

ASSIGNMENT GUIDELINES

- Make the changes in the PPT as you solve the parts
- This file contains the template for all the parts of the project.
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ASSIGNMENT

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Problem Statement

The sales pipeline conversion percentage at TechnoServe (a tech SaaS startup) has dropped from 35% at the end of last fiscal (FY 2017-18) to 25% at present.

Assignment Objective

Understand the problem, come up with a hypothesis for low conversions faced by TechnoServe, and analyse the dataset provided to arrive at possible solutions to increase it.

PART I : 1. Understanding the Problem

Sales Pipeline Conversion at a SaaS Startup

Who?

The problem primarily affects TechnoServe, a tech SaaS startup. Key stakeholders include the sales team, whose performance is directly measured by conversion rates, sales managers, and the company's senior leadership (CEO), who are concerned with overall revenue and growth.

What?

There has been a significant drop in the sales pipeline conversion percentage, declining from 35% to 25%. This represents a 10-percentage-point decrease, or a relative drop of nearly 29% from the previous benchmark.

When?

The decline in performance has been observed between the end of the last fiscal year (FY 2017-18) and the present time.

Where?

The problem is occurring within TechnoServe's sales operations pipeline. The provided information does not specify a particular geographic region or market segment, suggesting it may be a company-wide issue.

How?

The specific causes for *how* this drop occurred are currently unknown and are the central focus of this analysis. The investigation will need to explore potential internal factors (e.g., sales process, product, pricing) and external factors (e.g., competition, market shifts) to determine the root cause(s).

PART I : 2. Understanding the Problem

Sales Pipeline Conversion at a SaaS Startup

Situation

Can you walk me through the typical stages of your sales process, from initial lead contact to a closed deal?

What systems and tools are you currently using to manage leads and track pipeline progress?

How does the team currently qualify leads before they are actively pursued by a salesperson?

Problem

Which stage of the sales pipeline seems to be the most significant bottleneck where deals are stalling?

What are the most common objections or challenges you hear from prospective clients during negotiations?

Have you noticed any changes in the quality of leads being passed from marketing to sales recently?

Implication

How has the 10% drop-in conversion rates affected the team's ability to meet sales quotas and targets?

What is the impact of losing these additional deals on the company's revenue forecast for the current quarter?

If this conversion rate of 25% continues, what would be the potential long-term impact on the company's market position and growth?

Need-Payoff

How would improving the lead qualification process and increasing the conversion rate help you in achieving your sales goals more efficiently?

If we could provide a solution that helps you better demonstrate product value, how would that improve your confidence in closing deals?

What would be the benefit to the team and the company if we could get the conversion rate back to 35% or even higher?

PART II : Formulating Hypotheses

Sales Pipeline Conversion at a SaaS Startup

Framework Used

A Hypothesis Tree (or Issue Tree).

