

SALES MANAGEMENT ASSOCIATION RESEARCH REPORT

Go-to-Market Planning in High-Performing Sales Organizations

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Research Report: Go-to-Market Planning in High Performing Sales Organizations

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INTRODUCTION

Sales organizations operate in change intensive environments, our research over the past decade has shown. More recently, new disruptive forces have increased both the pace and magnitude of change confronting the typical sales leader. As a result, sales organizations' prospects for sustained performance are increasingly dependent on their adaptiveness – their ability to manage change.

Doing so is not easy, as evidenced by the finding that most sales organizations are not effective in managing change - or in anticipating it. In stark contrast, a minority of sales organizations are “change capable” – able to anticipate change, adapt strategy, and revise tactics much more effectively than most firms. Our research shows these change capable firms – “change leaders” – also significantly outperform their peers.

Our research offers insight into why change management effectiveness represents such a clear marker for high performance in sales forces. It shows change leaders don't simply implement changes more effectively, they display a distinct set of decision-making characteristics not present in change laggards. They make better and more timely decisions related to go-to-market strategy, and can revise tactics across a range of connected execution disciplines, including opportunity targeting, resource deployment, and program design.

Consider, for example, changes to the annual incentive compensation plan. We find sales compensation a bellwether indicator of management effectiveness in decision making and change management. Changing incentive compensation requires getting many things right. Incentive plans must reflect the firm's strategic direction, must integrate the diverse and sometimes competing interests of multiple stakeholders, must draw on accurate and accessible data, and must be presented in a timely (and comprehensible) fashion to the sales organization, whose selling activities and effort the incentive plan is intended to



influence. Integrative, data-dependent, and collaboration intensive, changing incentives encapsulates the decision-making challenges faced by leadership in other aspects of go-to-market design. Not surprisingly, our research shows that firms that capably manage incentive compensation-related changes are much more likely to make effective decisions across all other go-to-market disciplines.

What underlies their ability to do so? The research points to multiple, related capabilities in change leaders, capabilities that for management generate better informed decisions, broader strategic focus, sharper insights into tactical operations, and a lowered administrative burden associated with assembling decision assets. In high-performing firms, this integrated set of capabilities (which we refer to as go-to-market planning) serves as a vastly upgraded decision infrastructure when compared to the planning activities in “change laggard” sales organizations. In this paper, we

- closely examine the decision-making infrastructure of high performing sales organizations,
- show how their decision-making and planning approaches meet the challenges of an increasingly change intensive operating environment,
- explain stark differences in decision speed and quality in high performing sales organizations compared with their less effective peers, and
- quantify these firms’ performance advantages.

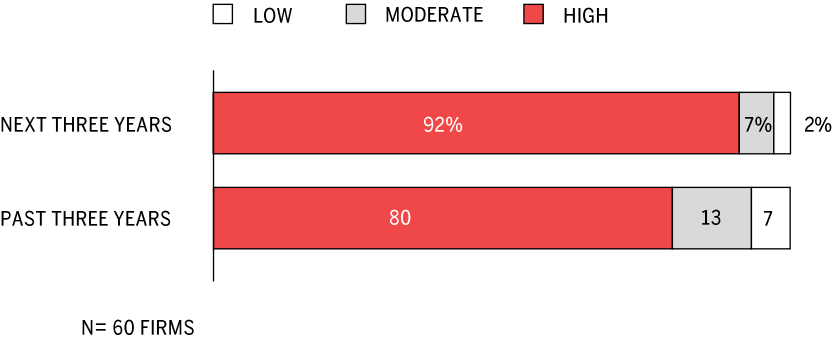


CHANGE LEADERSHIP: A NEW MARKER FOR HIGH PERFORMING SALES ORGANIZATIONS

Managing change has always been a significant part of managing the sales force. Before the COVID pandemic, firms regularly underwent sales transformation initiatives. On average every three years, large sales forces realigned their go-to-market assets to a shifting market, through a set of changes combining strategic and tactical elements. A typical transformation initiative might recast performance objectives, reorganize sales roles, and revise incentive plans, for example.

FIG.1.1. AMOUNT OF SALES ORGANIZATION CHANGE (SEP.-NOV. 2018)

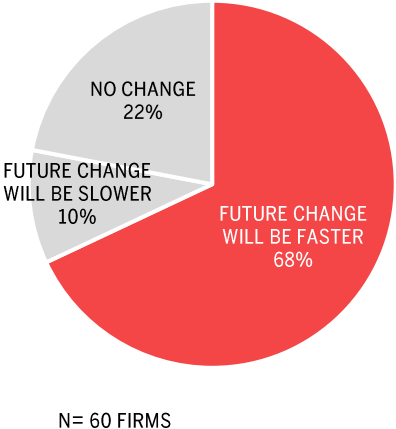
PERCENTAGE DISTRIBUTION OF FIRMS



These efforts reflected sales organizations’ pre-COVID operating environment, even then characterized by growing change pressures. In research that predates the pandemic’s onset by 18 months, we found both the pace and magnitude of sales organization-impacting change increasing. At that time, 80% of firms had attempted a “high” degree of change in the preceding three years, while 92% expected high change intensity in the coming three years. Fig. 1.1. And two-thirds (68%) expected future change to arrive faster than did change in the previous three years. Fig. 1.2.

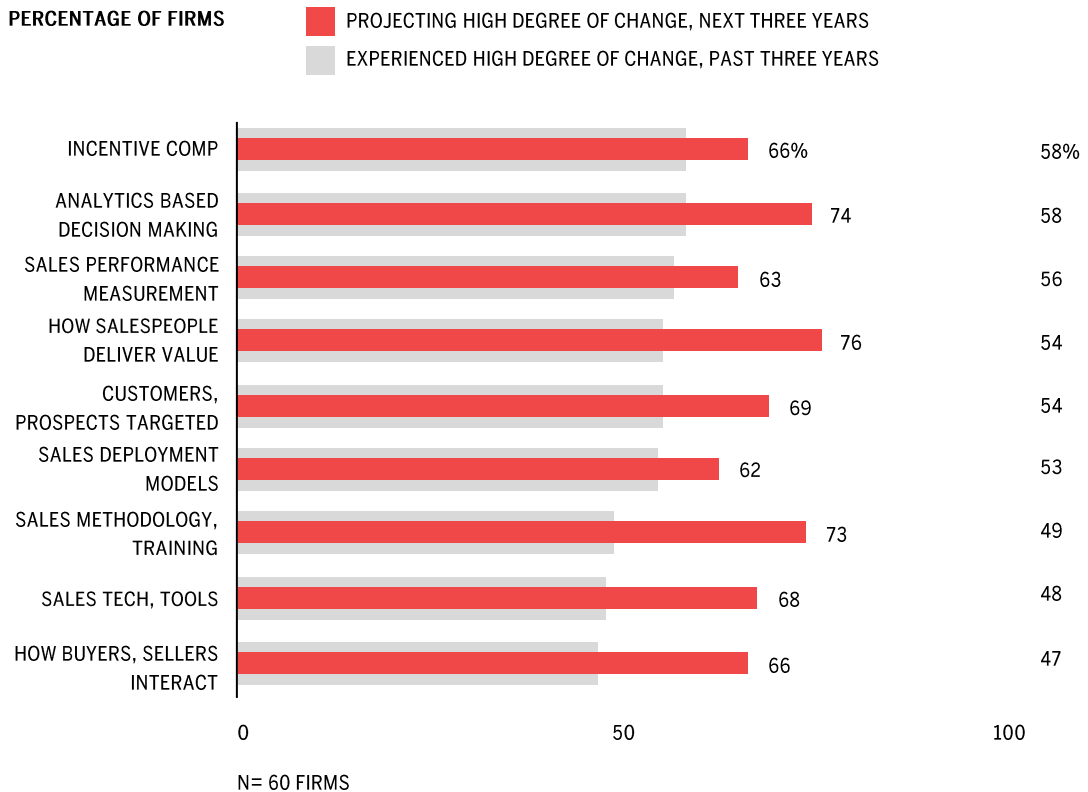
FIG. 1.2 PROJECTED SPEED OF CHANGE, NEXT THREE YEARS (VS. PRIOR THREE YEARS; SEP.-NOV. 2018)

PERCENTAGE DISTRIBUTION OF FIRMS



Firms expected change to occur across a broad set of sales management practices. These range from tactical elements (technology and tools), to strategic (customers targeted, deployment models) to what might be described as “existential” change, intended to redefine how the sales force delivers value to a shifting market. Firms already experienced a high degree of change in these areas in the previous three years, yet expected even more change in the next three years in each category. Fig. 1.3.

FIG. 1.3. PAST AND FUTURE (PROJECTED) AREAS OF “HIGH” CHANGE IN SALES ORGANIZATIONS, BY PRACTICE AREA.



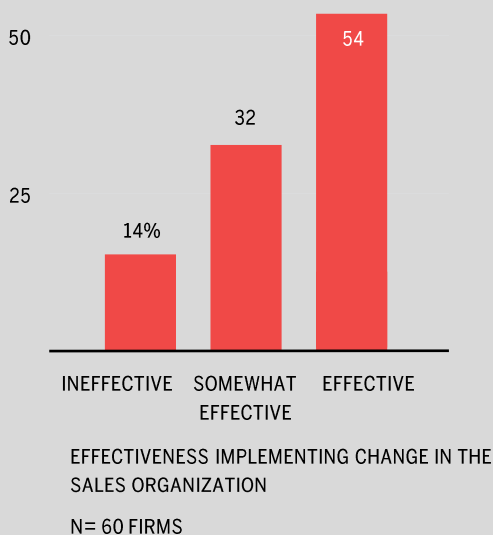
The pandemic’s arrival proved their instincts prescient, to say the least. As the single biggest disruption faced by businesses in three generations, COVID pressure-tested sales forces’ ability to adapt in ways large and small, revealing the majority unprepared for that test – and also revealing the substantial productivity and performance advantages enjoyed by those that were. In separate research done at the pandemic’s height, we found change-capable sales organizations outperforming others by a factor of three to one (See sidebar “COVID Reveals a Bellwether Change Readiness Measure for Sales Organizations”). *Continued page 12.*



COVID REVEALS A BELLWETHER CHANGE READINESS MEASURE FOR SALES ORGANIZATIONS

FIG. S.1. CHANGE IMPLEMENTATION EFFECTIVENESS AND PROJECTED SALES PERFORMANCE

PROJECTED ACHIEVEMENT OF 12 MONTH FIRM SALES OBJECTIVE AS OF SEP. 2020, TAKING INTO ACCOUNT COVID IMPACT



The COVID-19 pandemic forced many sales organizations to abruptly reconsider their approaches to interacting with buyers and covering customers, as well as a wide range of tactical programs including performance management and incentive compensation. The single most disruptive event affecting sales organizations in three generations, the pandemic forced firms to sell virtually during quarantine, then to adapt to an uneven recovery as restrictions abated.

