The Four Analytical Techniques Every Analyst Must Know: Putting the Analysis Back in Win-Loss Analysis

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I hope by now faithful readers of the Analyst's Corner have under their belts three tried and true analytic methods that will help them assess industry conditions and trends, and explain industry player behavior in such a way that management can develop and choose between sets of strategic options. I've tried to stay true to these methodologies' analytic value, showing how they can help CI analysts develop judgments that are unique and pertinent to an organization's specific competitive circumstances.

Of all the techniques covered, win-loss analysis is perhaps the one that has strayed farthest from its analytic purpose. I've observed that win-loss analysis has become synonymous with win-loss interviewing, a dangerous trend that risks losing the insightfulness and richness of the method. Simply put, win-loss analysis loses its resiliency if it fails to help the analyst develop original and unique judgments about why a company's sales efforts are or are not effective.

MORE THAN JUST AN INTERVIEW

To be sure, there has been some top-rate coverage of win-loss interviewing in *CI Magazine* and elsewhere. (See, for instance, Ellen Naylor's recent article 'Increasing sales through win/loss analysis.' Sept/Oct 02, 5/5, p5-8). However, the prevailing material focuses on how to go about interviewing sales prospects to gather information, and less on what to do with it once you've collected it.

Win-loss analysis is not about the process of interviewing customers, sales representatives, or others involved in business development as a means of gathering market intelligence. Instead, it is a means to compare your company's win themes with the actual customer, competitor, and industry drivers of purchase decisions.

A simple example: a key win theme for a given company is the quality of the products they sell. That's all fine if quality is a major driver of purchase decisions. But if price competition prevails, a win theme centered on product quality is out of synch with the reasons customers are buying the company's or its competitors' products.

The win-loss analysis process is triggered by marketplace events.

When done properly, win-loss analysis reveals strengths and weaknesses in your company's selling strategy and tactics, based on influences applied by customers, competitors, regulators, and other external players.

BEST USED WHEN

Several conditions easily observed by a sales organization can clue you in as to when you ought to deploy win-loss analysis. If you find your organization consistently beaten by one competitor, or even better, consistently successful at one customer, win-loss analysis can help explain why a particular competitor is eating your company's lunch, and help identify and capture best practices associated with a string of your own sales victories at certain accounts.

On a more strategic level, win-loss analysis can help prepare for a major product or market expansion by identifying the win themes likely to be associated with that new market or product. Similarly, it can contribute to discussions around proper product mix and product evolutions or successions.

ANALYTICAL END RESULTS

With the emphasis on analysis in mind, let me offer a variation on the win-loss analysis process that takes as a given the need to conduct customer interviews. It stresses instead the mental process of reaching analytic conclusions as the end-result. (See Figure 1.)

Note that the win-loss analysis process is triggered by particular marketplace events. It is not automatically assumed that win-loss analysis should be done for every sale or generally as a standard CI practice.

Win-loss analysis is most effective when you are trying to correct a perceived deficiency in your sales process, and are prepared to take corrective action. Win-loss analysis ends when corrective actions have been identified and put into action, not when a series of customer interviews have been completed.

A CASE STUDY

A financial services company's experience with win-loss analysis illustrates both the analytic power of the technique, and the condition that win-loss analysis is meant to drive corrective action in a company's selling behavior.