Reason for using the selected framework

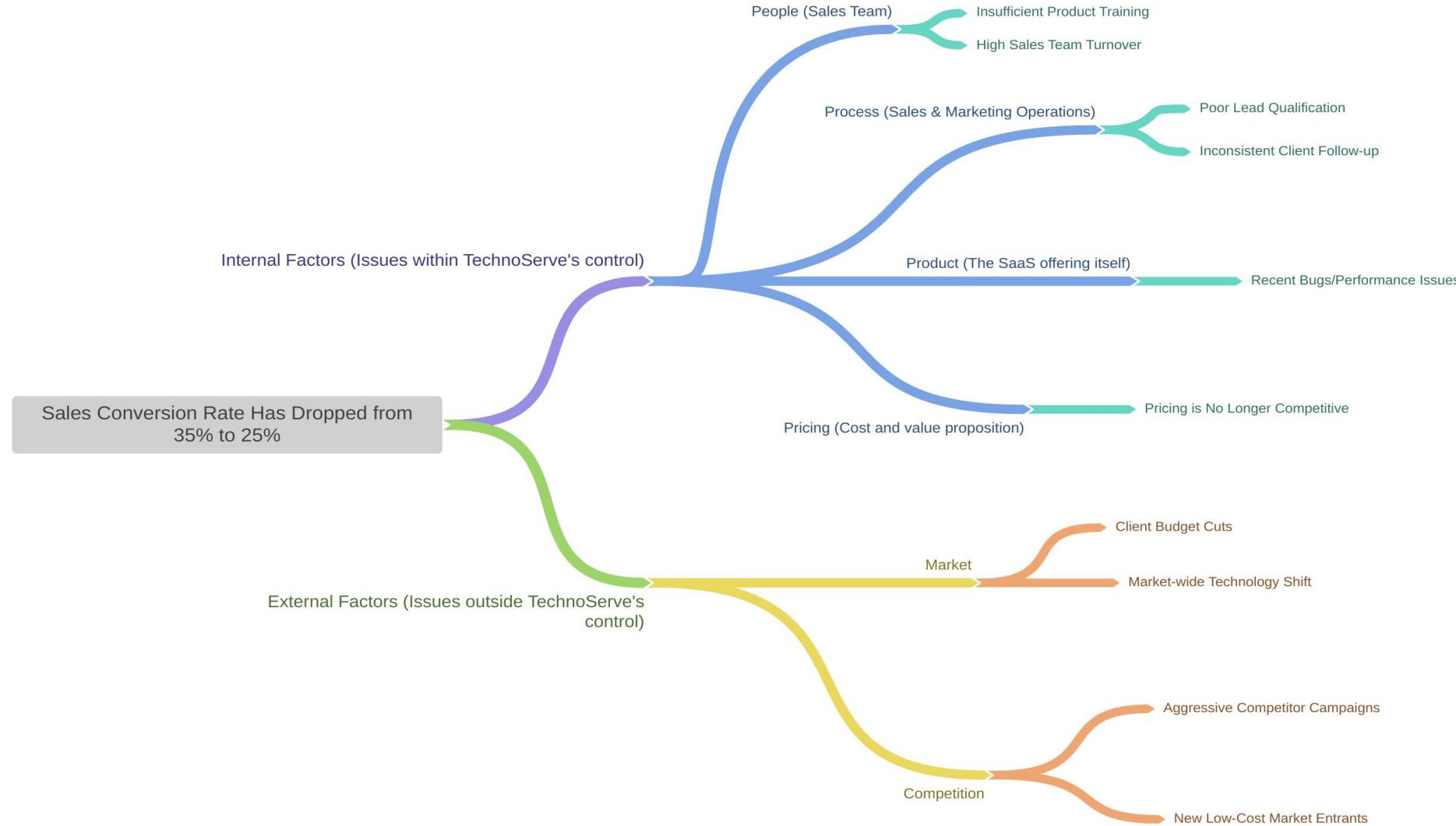
The Hypothesis Tree is ideal for this situation because it provides a structured and logical method for deconstructing a complex problem into smaller, more manageable components. It enforces a MECE (Mutually Exclusive, Collectively Exhaustive) approach, ensuring that all potential causes are systematically explored without overlap, which is critical for a thorough and efficient investigation.

How you have used the framework here

The core problem—"Sales conversion rate drop from 35% to 25%"—is placed at the root of the tree. The problem is then broken down into two primary branches: Internal Factors (causes within TechnoServe's control) and External Factors (causes outside the company's direct control). These branches are further divided into sub-branches, leading to specific, testable hypotheses about the root cause of the problem.

Hypothesis Tree

A visual framework for breaking down the core problem into potential root causes.



PART II : Formulating Hypotheses

Sales Pipeline Conversion at a SaaS Startup

Branch 1

Internal Factors – People – The drop in conversion is due to issues related to the sales team's capabilities or motivation.

Hypothesis: The sales team lacks sufficient training on the product's latest features, leading to less effective client demonstrations.

Priority: P1 (High Priority)

Branch 2

Internal Factors – People – The drop in conversion is due to issues related to the sales team's capabilities or motivation.

Hypothesis: High sales team turnover in the last year has resulted in a less experienced team that is struggling to close complex deals.

Priority: P0 (Highest Priority)

PART II : Formulating Hypotheses

Sales Pipeline Conversion at a SaaS Startup

Branch 3

Internal Factors – Process – The drop in conversion is due to inefficiencies in the sales or marketing processes.

Hypothesis: Changes to the lead qualification criteria are allowing lower-quality leads into the sales pipeline, which are naturally harder to convert.

Priority: P0 (Highest Priority)

Branch 4

Internal Factors – Process – The drop in conversion is due to inefficiencies in the sales or marketing processes.

Hypothesis: The standard follow-up cadence with prospective clients has become less rigorous, causing potential deals to lose momentum.

Priority: P2 (Medium Priority)

PART II : Formulating Hypotheses

Sales Pipeline Conversion at a SaaS Startup

Branch 5

Internal Factors – Product – The drop in conversion is linked to the SaaS product itself.

Hypothesis: Recent product updates have introduced critical bugs or performance issues that create a negative impression during the trial period.

Priority: P0 (Highest Priority)

Branch 6

Internal Factors – Pricing – The drop in conversion is related to the product's pricing strategy.

Hypothesis: The product's pricing is no longer perceived as competitive or aligned with the value it delivers compared to market alternatives.

Priority: P1 (High Priority)

PART II : Formulating Hypotheses

Sales Pipeline Conversion at a SaaS Startup

Branch 7

External Factors – Competition – The drop in conversion is being driven by increased competitive pressures.

Hypothesis: A key competitor has launched an aggressive marketing campaign or a new pricing model that is attracting prospects away from TechnoServe.