Most sales organizations were not effective implementing change during the pandemic. Just 40% were effective in doing so in general (Appendix Fig. A.1.); and across a set of 11 more specific focus areas, a majority of firms were not effective. Sales organizations found it

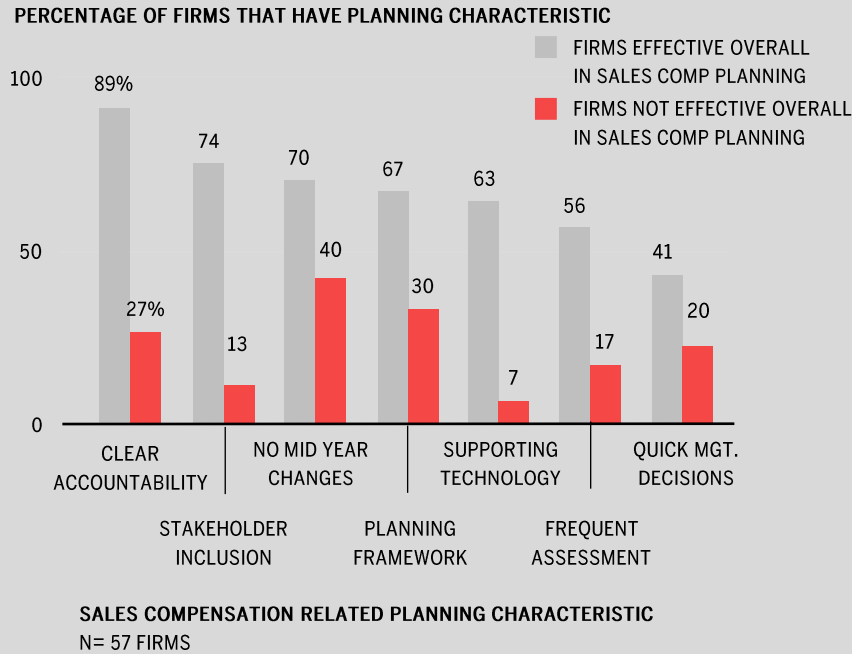
easiest to change sales process and offerings (48% and 44% changed these effectively, respectively), but much harder to change performance objectives or sales compensation (just 25% and 21%, respectively, could change these effectively). Fig. A.2.

Sales organizations that effectively implemented change were much more likely (more than three times) to achieve sales objective during the COVID pandemic. Fig. S.1.

Among all change capabilities during the pandemic, effectiveness in implementing sales compensation plan change was most predictive of firm sales performance, appearing more valuable than other sales change capabilities. Fig. A.4. This illustrates sales compensation's role as a bellwether change management capability – firms able to manage sales compensation change are more likely to be effective changing other aspects of the go-to-market mix, and more likely to achieve objective.



FIG S.2. OVERALL EFFECTIVENESS IN SALES COMPENSATION RELATED PLANNING AND PLANNING CHARACTERISTICS BY FIRM



The reason? Sales compensation related planning – the effort to assess, update, and implement changes in incentive compensation – encapsulates many of the same challenges as broader planning activities in the sales organization. It demands timely access to accurate data, often from multiple sources, and requires the collaborative involvement of multiple stakeholders, often with strong opinions and competing interests.

Sales compensation plan changes typically involve tactical decisions on performance goals, metrics, and priorities, which must be communicated, understood, administered, and supported. And the entire effort reflects the highest of stakes: sales compensation is the sales organization’s largest single investment, often representing 10% of total firm revenue.

Two characteristics of sales compensation related planning differentiate firms effective in implementing plan changes from those that are not. The first is stakeholder inclusion in the planning process. Firms that effectively include stakeholders in planning are five times more likely to be effective in sales compensation related planning (74% of firms are, compared with 13% of firms whose planning efforts are not stakeholder-inclusive).

The second differentiating characteristic is the use of a technology enabled platform that supports the planning effort. Firms doing so are nine times more likely to be effective in sales compensation planning than firms not using technology enabled planning support tools. Fig. S.2.



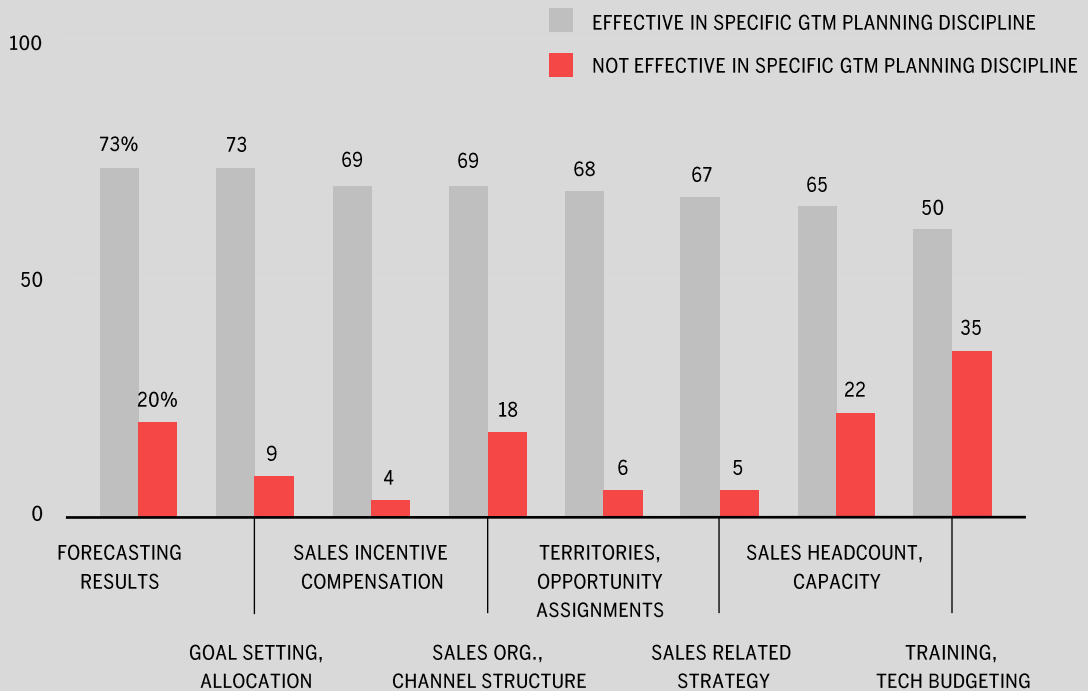
Our research finds firms effective in sales compensation planning are very likely to be effective in broader go-to-market planning too. Put another way, unless effective in sales compensation related planning, firms' chances of being effective generally in go-to-market planning are vanishingly small (just 4% as shown in Fig. S.3).

During the pandemic, implementing changes in the sales compensation plan were difficult for most firms - just 21% implemented changes to incentives effectively. Fig. A.2. Yet effectiveness in implementing sales compensation plan changes was most predictive of sales organization performance during the pandemic; 62% of firms effectively implementing sales compensation changes made the firm sales objective, compared with 27% of other firms. Fig. A.4.

For these reasons, we consider sales compensation related planning capabilities to be a bellwether planning capability - solve for the data, collaboration, and integration challenges associated with it, and you've created planning capabilities that can be applied to the sales organization's other go-to-market challenges.

FIG. S.3. EFFECTIVENESS IN SPECIFIC GTM PLANNING DISCIPLINES AND OVERALL GTM PLANNING EFFECTIVENESS

PERCENTAGE OF FIRMS WITH OVERALL EFFECTIVE GTM PLANNING



GTM PLANNING DISCIPLINE

N= 73 FIRMS



NEW DRIVERS OF SALES FORCE DISRUPTION

Even as the COVID-19 pandemic's effects wane, the pace and magnitude of change has hardly receded for most sales organizations. A broad-based set of macro forces continue to disrupt sales organizations.

These forces include:

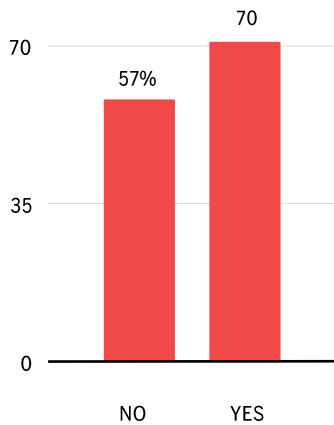
- Technology's impact on productivity, including more recent acceleration related to **generative AI**.
- The continued influence of increased connectivity, and **faster information sharing**.
- Volatile and **less predictable demand** in many industry and economic sectors.
- **Uncertain supply** as a consequence of leaner and less forgiving supply chains, and their vulnerability to external disruption.
- The **emphasis on** recurring revenue growth, as firms attempt to recast commercial transactions as **subscription offerings**.
- Higher interest rates, **restricted capital access**, and **financial market uncertainty**.
- Labor market shifts skewing toward younger workers, accelerated by older workers departing the labor pool following COVID, and an overall **tightening of labor supply**.
- Increasing **geopolitical conflict** around the world.



The adaptive capabilities that served high performing sales organizations during the pandemic continue to define high performing sales organizations now. This is because through the pandemic’s uneven recovery and well into the post-pandemic era, sales forces have not seen change pressures abate, thanks to a new set of disruptive change drivers. And while past approaches to adaptation relied on episodic transformations, today’s most effective sales organizations operate in a near steady state of change readiness. (See sidebar “New Drivers of Sales Force Disruption”).

FIG. 1.4. SALES LEADERSHIP ATTEMPTS TO ANTICIPATE CHANGE, AND FIRM SALES PERFORMANCE

PERCENTAGE OF FIRMS ACHIEVING SALES OBJECTIVE, PRIOR 12 MONTHS.

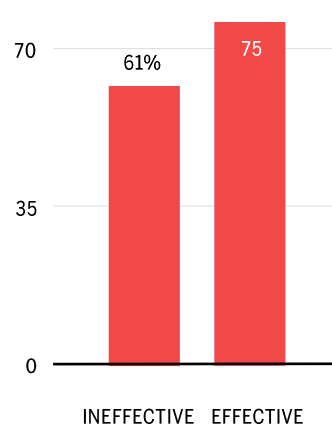


DOES SALES LEADERSHIP’S ANTICIPATE DRIVERS OF SALES ORGANIZATION CHANGE?

N= 58 FIRMS

FIG. 1.5. CHANGE IMPLEMENTATION EFFECTIVENESS, AND FIRM SALES PERFORMANCE

PERCENTAGE OF FIRMS ACHIEVING SALES OBJECTIVE, PRIOR 12 MONTHS.



CHANGE IMPLEMENTATION EFFECTIVENESS

N= 58 FIRMS

Anticipating and Implementing Change

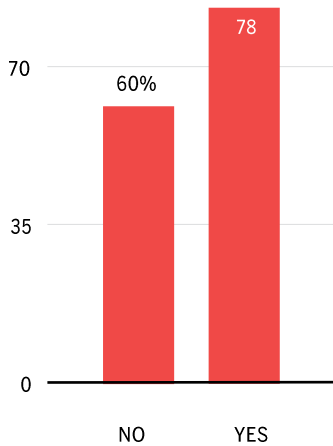
Two broad capabilities determine sales organizations’ effectiveness in managing change. They are the ability to anticipate expected changes, and the ability to effectively implement internal change initiatives in response. Both capabilities correlate with improved sales organization performance; the highest performing sales organizations do both things well.

