. But an interviewer can use their intuitive skills to collect additional information when they sense the customer knows more and is willing to share. You can then track your trends by getting answers to some basic questions, and obtain additional insight into your customer

during the same interview. Examples of these insights include:

- a deeper knowledge of the customer's decision-making criteria for buying and retaining your company's products or services
- more detail about the competitor's offerings and positioning such as what the competition is promising versus delivering
- specific shortcomings in your product or service that you can fix and
- ideas for new products or services that your company's product manager can follow-up with later

Probing deeper on issues is the skill that CI practitioners bring to the interviewing process. We consider the customer's motivation as we conduct these interviews. During interviews over the telephone, we listen for the customer's tone and sense of engagement. We listen to what's being said, what is being omitted, and note those pregnant pauses. We can pose our questions indirectly if we sense the customer would feel disarmed by direct questioning. If we conduct interviews in person, we can observe the whole gamut of body language and adjust our interviewing style and way of framing the questions accordingly.

## **DON'T JUST INTERVIEW LOSSES. INCLUDE WINS**

It's rarely the case that you'll learn what you need to know by exclusively interviewing those who chose a competitor. This approach provides an unbalanced and negative approach to win/loss analysis. When customers only allow me to focus on losses, I feel like Darth Vader when I make the initial call to the sales person to be connected with the customer whose business they just lost. Sales already has a negative feeling about their losses, and only conducting a loss analysis will expand the ill will that often exists between sales and marketing.

You gain a balanced perspective when you interview customers who chose your solution, particularly if the sale was competitive. You also want to continue those practices that help you retain and gain business. When you focus on losses, you downplay your company's strengths and focus just on improvements.

While improvement is a good thing, it should be balanced with accomplishments and strengths. I liken "loss" analysis to conducting an unbalanced SWOT analysis where you just focus on your weaknesses and threats. One great gain from win interviews can be customers who agree to be testimonials to your company's products and services.

One final point about loss interviews: in many cases once you have lost a customer's business, it takes a long time to get it back, unless they do business with you in multiple areas. While the loss interview can be instructional, getting back the lost business could take several years. Retaining your customer's business is always cheaper, and win interviews can only reinforce this relationship. Additionally if you publicize what you have learned from wins, it creates a positive energy with your sales force, a very important cog in your collection wheel.

## **DON'T HAVE SALES CONDUCT THE INTERVIEWS**

The win/loss analysis process can be very political and threatening to sales, so gaining their buy-in is essential to a cooperative intelligence practice. It's particularly useful to start the win/loss process with the information sales is already collecting. In many companies Sales believes they are already doing win/loss analysis. In actuality, they list the competitors who participate in each tracked sales activity. As the sale closes, the report says who won the deal, and may include cryptic reason codes as to why they won or lost a deal – "price," "relationship," "features," "technology," "contract," and "financing."

In a salesperson's mind, this activity could be a win/loss analysis as they are paid to close deals, and they may not be concerned about the details. In other situations, sales conducts post mortems, especially after significant losses. But the customer is not present for these, and findings are biased by sales' interpretations.

Competitive intelligence needs to show sales people that they can win more deals in the long run if we are armed with the direct collective intelligence from their customers. Thus sales should see the results of your win/loss analysis. These analyses should not be written as a negative report, but rather as a factual account of why the company is winning and losing deals. It should also include some reasons that can help stimulate sales.

Unless your company culture is unusual, you do not want sales conducting win/loss interviews. Customers are more likely to be forthright in their answers and sharing if a third party or a skilled interviewer at your company conducts these interviews.

### COMMUNICATE FINDINGS BROADLY

After you conclude a group of win/loss interviews, communicate what you have learned to those individuals who can benefit from this information. The company's management may just want the analyzed data, such as any shifts in losses or wins that indicate that a product or a territory is in trouble, or the happy case of a gain in market share.

Sales persons, sales managers and product management can also benefit from your more tactical findings. Are there any behaviors they might change to enhance sales? Is sales marketing your products less professionally than the competition? Does the product or service need tweaking? Typical tactical concerns include price, account management, features, functionality, reliability, service, company reputation, etc.

When preparing a report for sales or sales management, keep the tone balanced, and end it on a positive note if at all possible. One of my customers was losing market share quickly since they had not brought their prices down in line with the competitive commodity marketplace they were now in. While this was the report's major message, the analysis also included positive factors about the good relationships almost every customer had with sales, and how the only reason the customer left was the price was too high in relation to the competitors'.

Another good tactic to gain sales' cooperation is to highlight a notable win and write it up in the CI newsletter, put it in the company Intranet, and generally send this communication around the company. Sales loves recognition.

Strategically, with enough data you have an opportunity to notice trends among buying and "not buying" customers. Stand back and apply your critical thinking skills with the help of a team of product managers, marketing folks and strategy folks to analyze this data further. Perhaps the company needs to change their marketing mix. Perhaps a surprising new key trend makes you dig into other sources to determine why it is emerging. People at all levels of the organization are interested in what they can learn from this information collection as it becomes analyzed, and that's a great cooperative exercise.

### CONCLUSION

Win/loss analysis is a key competitive intelligence collection tool, but it is just one source of tactical CI. CI collection should take place at every step of the account planning process. Some companies conduct targeted customer interviews as part of the account planning process. Others make a point of conducting such interviews before the request for proposal (RFP) is released. This gives them more time to either retain or gain the customer's

business and influence how the RFP is written to favor your company, to make some changes to your product, service or behavior to influence a positive outcome.

After the customer has made the sales decision, you can learn why they made it, and gain some intelligence as to how you might have won a deal you lost. For lost customers, the best 'return on investment' (ROI) you can gain is the intelligence to retain other customers' business by modifying your product or service and changing your practices accordingly. This can be very valuable if you learn how to maintain or better yet gain share into an industry where you were losing share.

You achieve a more immediate ROI by interviewing customer wins since they will share more information since they have decided in your favor, and it is in your mutual interest for both of you to be successful. These customers often give you ideas for product improvements, new products or services, and some subtle refinements to your service that can help you retain your competitive edge and their business. You need the intelligence from both wins and losses to take advantage of all you can learn from win/loss analysis.

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*Ellen Naylor is president of Business Intelligence Source, Inc. She has 25 years of marketing and sales competitive intelligence experience, including at Verizon, where she built a CI process that included sales. Ellen conducted financial competitive analysis and economic forecasting while at Northwest Airlines. She has held leadership positions at SCIP on the board of directors and with the Minnesota and Rocky Mountain chapters. In 1995 she received the Catalyst Award, and in 2006 she was named a SCIP Fellow. Ellen earned her MBA at the University of Virginia's Colgate Darden School. She can be reached at [answers@thebिसource.com](mailto:answers@thebिसource.com).* ●