Priority: P1 (High Priority)

Branch 8

External Factors – Competition – The drop in conversion is being driven by increased competitive pressures.

Hypothesis: New entrants in the market are offering "good enough" solutions at a significantly lower price point, disrupting our sales conversations.

Priority: P2 (Medium Priority)

PART II : Formulating Hypotheses

Sales Pipeline Conversion at a SaaS Startup

Branch 9

External Factors – Market – The drop in conversion is a result of broader market or economic shifts.

Hypothesis: TechnoServe's target client industries are facing budget cuts, leading to longer sales cycles and a lower propensity to invest in new software.

Priority: P3 (Low Priority)

Branch 10

External Factors – Market – The drop in conversion is a result of broader market or economic shifts.

Hypothesis: There has been a technological shift in the market that makes TechnoServe's primary technology stack less appealing to new clients.

Priority: P4 (Lowest Priority)

PART III A : Generating Insights

Sales Pipeline Conversion at a SaaS Startup

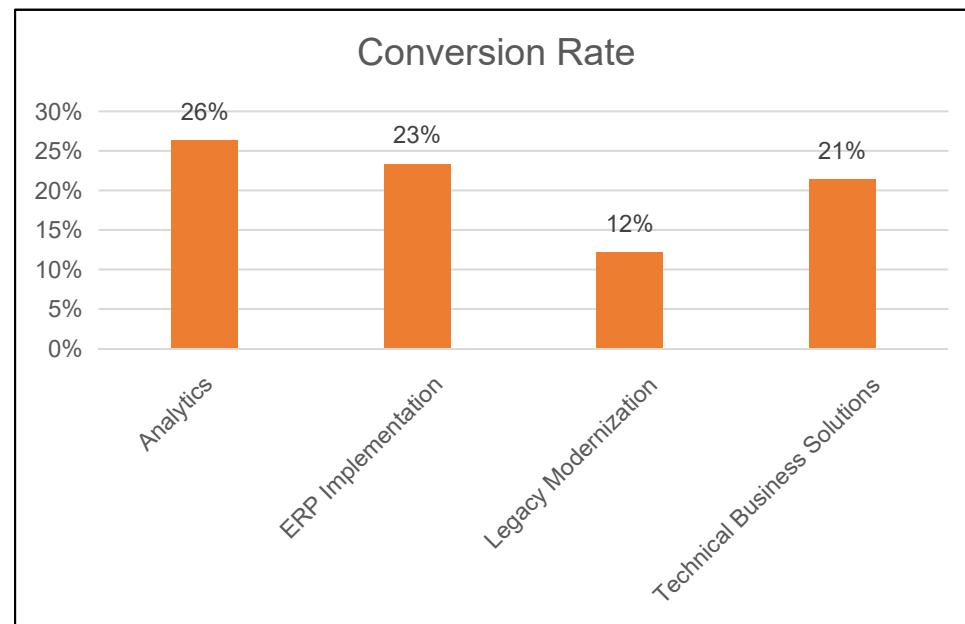
Variable	Insights if any	Pattern of Insight
1. Technology Primary 2. B2B Sales Medium 3. Client Revenue Sizing 4. Opportunity Sizing 5. Business from Last Year	<ol style="list-style-type: none">1. Legacy Modernization' leads convert at only 12%, well below the portfolio average ($\approx 21.5\%$), while 'Analytics' tops at 26%.2. 'Enterprise Sellers' channel converts at 28% versus just 6% for 'Online Leads'.3. Conversion remains constant at 23% for clients up to \$500K, then falls to 19% for those $> \\$1M$.4. Smaller deals ($< \\$50K$) convert at $\approx 25\%$, while large deals ($> \\$250K$) convert at $\approx 18\%$.5. New clients convert at 17%, whereas existing clients convert between 47% and 83%.	<ol style="list-style-type: none">1. Contrast with a negative outlier: 'Legacy Modernization'.2. Contrast with clear positive ('Enterprise Sellers') and negative ('Online Leads') outliers.3. Negative correlation: larger client revenue \rightarrow lower conversion.4. Negative correlation: larger deal size \rightarrow lower conversion.5. Extreme contrast: existing-client conversions far outperform new-client conversions.