Consider the difference in average performance among firms whose sales leaders’ attempt to anticipate change drivers, compared with those whose sales leaders do not. The former are significantly more likely to meet firm sales objective (70% do, compared with 57% of firms whose sales leaders do not try to anticipate sales force change drivers).



FIG. 1.6. COMBINED CAPABILITY IN PLANNING AND CHANGE IMPLEMENTATION, AND SALES ORGANIZATION PERFORMANCE

PERCENTAGE OF FIRMS ACHIEVING SALES OBJECTIVE, PRIOR 12 MONTHS.



DOES SALES ORGANIZATION HAVE BOTH (A) LEADERSHIP ACTIVELY PLANNING TO ANTICIPATE CHANGE, AND (B) ABILITY TO IMPLEMENT SIGNIFICANT CHANGE EFFECTIVELY?

N= 58 FIRMS

Factors Impacting Change Management Effectiveness

We gain greater insight from considering the more granular factors which influence sales organization change management effectiveness. Our research asked firms to rate the importance of 13 separate such factors, and also asked them to rate their effectiveness in each. These factors include a range of inputs, practices, and firm capabilities. Among them are two factors circumscribing the full range of sales management decision output: strategy development, defined as planning associated with a three-to-five-year horizon; and shorter-term tactical planning, defined as planning associated with a six-to-18-month horizon.

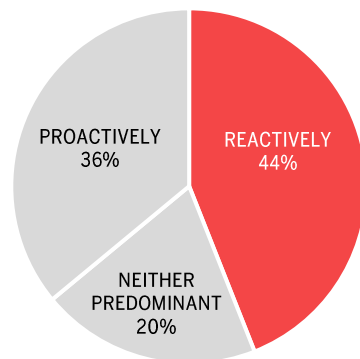
Fig. 1.4. And sales organizations effective in implementing change are 23% more likely to meet firm sales objective than are firms ineffective in change implementation. Fig. 1.5.

Sales organizations that do both - combine leadership efforts to anticipate change drivers and implement change effectively - are 30% more likely to meet the firm sales objective. Fig. 1.6.

Firms find these two broad capabilities difficult. Just 36% indicate they anticipate change needs proactively; 44% are predominately reactive in their change management efforts; while 20% say neither a proactive nor reactive approach is predominant. Fig. 1.7. And only 41% of sales organizations are effective overall in implementing change. Fig. 1.8.

FIG. 1.7. PREDOMINANT APPROACH TO SALES ORGANIZATION CHANGE IMPLEMENTATION

PERCENTAGE DISTRIBUTION OF FIRMS

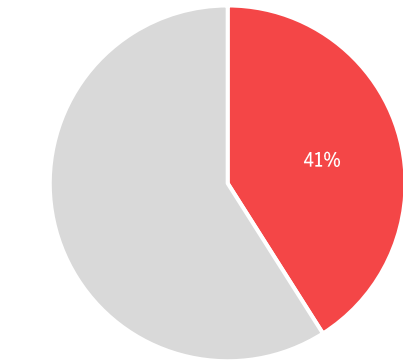


N= 59 FIRMS



FIG. 1.8. SALES ORGANIZATION EFFECTIVENESS IN CHANGE IMPLEMENTATION

PERCENTAGE OF SALES ORGANIZATIONS EFFECTIVE



N= 59 FIRMS

few sales organizations attempt mid-to-long range planning. And while strategic planning may seem less critical for change implementation than tactical planning, our research suggests effective strategy has an important carryover effect on tactical planning effectiveness. The highest performing firms do both well, reinforcing a view that strategy and tactical planning are both important to sales management (despite its traditional focus on short term tactical execution). Consider:

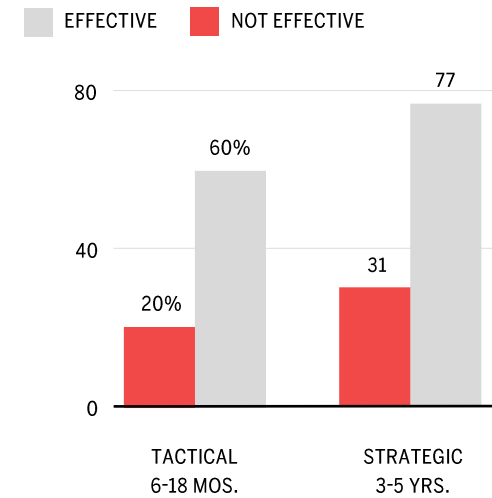
- Sales organizations ineffective in tactical planning are unlikely to implement change effectively (just 20% do), while those effective in tactical planning are three times as likely to implement change effectively.
- Sales organizations effective in strategy development are more than twice as likely to implement change effectively than sales organizations ineffective in strategy development.

All 13 factors are considered important contributors to change management effectiveness by at least three-fourths of all sales organizations. Tactical planning capability is considered important by the highest percentage of firms (97%), but just 43% of firms consider their tactical planning efforts effective. Firms are least likely to rate themselves effective in strategy development - just 22% do (though fully 83% of firms rate strategy as important). Fig. 1.10.

Dependent on tactical planning (something most firms can't provide), sales organizations' change efforts also suffer from a lack of strategic insight, since so

FIG. 1.9. FIRM EFFECTIVENESS IN SHORT/LONG TERM PLANNING, AND CHANGE IMPLEMENTATION EFFECTIVENESS

PERC. OF FIRMS EFFECTIVE IN IMPLEMENTING CHANGE



DECISION HORIZON

N= 59 FIRMS

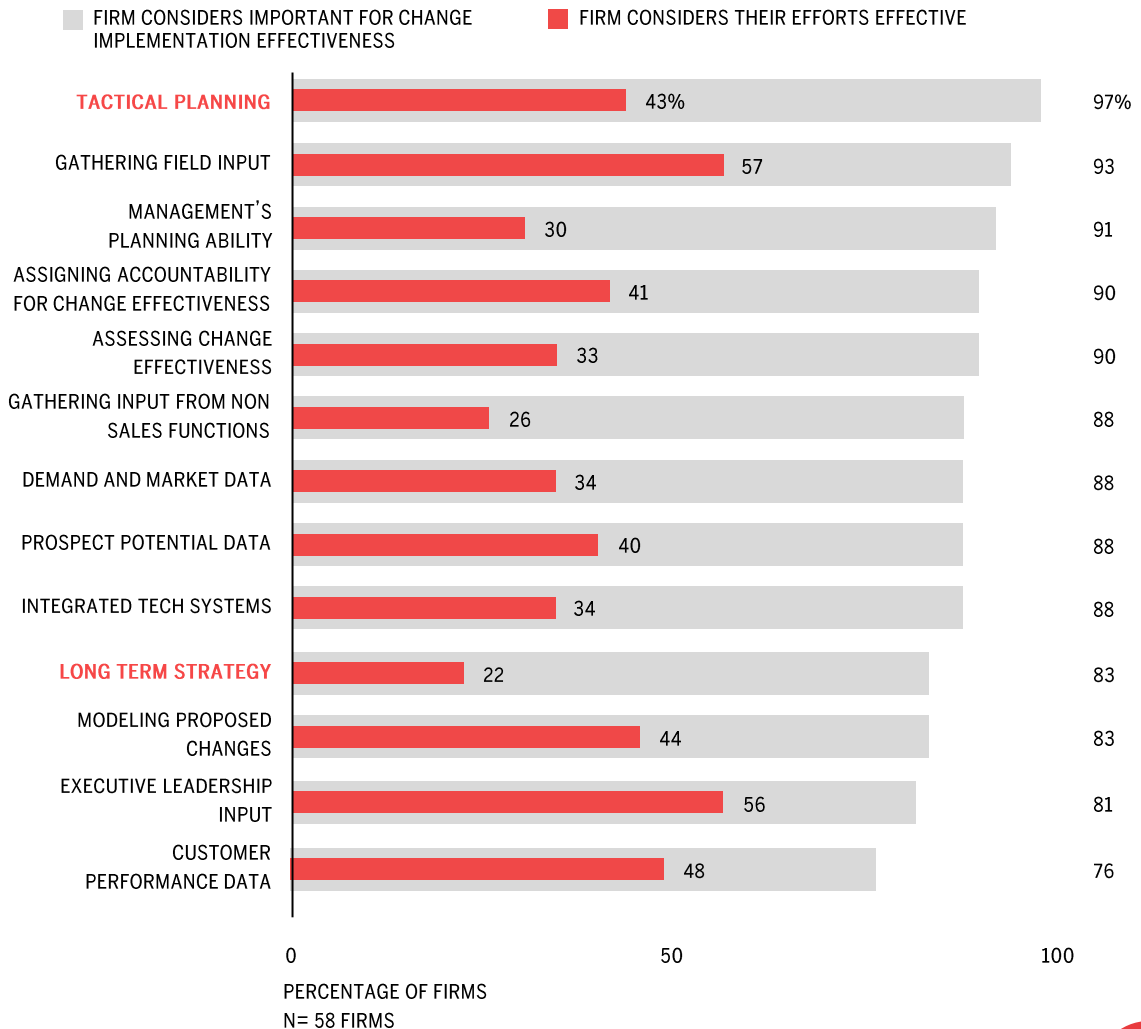


- Sales organizations effective in strategy development are more likely to effectively implement change even when compared with firms that are effective in short-term, tactical planning. Fig. 1.9.

Change management is the signal characteristic of high performing sales organizations. It requires two broadly defined and interrelated capabilities: the ability to anticipate change requirements, and the ability to effectively implement change. A closer look at factors influencing these capabilities reveals a wide range of things sales organizations must bring to their change management efforts: multiple streams of data and human input, efficient coordination and stakeholder collaboration, and planning acumen focused on both short-term and long-term outcomes.

FIG. 1.10. IMPORTANCE, EFFECTIVENESS OF CAPABILITIES IMPACTING SALES ORGANIZATION CHANGE MANAGEMENT

PERCENTAGE OF FIRMS THAT CONSIDER CAPABILITY IMPORTANT, CONSIDER THEIR FIRM EFFECTIVE



That most firms are not effective in the majority of these elements (Fig. 1.10.) suggests their interrelated, even co-dependent nature. Management judgment can only compensate so much for inaccurate or missing data; good data is of little use if it can't be collected and organized; neither data nor management acumen may matter if leadership guidance isn't forthcoming; and so on.

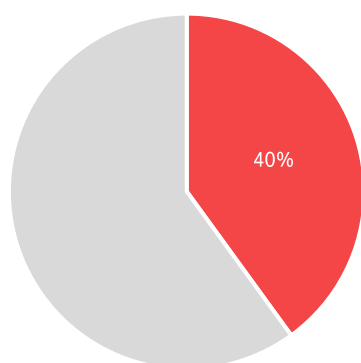
These findings highlight what might best be described as a decision infrastructure problem in many sales organizations. Using 20th century solutions applied to 21st century problems, sales forces' decision-making tools and practices no longer fit an increasingly change-intensive operating environment, hobbling management efforts to plan at the tactical or strategic level, or implement change either large or small.

In the next section, we take a closer look at decision making practices associated with the sales force's go-to-market mix, and consider an emergent set of decision-making capabilities associated with high performing firms.