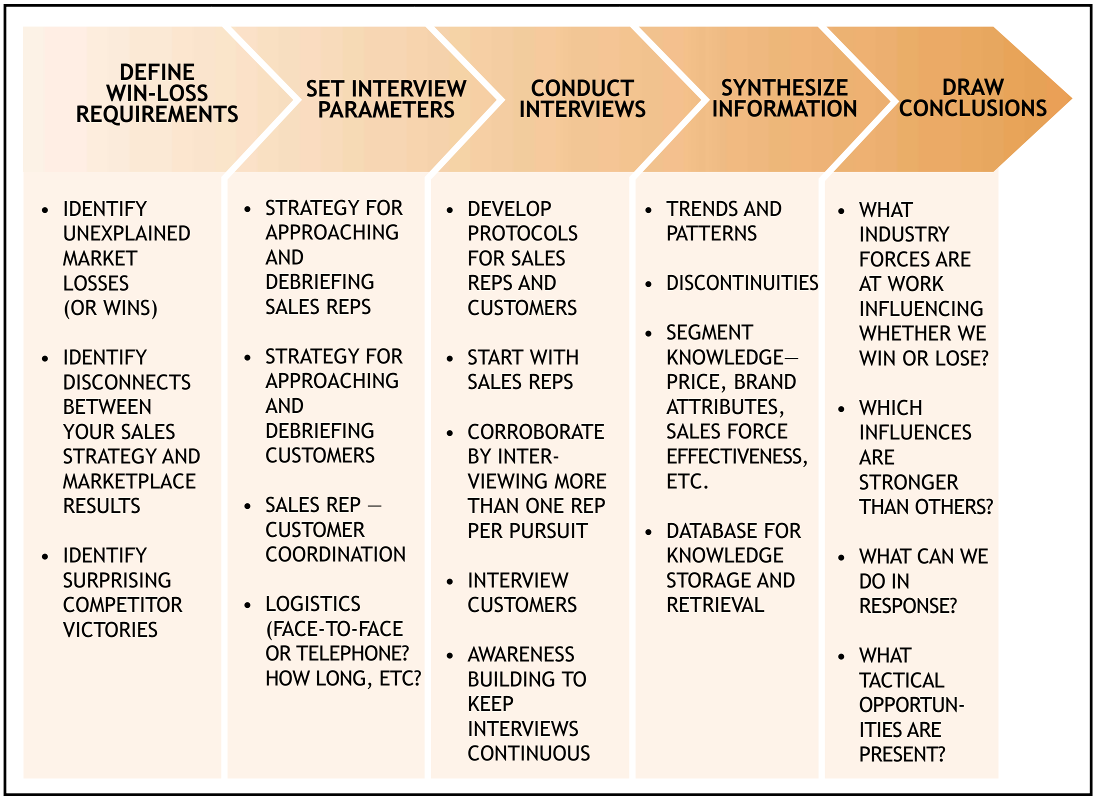

Figure 1: A variation on the win-loss analysis process

A mutual fund company noticed that it received fewer chances to bid on large client organizations' retirement services operations – the management of investments for 401 (k) plans. In particular, this company found that it was losing more and more 401 (k) contracts to human resources consulting firms, who were not the company's traditional competitive set. The company's marketing organization decided to use win-loss analysis to:

- discover the sales tactics these competitors were using
- pinpoint the benefits clients either experienced or perceived they were obtaining from the competition that they were not getting from this particular company
- identify the sales tactics available to stem the tide of market losses

For the marketing organization, win-loss analysis became the framework to analyze the sources of disconnect between competitor success and its own sales tactics. The process centered less on the mechanics of conducting client and sales representative interviews and more on how the information collected from the interview process was used to identify key deficiencies in the selling practices of the company.

What win-loss analysis helped identify was intriguing. This company was seeing fewer opportunities to bid for retirement services contracts because non-traditional competitors were changing the very rules of competing for such opportunities. Human resources benefits firms excelled at consultative selling – the process of leveraging relationships to create demand for their services, avoiding competitive bids altogether.

The mutual fund company was unprepared to compete under these new rules, having a sales force steeped in competitive selling but less adept at relationship-based consultative business development. What's more, the company's brand was not associated with consulting services; it was associated with selling and delivering transaction-based services for fund administration.

Had win-loss analysis stopped at collecting data from customers and sales representatives, the marketing organization may have learned about why individual customers chose one firm over another, but they very well may have missed the broader trend that competitors were changing the rules of the game right before their eyes.

If your company does win-loss analysis as a regular part of doing business, go back and make sure there are substantial reasons for doing so, and that it is truly an analytic method, not a data gathering exercise.

For those of you new to the technique, your first step is to work with your sales organization to determine whether the proper triggers exist that may compel management to consider changes in your organization's selling methods.

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