PART III A : Generating Insights

Sales Pipeline Conversion at a SaaS Startup

Variable under consideration:

Technology Primary



Key Insights

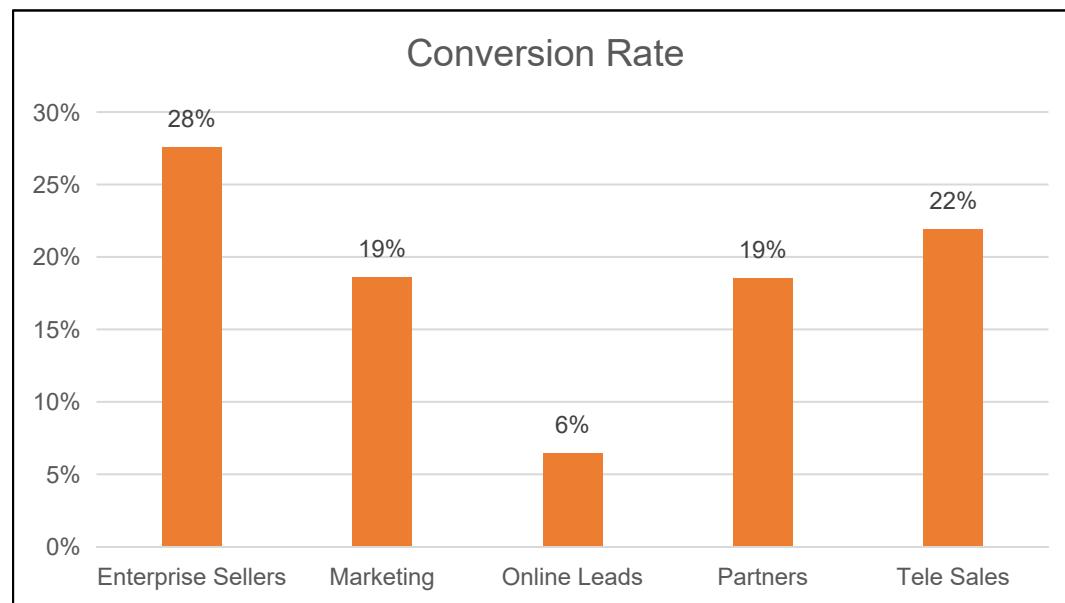
1. The primary finding is the severe underperformance of the 'Legacy Modernization' service, which has a conversion rate of only 12%.
2. This creates a stark Contrast with the top-performing 'Analytics' service line, which converts at 26%, making 'Legacy Modernization' a significant negative Outlier.
3. This large performance gap points to a fundamental problem with the 'Legacy Modernization' offering or its sales process, rather than just a minor variation.

PART III A : Generating Insights

Sales Pipeline Conversion at a SaaS Startup

Variable under consideration:

B2B Sales Medium



Key Insights

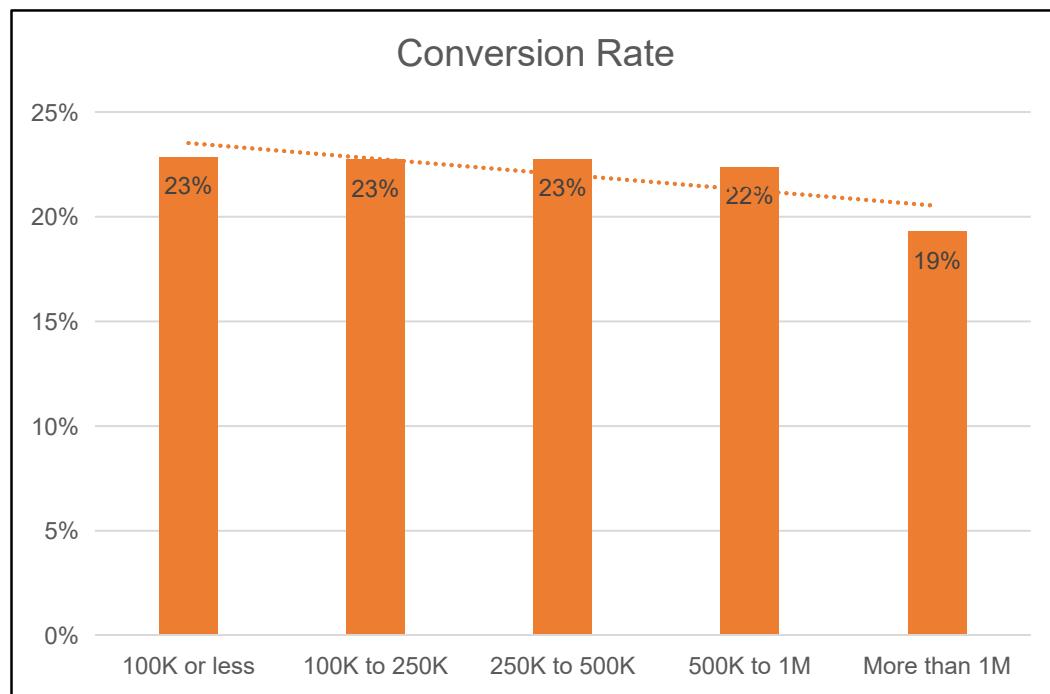
1. The data reveals a massive performance gap between sales channels, with 'Enterprise Sellers' being the most effective channel, converting leads at a strong 28%.
2. In stark Contrast, the 'Online Leads' channel is failing significantly, with a conversion rate of only 6%. This channel represents a major point of leakage in the sales funnel.
3. 'Enterprise Sellers' and 'Online Leads' are clear positive and negative Outliers, respectively, while other channels like 'Marketing' (19%) and 'Partners' (19%) are clustered in the middle with mediocre performance.