GO-TO-MARKET DECISION MAKING, PAST AND PRESENT

FIG. 2.1. OVERALL EFFECTIVENESS IN GO-TO-MARKET PLANNING

PERCENTAGE OF FIRMS EFFECTIVE



N= 73 FIRMS

The sales organizations' traditional focus has been on execution, not planning. Many sales organizations betray this bias in the way go-to-market decisions are made. In the typical sales organization, go-to-market planning activities focus on operationalizing firm sales objectives – that is, allocating resources and accountability for “making the number,” then building out guidance, performance management, and incentive schemes that support tactical execution.

This approach is designed for commercial environments more predictable and less dynamic; that, unlike conditions faced by today's sales forces, have fewer surprises in demand (or supply), ample labor, infrequent changes in offerings or new product introductions, and stable buyer expectations.

They poorly serve sales leaders today, as evidenced by sales organization's low effectiveness rates across a range of go-to-market planning decisions and in their change



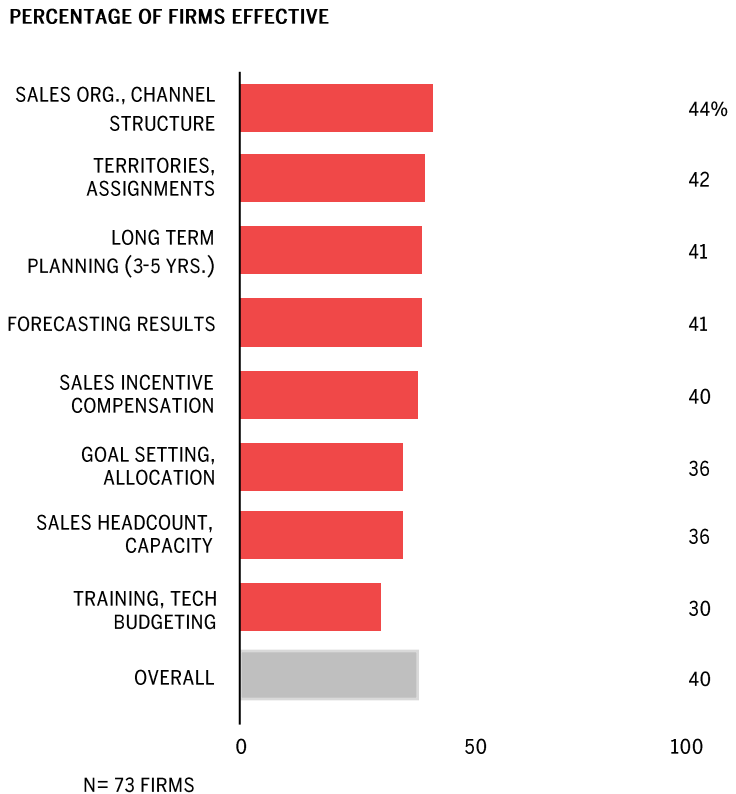
management effectiveness. This section highlights traditional go-to-market planning’s limitations and examines the root causes of its ineffectiveness.

Most sales organizations;’ planning efforts are not effective

Most sales organizations’ go-to-market planning efforts are not effective, either considered on an overall basis, or when examining constituent planning disciplines considered part of the go-to-market model. Just 40% of sales organizations self-assess their overall go-to-market planning as effective. Fig. 2.1.

In specific go-to-market disciplines, firms are more likely to be effective in planning related to sales organization (and/or channel) design, and in developing salesperson assignments and territories (44% and 42% of firms are effective, respectively). Firms are least likely to be effective in budgeting expenses related to training and technology, and in sales headcount and capacity planning – just 30% and 36% are, respectively. Fig. 2.2.

FIG. 2.2. GO-TO-MARKET PLANNING EFFECTIVENESS BY FOCUS AREA



Root Causes of Ineffective Go-to-Market Planning

Why is go-to-market planning often ineffective?

One answer lies in the amount and timing of

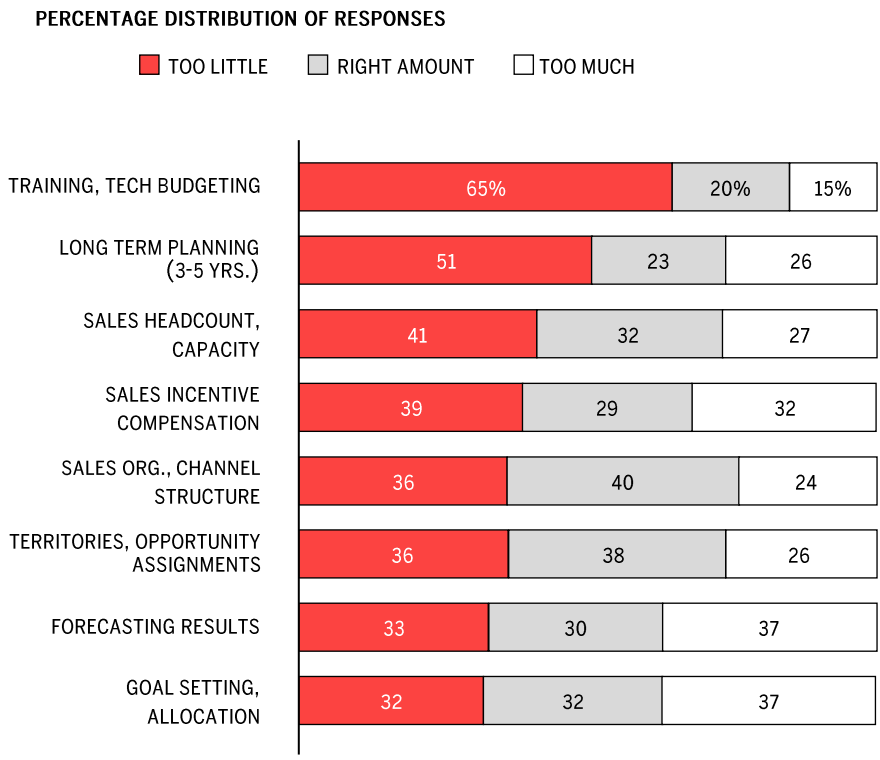
sales organizations’ planning efforts. Many do too little in their own estimation; others too much, and a sizable number complete go-to-market planning efforts too late.



Too Little Planning

Across nine separate go-to-market planning disciplines, just 20% to 40% of firms believe they do “the right amount” of planning. Firms are likely to do too little related to long-term planning or expense budgeting (65% and 51%, respectively), and too much forecasting and goal setting related planning (37% for both). Fig. 2.3.

FIG. 2.3. APPROPRIATENESS OF AMOUNT OF GTM PLANNING DONE IN SALES ORGANIZATIONS



N= 85 FIRMS

Unambiguously, insufficient go-to-market planning negatively impacts its quality. Just 12% to 22% of firms whose go-to-market planning activities are deemed “too little” also consider their planning effective. Fig. 2.4.

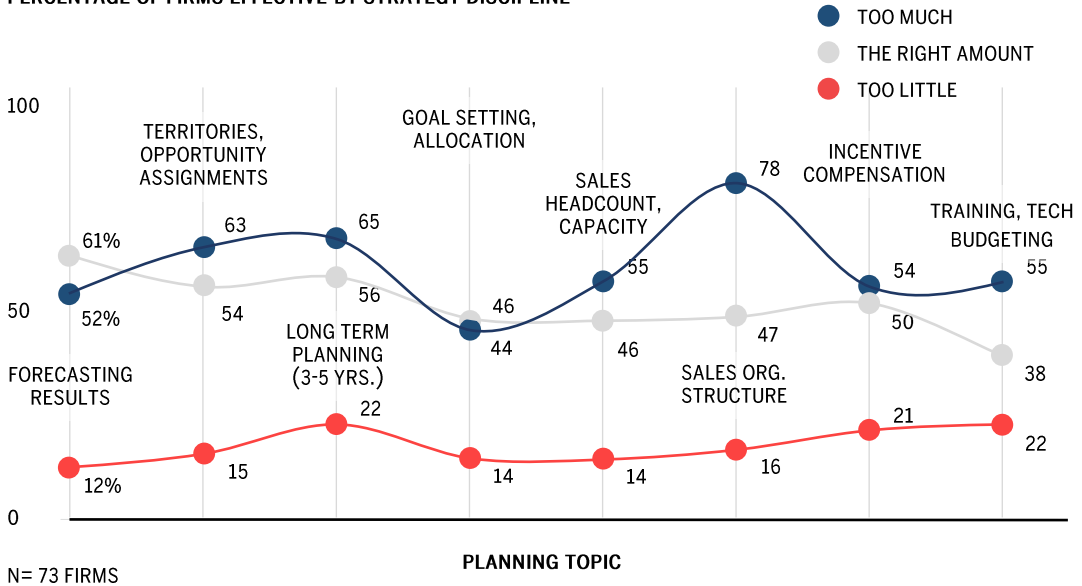
Overplanning

The impact of overplanning, (i.e., spending “too much” time on go-to-market planning activities) appears mixed, however. Compared to firms spending the “right amount” of effort, over planners are more likely to be effective in planning related to organization



FIG. 2.4. AMOUNT OF GTM PLANNING AND ITS EFFECTIVENESS BY GTM DISCIPLINE

PERCENTAGE OF FIRMS EFFECTIVE BY STRATEGY DISCIPLINE



design, budgeting, territory design, and long-term planning (three to five years). But over planners pay an effectiveness penalty in forecasting and goal setting; fewer over planners judge their efforts effective in these disciplines, compared with firms spending the right amount of effort. Fig. 2.4.

In the first case, in which overplanning yields improved effectiveness, firms may simply underestimate planning requirements; or, as is more likely, that saddled with poor capabilities it is unable to address, management prioritizes useful planning outcomes over efficient time allocation.

In the latter case, in which overplanning yields lower effectiveness, overplanning likely reflects gaps in managerial competence, ineffectual process, inadequate data or tools, or some combination of these. These are handicaps additional effort cannot remedy, though management may try anyway.

Spending too much time planning in any one go-to-market discipline has compounding negative effects on the overall effectiveness of the sales organization’s go-to-market model, as it leaves less available bandwidth to allocate to other go-to-market planning needs.

