**The Building Blocks of SaaS Sales Revenue Growth**

In nearly every company, CEOs face the common problem of missing revenue targets. When you are not on track to hit or beat your revenue target, Board meeting become very unpleasant for CEOs. They are also anxiety-producing for the heads of each revenue-driving organization responsible for new business, upselling, and driving qualified prospects through the sales funnel. While the buck stops with the CEO, all heads are on the block when revenue targets are missed repeatedly.

In particular with SaaS companies, the revenue target is set based on goals for the rate of growth. Investors, and most executives, want their equity to become as valuable as possible and rate of growth is a driving factor in exit valuation.

Whether your grooming your company for a wildly successful exit or just trying to grow your free cash flow, the underlying reasons for missing revenue targets are frequently the same.

For this discussion, we are assuming you have a product and are in revenue. You proved you solve a problem that customers will pay you to fix.

**Top reasons for missing revenue targets.**

After helping many companies overcome slow-growth issues, the underlying problems begin to form a common pattern.

1. You are selling the wrong unique value proposition to the prospects
2. You aren’t communicating the unique value and meaningful differentiation
3. You can’t reach enough prospects who are about the problem you solved

**How to diagnose the problem.**

The first step in fixing the problems are to identify them. Note the use of plural. It’s rare it’s a single problem. Often diagnosis is difficult to do internally because your team doesn’t have the skills or capacity, otherwise you wouldn’t have the problem in the first place. However, here are some clues to help point you in the right direction.

1. **You don’t collect and embrace the Voice of the Customer.** In most companies there is no Voice of the Customer process. Voice of the Customer is a process of interviewing customers, and lost prospects, to understand their pains, goals and decision processes. Among the top goals of this process is to understand what your customers value, how they make purchase decisions, why they chose your solution over alternatives, and where they learn about solutions like yours.

Companies frequently defer to the sales team to relay customer needs and are misled by the quota-driven bias of sales teams who need to close a near term deal. Companies that rely on internal roadmap and marketing committees are simply guessing at what the prospects actually want. Companies rarely perform this critical process because it’s uncomfortable, but the resulting knowledge of your customers and prospects is golden.

A red flag is when an executive wave away this process and justify it with quotes from Henry Ford “if I asked customers, they would say they wanted a faster horse” or Steve Jobs quotes. You don’t have Henry Ford or Steve Jobs working for you.

1. **Your communications materials are lists of product features.**  Take a look at your website, your sales materials, and brochures. If they are focused on heralding the glories and features of your product, then you may have a problem. You are hammering customers with features you think they need. Rethink your communications from your customers point of view. Focus on helping the customer solve their pains. Communicate to them using their words. Customers are looking for solutions to real problems, not lists of features.

If you haven’t solved the problem of crystallizing your unique value proposition and differentiators, then you aren’t prepared to solve this second. The Voice of the Customer process reveals the customer pains, processes and how they describe it. The information is directly applied to communicating your solution to their problems. You will likely find that your 5-page technical description of the features of your product is not the tool you need to help prospects consider buying your product.

The next aspect is understanding how prospects learn about solutions. Understand this allows you to prioritize the materials you need and how to get them into the hands of your prospects. For example, in B2B SaaS you will often see the marketing team spending hard-earned money on Facebook ads and Twitter posts. Can you trace any of your closed deals back to either source? If you ask your prospects how often they use Facebook and Twitter to learn about business solutions, you’ll get your answer.

1. **Sales doesn’t get enough qualified leads**. Unless your product sells itself and spread virally, your sale team is vital to revenue. If they don’t get enough quality leads and pursue them effectively with the right value proposition and differentiation, then you’ll see two things. One is the team complaining that marketing isn’t providing the leads. And two, not enough sales meetings are turning into closed-won deals.

You are probably now realizing why I listed Voice of the Customer first. If you don’t have a clear understanding of the needs in your ideal customer, then you can’t teach your sales team to communicate the right value proposition to the right prospects. Your marketing team can’t create effective materials that moves prospects through your sales funnel. Without the right targeting, message and materials, your close rates will be too low. You will waste time talking to the wrong people and fail to communicate effectively with the right prospects.

Velocity matters here as well. In SaaS, the total Cost of Acquisition (CAC) and the Lifetime Value (LTV) are interrelated. You need an engine that can produce qualified prospects in enough volume, and at an effective cost. CAC should be 1/3 of LTV or less. This is a two-fold problem. Spiking near-term velocity requires a specialized prospecting engine. Building up long-term velocity requires concerted effort of outreach using the best channels that reach your ideal prospects.

In this process, automation becomes important. A data-driven engine needs to be created that can reach the prospects in pain, at scale, and engage those prospects. In the last few years, prospecting automation has emerged and, in the right hands, are very powerful.

The building blocks of revenue growth aren’t magical, but they do require skill, discipline and available resources. Companies are initially successful winning customers who are the low-hanging fruit. As the easy targets are captured and competitors are more often encountered, revenue growth gets harder. Compounding the problem is that it takes resources to re-think and change but your team is already 100% consumed executing the playbook that is not achieving the needed results.

Don’t wait too long to recognize the issue and the need to change gears. Once your playbook stops hitting targets, you need to get help creating a new playbook for the next phase of growth. If you keep missing revenue targets the spotlight will inevitably turn to finding new executives who can get the growth back on track.