PART III A : Generating Insights

Sales Pipeline Conversion at a SaaS Startup

Variable under consideration:

Client Revenue Sizing



Key Insights

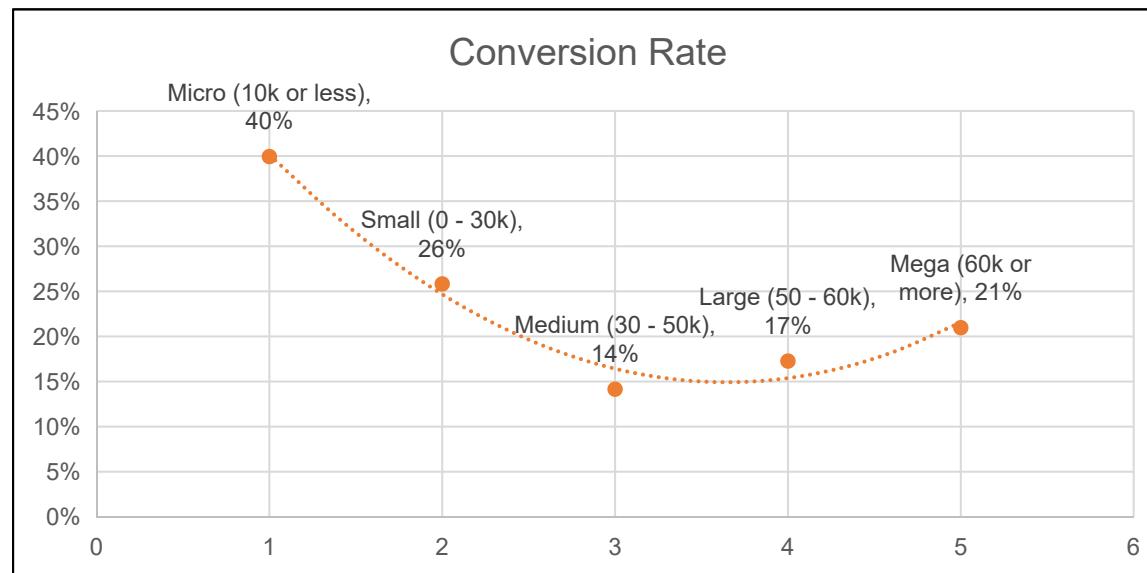
1. The most significant finding is the remarkable consistency and effectiveness in converting leads from small to medium-sized businesses (SMBs). The conversion rate is a stable 23% for all client revenue brackets up to \$500K. However, there is a clear negative Correlation between client size and conversion rate. As client revenue increases, sales efficiency decreases.
2. The performance drop is most pronounced with the largest clients. The conversion rate falls to 19% for businesses with 'More than 1M' in revenue, suggesting a potential misalignment in the sales strategy for enterprise-level clients.

PART III A : Generating Insights

Sales Pipeline Conversion at a SaaS Startup

Variable under consideration:

Opportunity Sizing



Key Insights

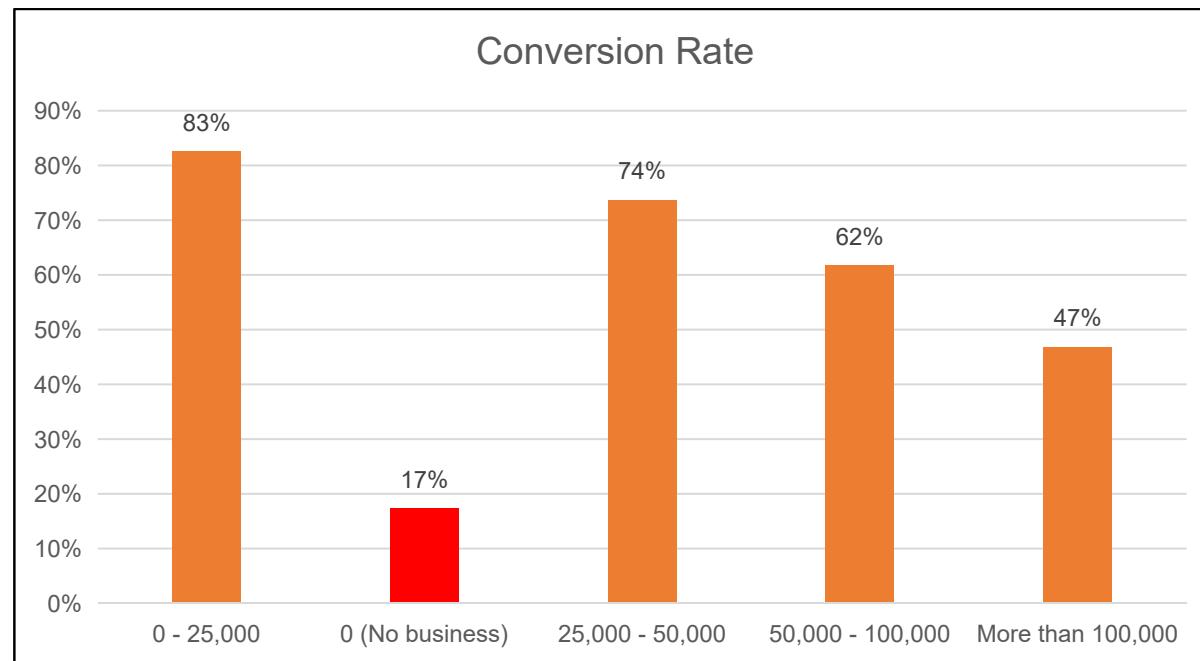
1. Micro deals ($\leq 10K$) convert at the highest rate (40%), indicating that smaller deals tend to close more efficiently.
2. There is a steady decline in conversion rate from Small (26%) to Medium (14%) deals, highlighting potential challenges in the mid-sized deal range.
3. Conversion rates slightly rebound in the Large (17%) and Mega (21%) categories, suggesting that bigger deals may receive more personalized attention or more rigorous sales effort.
4. Overall, this demonstrates a negative correlation between deal size and conversion rate for small to mid-sized opportunities, with a minor recovery in the largest deal sizes.

PART III A : Generating Insights

Sales Pipeline Conversion at a SaaS Startup

Variable under consideration:

Business from Client last year



Key Insights

1. This is the single most powerful predictor of success in the dataset. The biggest factor in winning a deal is whether the lead is from an existing client. The conversion rate for existing clients (ranging from 47% to 83%) is vastly superior to new clients (17%).
2. This creates an extreme Contrast, highlighting that the current customer base is the company's most valuable asset and the most efficient source of new revenue.
3. Among existing clients, there is a surprising negative Correlation. As the amount of business from last year increases, the conversion rate for new opportunities decreases. The easiest upsells are to smaller clients (83%), while the largest clients are the most difficult to sell additional services to (47%).

PART III A : Generating Insights

Sales Pipeline Conversion at a SaaS Startup

Recommendations

Upsell to existing clients: Focus on growing revenue from your current customers since they are more likely to purchase additional services, reducing acquisition costs.

Expand 'Enterprise Sellers'; fix or pause 'Online Leads': Invest in the highly effective direct sales team while reviewing or temporarily stopping less productive online lead efforts to optimize resource allocation.

Promote 'Analytics'; reassess 'Legacy Modernization': Prioritize marketing and sales toward services with high conversion rates like Analytics and investigate problems causing low conversions in Legacy Modernization.

Specialize sales for SMB vs. enterprise clients: Develop tailored strategies and dedicated teams for small businesses and enterprise accounts to address differing sales dynamics effectively.

Adapt sales tactics by deal size: Automate and streamline processes for small deals to increase volume, while assigning experienced staff to complex large deals requiring customized approaches.

Corresponding Insights

Existing clients convert up to 5x more than new clients: This indicates loyal customers are a much more reliable source of revenue growth.

'Enterprise Sellers' win rate is 28%; 'Online Leads' only 6%: High-touch personal selling dramatically outperforms low-touch online channels in closing deals.

'Analytics' converts best (26%), 'Legacy Modernization' worst (12%): Service line performance varies widely, with some offerings requiring urgent review to improve sales effectiveness.