Planning Too Late (But Sometimes Too Early)

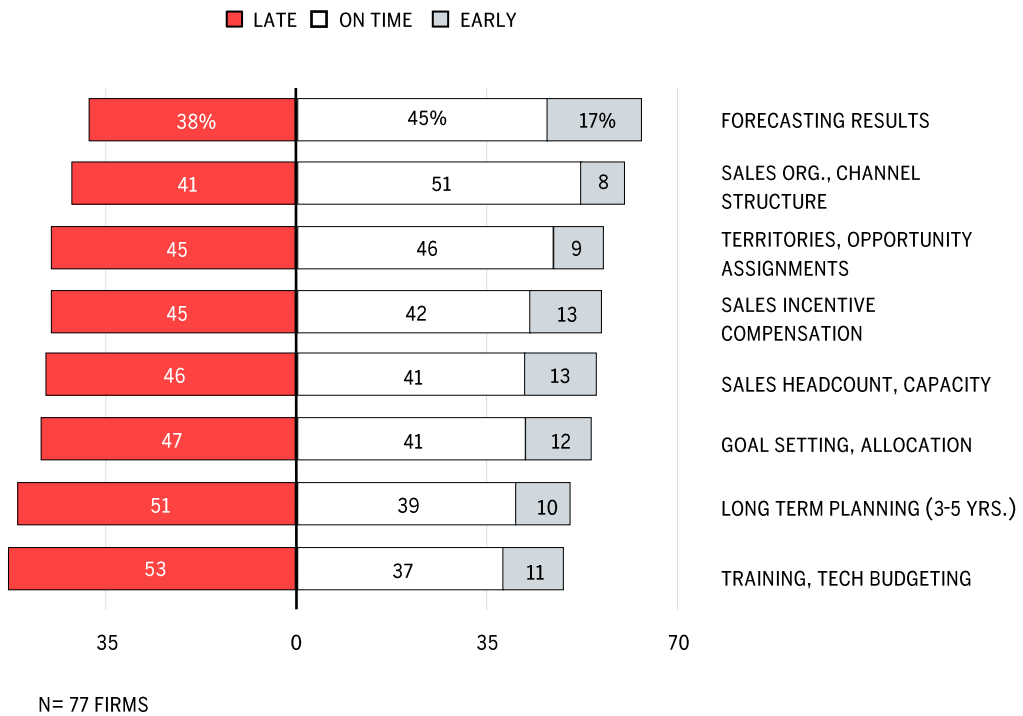
While many firms spend too little time on go-to-market planning, others complete their efforts too late. Between 38% and 53% of firms are late completing planning in at least



one go-to-market discipline. Firms are late most often in budgeting for technology and training investments (53% are), and in long-term planning (51% of firms). Firms are less frequently late in forecasting (62% of firms are on time or early), sales territory design (55%), and sales compensation related strategy (55%). Fig. 2.5.

FIG. 2.5 TIMELINESS OF GO-TO-MARKET PLANNING

PERCENTAGE DISTRIBUTION OF FIRMS



Late planners are less likely to develop effective go-to-market plans, especially in the disciplines of long-term planning, budgeting, salesperson territories, and sales compensation. In any discipline, completing planning late means a likelihood of effectiveness of no more than 28%. Fig. 2.6.

Firms that complete go-to-market planning early, on the other hand, are much more likely to be effective in their efforts. Interestingly, it's likely many firms don't fully recognize the value of early go-to-market planning (in survey responses they characterize their efforts as being completed "too early", i.e., perhaps unnecessarily so in their estimation). Just as late planning likely has compounding negative effects on effectiveness in other areas, early planning appears to generate compounding benefits, since completed deliverables



FIG. 2.6. TIMELINESS OF COMPLETION OF GTM PLANNING AND ITS EFFECTIVENESS, BY PLANNING DISCIPLINE
PERCENTAGE OF FIRMS WITH EFFECTIVE STRATEGY IN DISCIPLINE

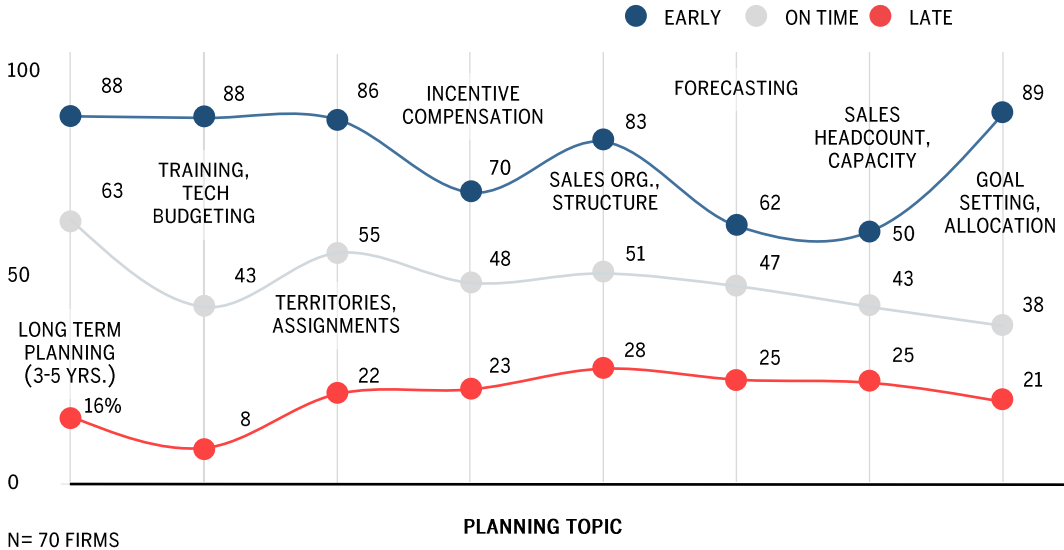
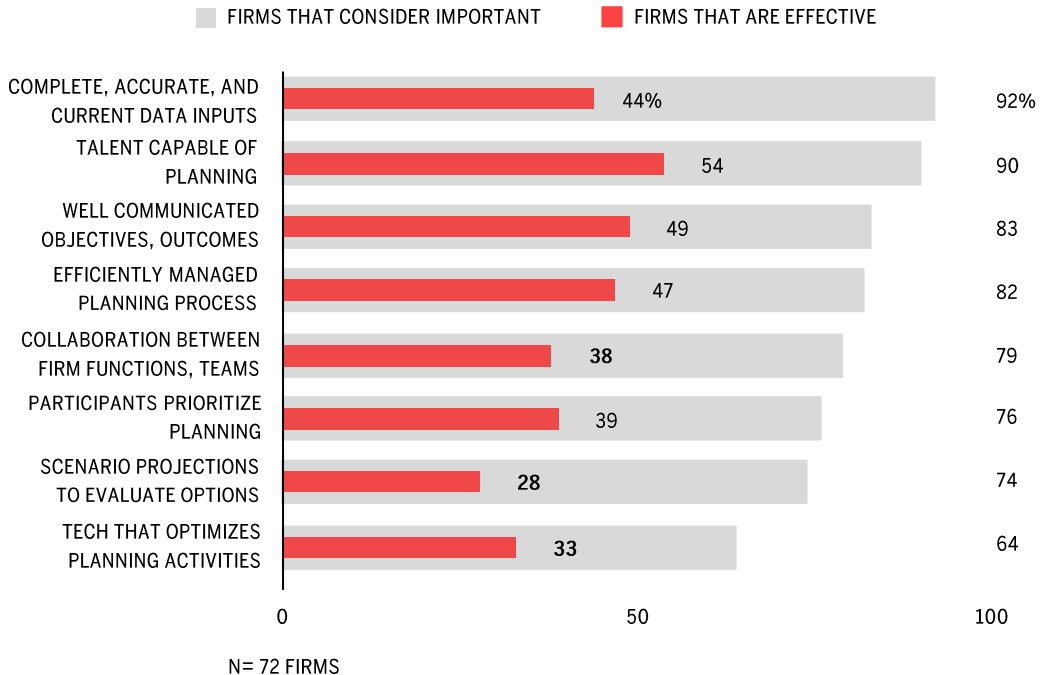


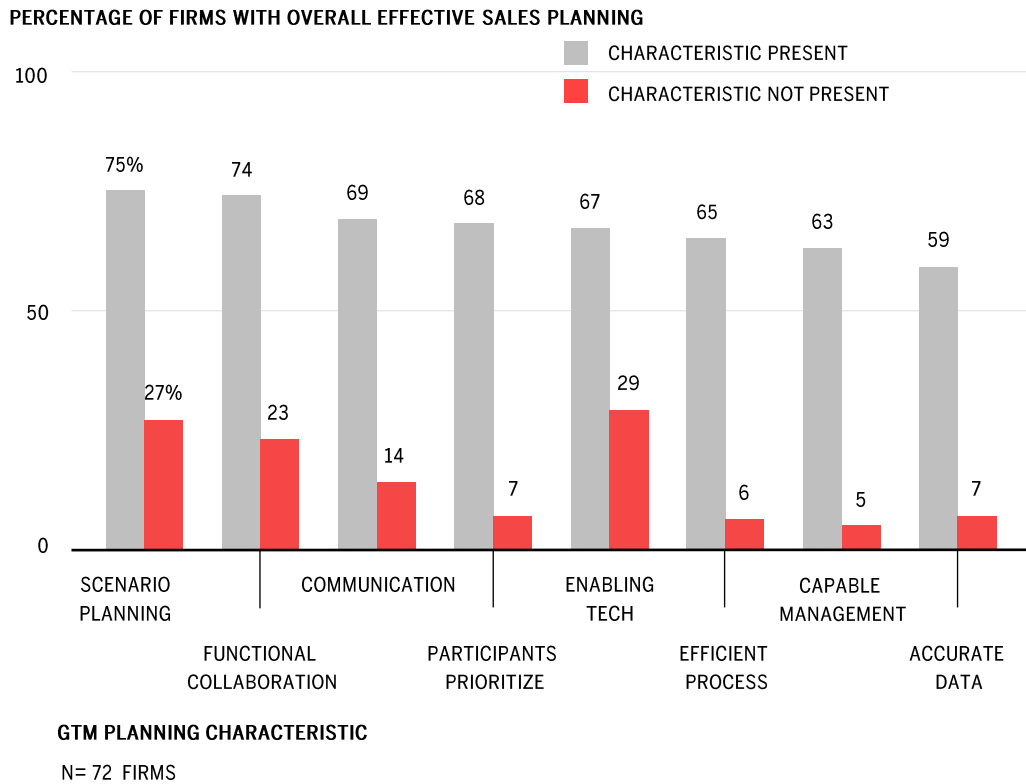
FIG. 2.7. GO-TO-MARKET PLANNING CAPABILITIES CHARACTERISTICS CONSIDERED IMPORTANT, AND FIRMS' EFFECTIVENESS IN THEM

PERCENTAGE OF FIRMS THAT CONSIDER IMPORTANT, ARE EFFECTIVE



in one discipline are often inputs needed in another. Completed forecasts, for example, are typically important in establishing sales goals. Firms may lose sight of these relationships when separate teams, functions, or managers are responsible for separate go-to-market planning disciplines. (SIDEBAR: “When More is Less: Sales Forecasting’s Sometimes Diminishing Returns.”)

FIG. 2.8. GTM PLANNING CAPABILITIES AND OVERALL GTM PLANNING EFFECTIVENESS



Missing Data

Aside from the amount and timing of go-to-market planning, other factors differentiate sales organizations’ planning efforts. They include a range of processes, assets, tools, and managerial competencies brought to bear in planning activities. In our research, we organized these into a set of eight constituent go-to-market planning “capabilities” and learned how they impact overall go-to-market decision making. These eight capabilities, shown in Fig. 2.7., are considered important by most firms (between 64% and 92%), though most are not effective in seven of the eight (management planning competence the lone exception).



Considered important by the highest percentage of firms (92%) are accurate and current data inputs, making it in our view a “table stakes” requirement for go-to-market planning. Despite its acknowledged importance, just 44% of sales organizations secure accurate data for such purposes. Without accurate data inputs, sales organizations’ prospects for planning effectively are dismal - just 7% of firms unable to secure accurate data inputs are ultimately effective in their overall go-to-market planning efforts. Fig. 2.8.

Poor Collaboration, Coordination

Many firms distribute accountability for various go-to-market planning tasks, creating silos of data and decision making in separate functions, departments, and work teams. Appendix Fig. A.3.

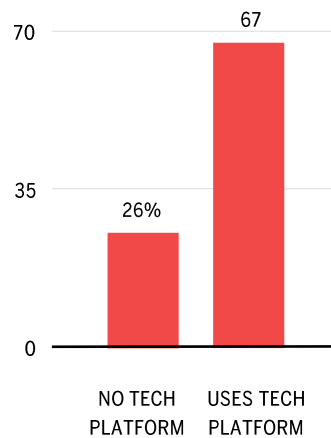
This explains why go-to-market planning requires substantial collaboration and coordination - from gathering and staging data, to integrating the involvement of key stakeholders, to aligning planning with organizational objectives and leadership guidance. Poor coordination diminishes planning efficiency, slows planning deliverables, and dilutes decision quality.

Coordinated planning that includes stakeholder participation is a critical determinant of go-to-market planning effectiveness. Firms that collaborate effectively in go-to-market planning are more than three times as likely to be effective in their planning efforts than are firms ineffective in collaboration (74% of collaborators plan effectively, compared with just 23% of non-collaborators).

Yet collaborative planning is difficult for most firms. While 79% consider it important in go-to-market planning, only 38% rate as effective their efforts to plan collaboratively. We find that collaborative planning is much more likely when technology platforms are used in support of go-to-market planning. Among firms doing so, 67% plan collaboratively (the same percentage whose overall go-to-market planning efforts are effective in this group). Firms that do not use technology to support their go-to-market planning efforts are much

FIG. 2.9. USE OF TECHNOLOGY ENABLED PLATFORM TO SUPPORT GTM PLANNING, AND EFFECTIVENESS PLANNING COLLABORATIVELY

PERCENTAGE OF FIRMS INDICATING THEIR GTM PLANNING EFFORTS INCLUDE EFFECTIVE STAKEHOLDER COLLABORATION



USE OF TECHNOLOGY PLATFORM FOR SALES PLANNING

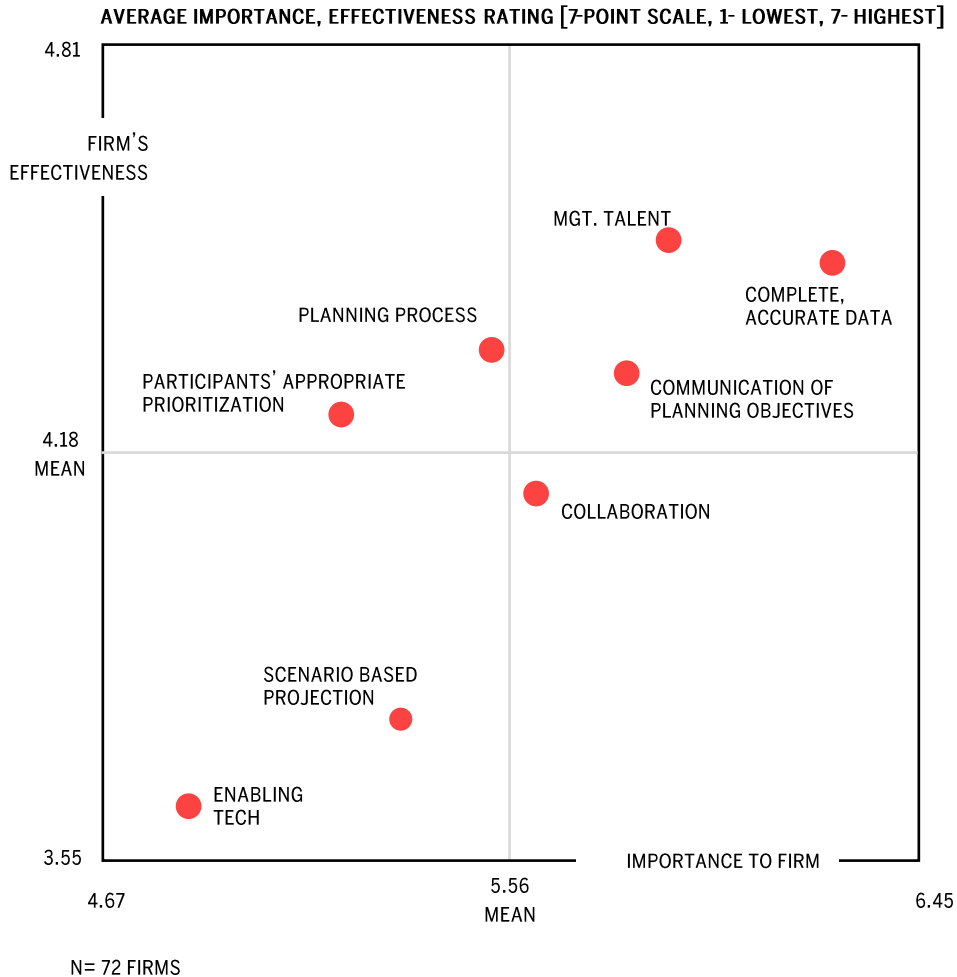
N= 72 FIRMS



less likely to plan collaboratively; just 26% do (Fig. 2.9.), and just 29% are effective overall in go-to-market planning. Fig. 2.8.

Our research identifies collaboration between firm functions and planning stakeholders as the single highest priority improvement opportunity among eight planning capabilities researched - a distinction based on being rated in the top 50th percentile for importance, and the bottom 50th percentile in firm effectiveness. Fig. 2.10.

FIG. 2.10. GTM PLANNING CONSTITUENT CAPABILITIES CONSIDERED IMPORTANT, AND FIRMS' EFFECTIVENESS IN THEM



Low Visibility Into Planning Outcomes

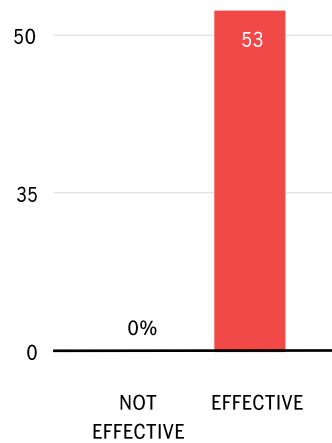
Among eight sales go-to-market decision capabilities researched, firms are least likely to be effective in quantifying the business impact associated with planning; just 28% of firms effectively demonstrate this capability. (This capability is identified as scenario planning in Figs. 2.7. and 2.8.) Firms effective in scenario planning can quantify future sales, profitability, selling expense, or other relevant metrics, based on variables considered as part of its planning activities. Examples include quantifying the projected impact on selling expense of a proposed sales compensation plan change, projecting changes in selling capacity resulting from redesign territories, or estimating increased sales or profits resulting from reorganizing the sales force.

This capability is more highly predictive of overall go-to-market decision quality than any of the eight constituent go-to-market planning capabilities included in our research. Among firms capable in scenario planning, 75% are effective overall in go-to-market planning. Fig. 2.8.

Scenario analysis isn't possible without accurate and current data, as our research clearly shows. Only firms effective in securing accurate and current data inputs for go-to-market planning are effective in scenario planning. Fig. 2.11.

FIG. 2.11. ABILITY TO SECURE ACCURATE DATA AND EFFECTIVENESS IN ESTIMATING BUSINESS IMPACT OF GTM PLANNING

PERCENTAGE OF FIRMS EFFECTIVE IN PROJECTING GTM PLANS' BUSINESS IMPACT



EFFECTIVENESS IN SECURING ACCURATE DATA

N= 72 FIRMS

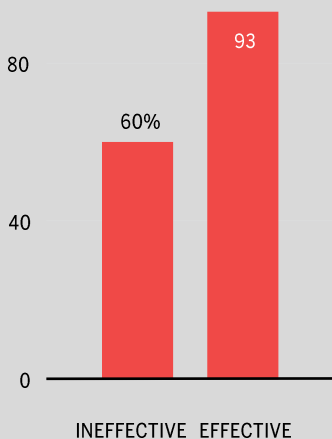
FOR ALL FIRMS, 28% ARE EFFECTIVE PROJECTING PLANS' BUSINESS IMPACT



WHEN LESS IS MORE: SALES FORECASTING'S SOMETIMES DIMINISHING RETURNS

FIG. S.4. FORECASTING EFFECTIVENESS AND FIRM SALES PRODUCTIVITY

PERCENTAGE OF FIRMS MEETING SALES OBJECTIVE, PRECEDING 12 MONTHS



FIRM EFFECTIVENESS IN FORECASTING RESULTS

N= 73 FIRMS

In many ways, forecasting is the sales organization's most problematic planning challenge. It's critical to sales force performance¹, and a highly valued sales operations competency². It's also time consuming for both management and salespeople, making it perhaps the costliest go-to-market planning discipline.

In most firms, forecasting's benefits are meager; self-rated effectiveness and overall satisfaction with forecasting is low³. But if forecasting is a high-burden, low yield planning activity in most firms, it is a performance differentiator in the minority of firms that forecast effectively.

In fact, when effective, sales forecasting is more highly predictive of firm performance than other go-to-market planning disciplines; 93% of firms who rate their forecasting as effective achieve sales objective. Fig. S.4, Also Appendix Fig. A.5.

These data help explain one counter intuitive aspect of forecasting: in many firms, the more effort spent on forecasting, the less likely that effort is to yield effective results. Just 52% of firms indicating that they spend too much time on forecasting are effective in their forecasting efforts, compared with 61% effectiveness among firms spending the right amount of time forecasting. (Other planning disciplines reward "over planners" – firms spending "too much time" planning – with increased effectiveness.) Given forecasting's importance, management may have little choice other than to sink time into forecasting approaches fundamentally flawed by ineffectual process or poor quality data. Fig. 2.4.

¹Effective forecasting is considered "extremely" or "very" important to sales organization performance by 70% of firms (and moderately important by another 18%). SMA research Sales Force Attitudes Toward Forecasting, 2016.

²In a study of 14 sales operations competencies, forecasting was considered important by the highest number of firms (83%; SMA research Sales Operations Competencies, 2017).

³Forecasting requires "substantial" effort by the sales force in 68% of firms, but just 44% are satisfied with their sales forecasts' accuracy, and just 37% with the return on forecasting effort (SMA research Sales Force Attitudes Toward Forecasting, 2016). Note also the 41% "effective" rate in our more recent study on planning effectiveness, Fig. 2.7.