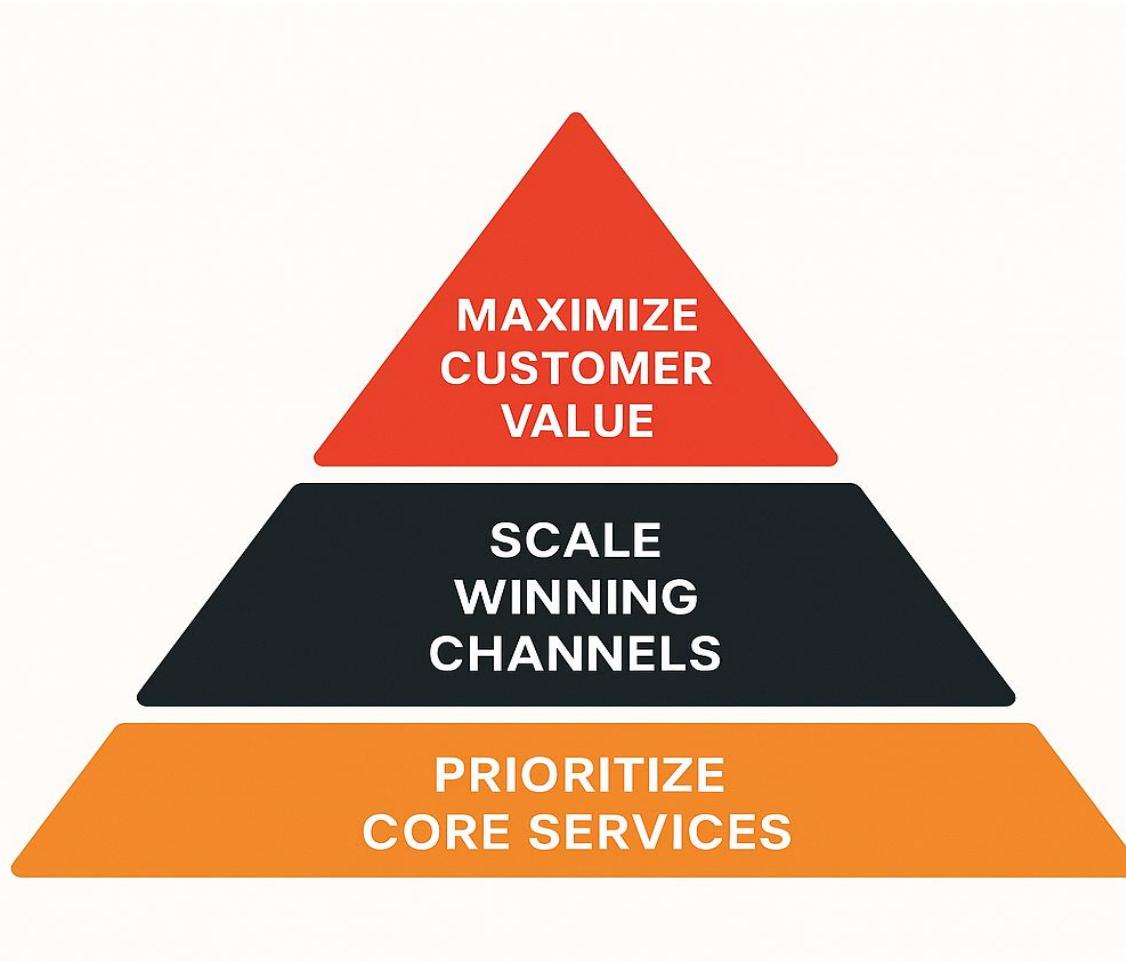
Conversion drops from 23% (SMB) to 19% (enterprise): The sales process that works well for smaller clients is less effective for larger enterprises, pointing to a gap in approach or resources.

Micro deals win at 40%, medium dip to 14%, large/mega rebound to 17–21%: Smaller deals are easier to close, while larger deals demand more focused effort but can still achieve good conversion when prioritized properly.

The Core Finding & Strategic Imperative (The "What")

Unlocking Growth: Focus On Existing Customers And Proven Strengths

"Our data reveals a clear path to boosting our sales conversion rate: we must double down on what works. This means systematically **upselling** our **loyal customer base** and **scaling** our **most effective sales channels and service lines** to drive predictable revenue."

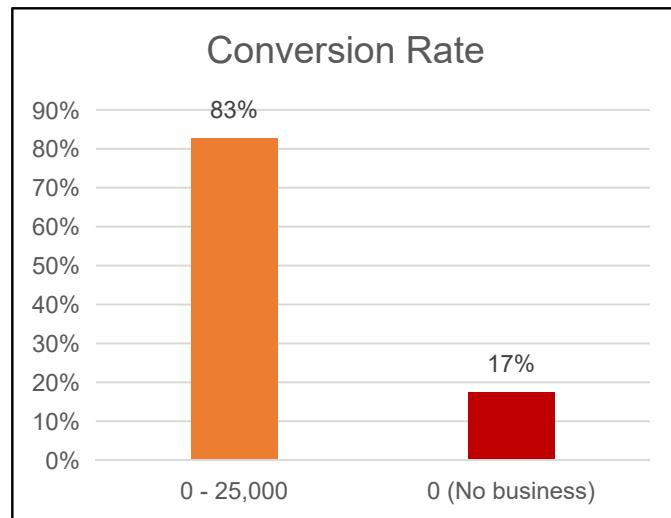


The Data-Driven Story: Key Insights & Evidence (The "Why")