GO-TO-MARKET PLANNING, PAST AND FUTURE

PAST	FUTURE
Allocates a static goal; develops tactics and assigns accountabilities to make the number.	Accommodates changing conditions and objectives with frequent assessment and rapid revisions to tactics.
Planning is episodic, infrequent, and slow.	Planning is frequent-to-continuous
Planning follows decisions.	Decisions informed by planning.
Rear facing - dependent on historical data, but limited predictive insights.	Deep insight into historical performance but also ability to project impact on potential changes on future performance.
Supports reactive change.	Promotes proactive change.
Fits "command and control" decision infrastructure.	Fosters "mission control" decision making.
Data overruns decision bandwidth.	Decision tools equal to the speed of data.
Reliant on labor intensive data gathering	Integrates data from disparate sources
Struggles to integrate decision inputs from disparate stakeholders	Enables efficient coordination and effective collaboration
Short term focused. Often an exercise in out-executing poor strategy and weak direction.	Short term and mid/long-term focused. Elevates strategy and enables longer term planning horizon.
Brittle sales organizations slow to adapt when operating environments shift.	Agile sales organizations that can adapt to changing operating environments.



GO-TO-MARKET PLANNING REIMAGINED

Traditional Go-to-Market Planning's Drag on Sales Performance

Most firms judge their go-to-market planning efforts ineffective. Figs. 2.1., 2.2. This compromises sales organizations' adaptiveness, at a time when their selling environments are becoming more change intensive. Figs. 1.1., 1.2. Traditional go-to-market planning approaches, tools, and processes no longer serve these sales organizations; their planning is characterized by misallocated and poorly timed planning effort, inadequate data, poor integration of planning activities across functions, and low stakeholder collaboration.

While this characterization applies to most sales organizations, it doesn't apply to all. A smaller population of firms, effective in their go-to-market planning efforts, enjoy substantial performance advantages and benefit from planning in ways that are redefining go-to-market planning's traditional role.

How High Performing Sales Organizations are Reshaping Go-to-Market Planning

What differentiates the go-to-market planning practices of high performing sales organizations? We find:

- **High performing firms have solved for the timely availability of accurate data.** Most managers intuitively understand that good data is foundational to good planning; for those inclined to believe otherwise, our benchmarking data is starkly discouraging. Firms effective in sourcing accurate data are eight times more effective in go-to-market planning than firms ineffective (or even "somewhat" effective) in their efforts to access timely and accurate data inputs. Fig. 2.8.

The ability to source accurate data dramatically affects planning quality in subordinate go-to-market planning disciplines. Without it, firms have no chance at effectively planning sales compensation or setting sales goals effectively. For many firms, data accessibility is incomplete, or untimely (suggested by the many firms indicating they are "somewhat effective" sourcing data). Their planning efforts' usefulness is substantially degraded, compared with firms effective in sourcing accurate planning data. As shown in the accompanying table, data availability is most critical for the planning disciplines of sales compensation, goal setting, and strategy development. Fig. 3.1.



FIG. 3.1. FIRM EFFECTIVENESS IN SECURING ACCURATE DATA, AND PLANNING EFFECTIVENESS BY DISCIPLINE
PERCENTAGE OF FIRMS EFFECTIVE IN PLANNING DISCIPLINE

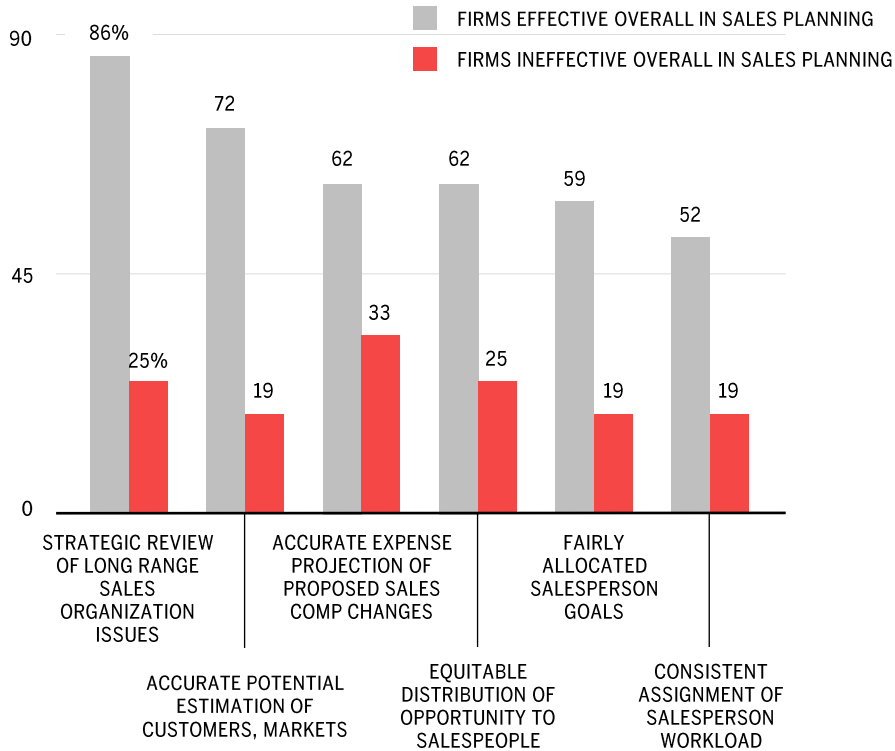
PLANNING DISCIPLINE	ALL FIRMS	FIRM EFFECTIVENESS IN SECURING DATA FOR PLANNING		
		NOT EFFECTIVE	SOMEWHAT EFFECTIVE	EFFECTIVE
GOAL SETTING	35%	0%	31%	53%
SALES COMPENSATION	39	0	35	61
SALES ORGANIZATION DESIGN	44	7	46	59
STRATEGY	42	14	31	63
TERRITORY DESIGN	43	14	42	56
FORECASTING	42	14	38	56
CAPACITY PLANNING	36	29	31	44
BUDGETING	31	21	31	35
NUMBER OF FIRMS	72	14	26	32

- **High performing firms are more effective near-term and tactical planners.** Like other firms, high performing firms’ go-to-market planning serves to operationalize objectives and define tactical priorities. But unlike their low performing peers, high performing firms’ tactical planning generates far more useful planning output. For example, they are between two and three times more effective than low performing firms in allocating opportunity, workload, and performance goals to salespeople, in estimating customers’ and prospects’ sales potential, in projecting expenses associated with future changes, and in reviewing long term strategic goals. Fig. 3.2.
- **High performing firms elevate strategy and mid/long term planning.** In addition to using planning in support of short-term objectives, high performing firms focus on a longer-term (three-to-five year) planning horizon and strategy (86% of high performing firms do), compared with just 25% of firms whose go-to-market planning efforts are ineffective. Fig. 3.2. We believe this reflects additional planning bandwidth freed up by firms able to meet shorter term, tactical planning priorities.
- **Planning in high performing firms generates forward looking insights (not just those that quantify past performance).** This is evidenced by high performing firms’ ability to accurately estimate potential in markets, prospects, and customers, and to project the business impact of planning in the form of estimated expenses, revenues, or other metrics. Fig. 3.2. These forward-facing insights improve forecasting accuracy, and are essential to helping sales organizations proactively anticipate change. They also enable a critical array of tactical performance management efforts, including



FIG. 3.2. OVERALL GO-TO-MARKET PLANNING EFFECTIVENESS AND PLANNING OUTCOMES

PERCENTAGE OF FIRMS WITH OUTCOME



PLANNING OUTCOMES

N= 72 FIRMS

incentive compensation, goal setting, and salesperson deployment, by speeding evaluation of possible options and allowing management to optimize outcomes during planning.

- **High performing firms integrate go-to-market planning across a range of constituent go-to-market planning tasks.** This is evidenced by the broad-based effectiveness we see across go-to-market planning disciplines in firms that judge their overall go-to-market planning effective. In other words, firms are rarely effective in only one or two subordinate planning disciplines. (A possible exception to this rule is budgeting, a planning discipline considered least important, and least data intensive). The prevalence of elevated competence across all disciplines reflects the level of integration effective planning sales organizations achieve. Fig. 3.3.



- High performing forecast effectively. Sales organizations that exceed the corporate sales objective in the preceding 12 months rate their forecasting accuracy 37% higher than do firms that merely meet sales objective, and their forecasting efforts are 2.4 times more accurate than forecasting in firms that underachieve sales objective. Fig. 3.3.
- Collaboration and coordination among planning stakeholders is highly correlated with overall go-to-market planning effectiveness. Sales organizations effective in collaborative planning among functional stakeholders are more than three times as likely to be effective overall in go-to-market planning. Fig. 3.4.

FIG. 3.3. FORECAST ACCURACY AND FIRM SALES PERFORMANCE

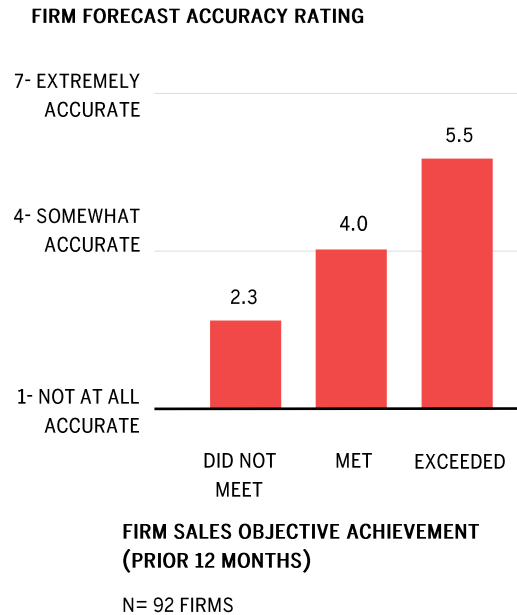
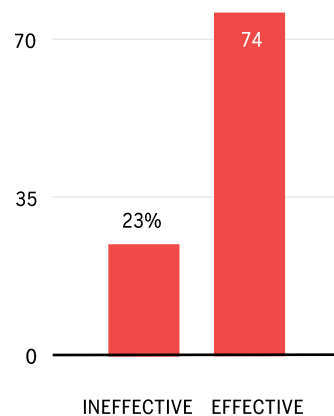


FIG. 3.4. FUNCTIONAL COLLABORATION AMONG PLANNING STAKEHOLDERS AND OVERALL GO-TO-MARKET PLANNING EFFECTIVENESS

PERCENTAGE OF FIRMS EFFECTIVE OVERALL IN GO-TO-MARKET PLANNING



FIRM EFFECTIVENESS IN COLLABORATION AMONG FUNCTIONAL PLANNING STAKEHOLDERS

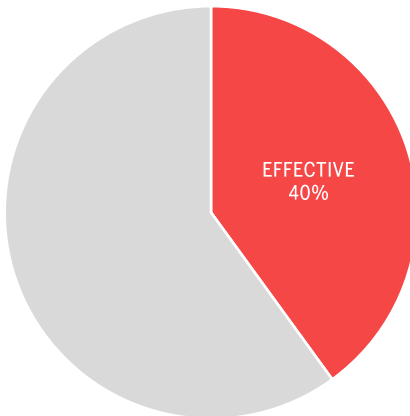
N= 72 FIRMS



APPENDIX

FIG. A.1. EFFECTIVENESS IMPLEMENTING SALES ORGANIZATION CHANGE SINCE COVID

PERCENTAGE DISTRIBUTION OF FIRMS (OCT. 2020)



N= 60 FIRMS

FIG. A.3. FIRM FUNCTION OR DEPARTMENT CHIEFLY ACCOUNTABLE FOR GTM PLANNING, BY PLANNING TYPE

PERCENTAGE DISTRIBUTION OF RESPONSES

SALES PLANNING TYPE	SALES MGT.	SALES EFFECTIVENESS	CORP. PLANNING	FINANCE	HR	MKTG.
SALES ORG, CHANNEL STRUCTURE	45%	26%	9%	11%	8%	1%
SALES HEADCOUNT, CAPACITY	59	20	11	9	0	1
SALES RELATED STRATEGY	43	35	10	11	0	0
GOAL SETTING, ALLOCATION	63	15	11	4	8	0
TERRITORIES, OPPORTUNITY ASSIGNMNTS.	70	13	15	1	0	1
SALES INCENTIVE COMPENSATION	51	40	9	0	0	0
FORECASTING RESULTS	61	18	20	1	0	0
TRAINING, TECH BUDGETING	29	29	20	15	5	1

N= 81 FIRMS



FIG. A.2. SALES ORGANIZATION CHANGE IMPLEMENTATION EFFECTIVENESS SINCE COVID PANDEMIC ONSET
PERCENTAGE OF FIRMS EFFECTIVE IMPLEMENTING CHANGE (OCT. 2020)

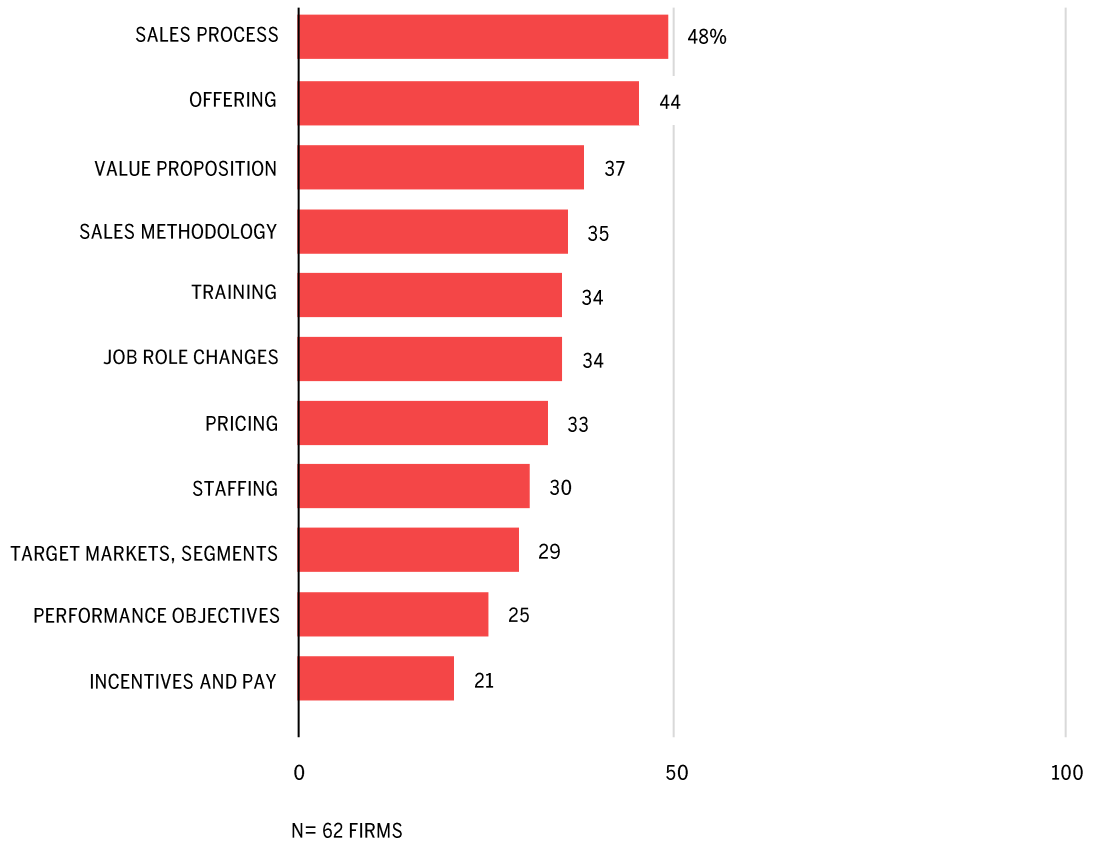
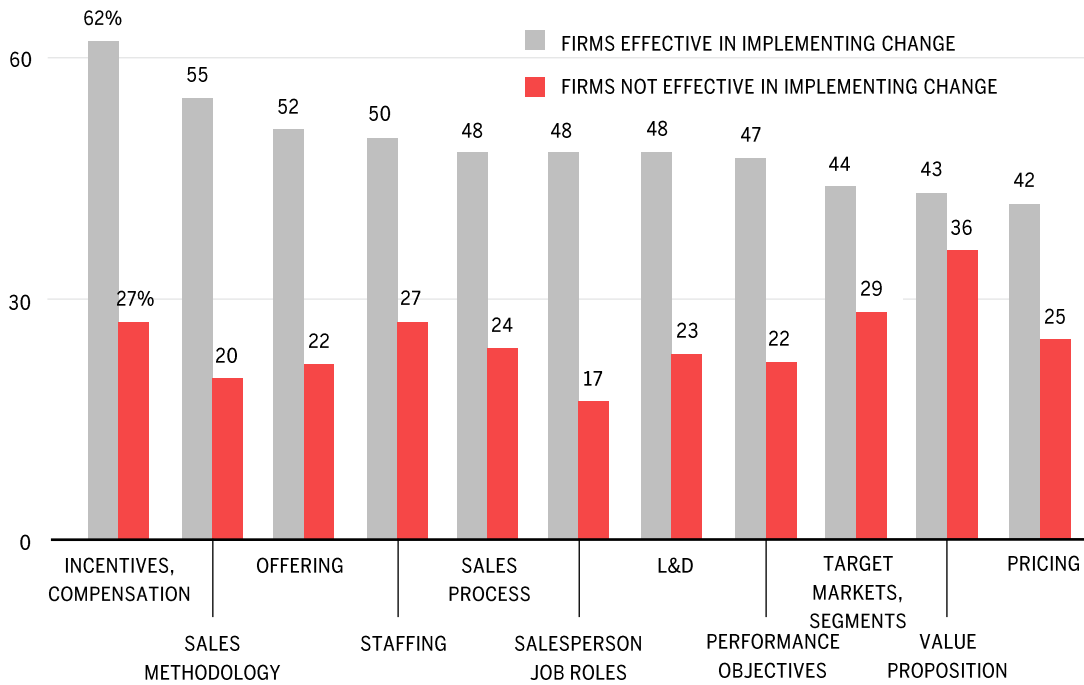


FIG. A.4. IN-PANDEMIC CHANGE IMPLEMENTATION EFFECTIVENESS BY CHANGE AREA, AND PROJECTED FIRM PERFORMANCE
PERCENTAGE OF FIRMS PROJECTED TO MEET 12-MONTH SALES OBJECTIVE (OCT. 2020)



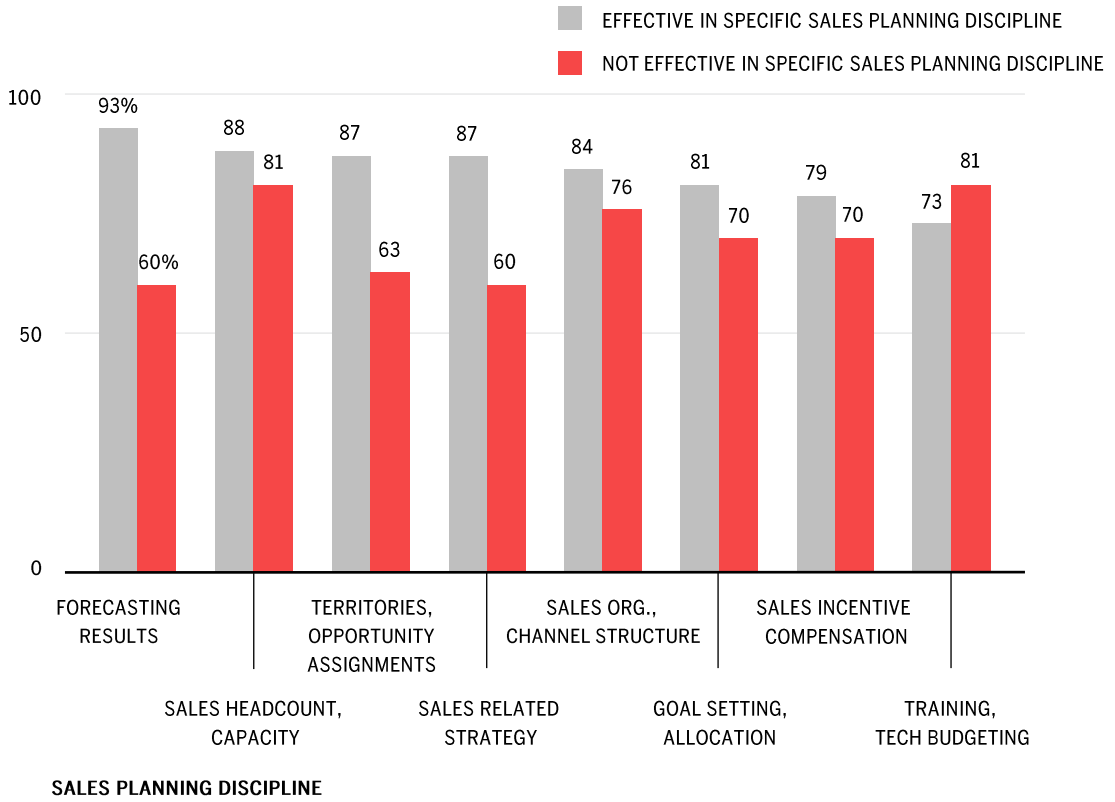
SALES RELATED CHANGE AREA IMPLEMENTED

N= 70 FIRMS



FIG. A.5. EFFECTIVENESS IN SALES PLANNING DISCIPLINES AND FIRM SALES OBJECTIVE ACHIEVEMENT

PERCENTAGE OF FIRMS MEETING SALES OBJECTIVE, PRECEDING 12 MONTHS



SALES PLANNING DISCIPLINE

N= 73 FIRMS



NOTES

Research referenced in this report comes from our benchmarking studies on medium-to-large sales organizations. Learn more about the SMA's research on salesmanagement.org.

Figures 1.1. – 1.9. *Managing Sales Organization Change*, December 2018.

Figures 2.1. – 2.11. *Sales Planning Practices*, March 2022.

Figures 3.1. – 3.2. *Sales Planning Practices*, March 2022.

Figure 3.3. *Forecasting Effectiveness*, March 2015.

Figure 3.4. *Sales Planning Practices*, March 2022.

Figures A.1. – A.4. *Executing Hard Pivots in Sales Strategy*, March 2020.

Figure A.5. *Sales Planning Practices*, March 2022.

Figures 3.1.- 3.2. *Sales Planning Practices*, March 2022.

Figure 3.3. *Forecasting Effectiveness*, March 2015.

Figure 3.4. *Sales Planning Practices*, March 2022.