The Story in the Data: Where We Win and Where We Struggle

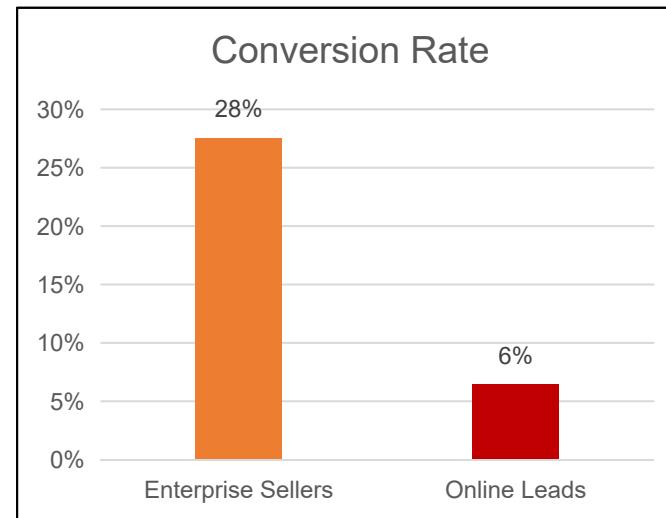
The Value of Loyalty

Key Insight: Our conversion rate on existing clients is up to **83%**, compared to only **17%** for new prospects



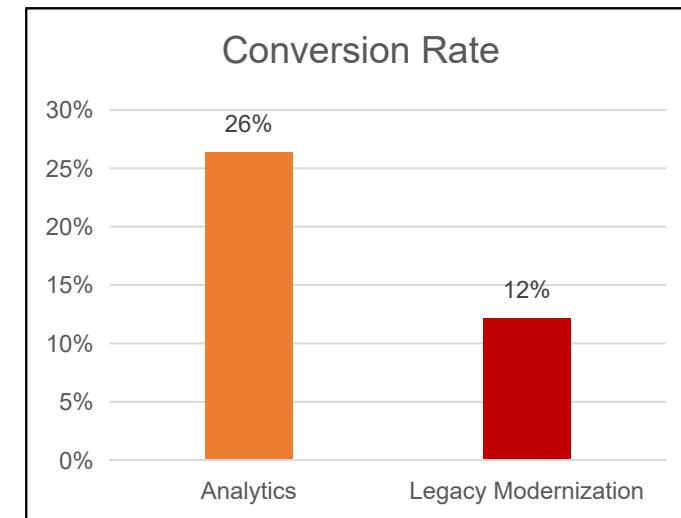
The Power of People

Key Insight: The 'Enterprise Sellers' channel converts at a strong **28%**, while the 'Online Leads' channel is inefficient at just **6%**



The Product Portfolio Gap

Key Insight: 'Analytics' services have a healthy conversion rate of **26%**, while 'Legacy Modernization' struggles at a low **12%**



The Action Plan: Strategic Recommendations & Next Steps (The "How")

Our 90-Day Action Plan for Growth

Week 1 Week 2 Week 3 Week 4 Week 5 Week 6 Week 7 Week 8 Week 9 Week 10 Week 11 Week 12

Phase 1: Quick Wins Weeks 1-4

1. Define roles and commission structure for the new "Farming" (Account Management) team to incentivize upsell and cross-sell activities.
2. Select and train top-performing sales reps who have a strong rapport with existing customers to transition into these new account management roles.
3. Assign high-value existing clients to the new Farming team members, ensuring a smooth handover and immediate focus on nurturing key relationships.
4. Set clear and measurable targets for upsell revenue, client retention, and new opportunity generation from the existing customer base.
5. Establish tracking and reporting metrics to monitor the performance and ROI of the dedicated Account Management team from day one.

Phase 2: Scale & Optimize Weeks 5-8

1. Document successful tactics, scripts, and value propositions from top-performing Enterprise Sellers to understand what makes them effective.
2. Develop and circulate the first version of the "Enterprise Sellers Playbook" to codify these best practices for the entire sales organization.
3. Conduct initial training workshops and role-playing sessions for the wider sales team based on the new playbook to standardize the approach.
4. Analyse the performance metrics and customer acquisition costs for each sales channel to identify which are delivering the best return on investment.
5. Formally suspend the 'Online Leads' campaign and conduct a thorough analysis to understand the root causes of its poor performance.

Phase 3: Build for the Future Weeks 9-12

1. Define detailed profiles of ideal enterprise clients, including industry, revenue size, common pain points, and required technical capabilities.
2. Develop tailored value propositions and ROI models that speak directly to the strategic and financial needs of large enterprise clients.
3. Create engagement strategies and stakeholder maps to effectively navigate the complex buying processes typical in large organizations.
4. Form a specialized, senior sales team dedicated to pursuing large enterprise deals and clients with over \$1M in revenue.
5. Pilot targeted outreach campaigns to a select list of high-value enterprise prospects using the newly developed playbooks and strategies.

ROI MILESTONES

30 Days: +15-20% Revenue

60 Days: +25% Sales Efficiency

90 Days: Foundation for +40% Growth