Course : Business Problem Solving, Insights and Storytelling

Lecture On : Assignment Brainstorming

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Session Agendas

In this session we will discuss and understand the assignment problem and look at how to approach the problem in order to reach the solutions.

December

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Business Problem

This assignment is based on a case study on TechnoServe, a fictitious Tech SaaS (software as a service) startup that specialises in offering various software services to small and medium enterprise customers. The products offered by the company are geared towards increasing productivity for its customers. Its software solutions are customised based on the customers' needs and on how much they are willing to spend on a product.

As TechnoServe is a SaaS provider, its revenue is highly dependent on the number of clients it has. However, the company is facing a pertinent problem that is prevalent in the IT industry today: declining conversions across its sales funnel. This means the company is failing to convert its potential customers into clients.

Let's break it down

About the Company:

A Tech SaaS startup TechnoServe which specializes in different types of cloud based software services which enable business productivity for small and medium enterprise customers.

The company sells their suite of cloud services to prospective customers and generates revenue based on consumption.

Few important details about TechnoServe:

- The company is located in Pune; it started its operations in 2010.
- It has clients in Pune as well as other cities.
- It has more than 600 employees distributed across multiple teams.
- It offers a wide variety of IT solutions spanning different industries (please click the link for a brief idea of the IT solutions).

THE PROBLEM:

The company's sales pipeline conversion percentage has dropped from 35% at the end of the last fiscal (FY 2017-18) to 25% at present.

OUR TASK:

Come up with a solution to identify how to increase the conversion rate.

PROJECT OBJECTIVE:

Understand the problem, suggest hypotheses for the low conversions faced by TechnoServe and analyse the data set provided to arrive at possible solutions to increase the same.
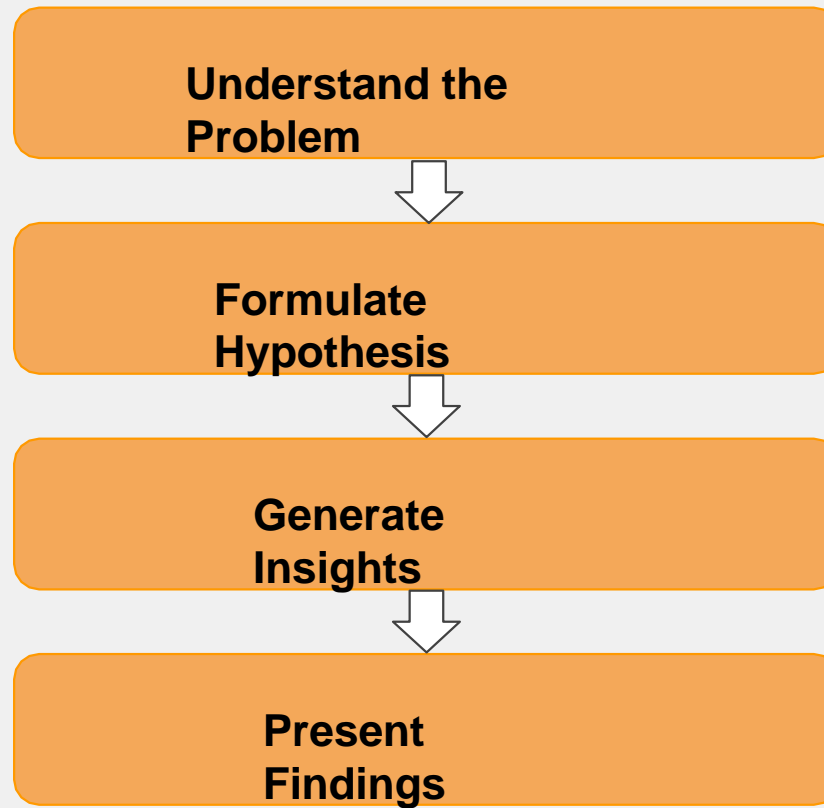
What exactly do pipeline conversions mean?

PIPELINE CONVERSION

STAGE 1. QUALIFICATION
Leads via marketing or sales

STAGE 2. MEETING
Meeting with the interested customers

STAGE 3. PROPOSAL
Proposed terms sent after demo and discussion

STAGE 4. CLOSING
After negotiations, the customer is on board

- Leads at start: 20980 leads
- Leads converted: 5320 leads

Pipeline conversion rate: 5320/20980 ~= 25%

How to approach the problem?

Part 1: Understand the problem
What exactly do pipeline conversions mean in this company?

SALES PIPELINE PROCESS AT THE FIRM

1 • **Identification of prospective clients:** Sales, Tele-Sales and Marketing channels to generate leads

2 • **Client Engagement:** The leads are qualified by different channels in terms of their interest to pursue the business opportunities

3 • **Product Proposal:** Qualified leads are pursued by experienced Pre-Sales teams to move forward in the sales negotiations

4 • **Proposal Negotiation:** Once the prospective customer is ready to purchase the product, negotiations to finalize the contract is underway

5 • **Proposal Acceptance:** Contract is signed by the firm and the customer and product offering is deployed for the firm to use

5 WHYs: LOW PIPELINE CONVERSION
(Unoptimized Planning)

PROBLEM: LOW PIPELINE CONVERSION (25%)

1. WHY WAS THE PIPELINE CONVERSION LOW?
The leads that are generated versus converted is lower than expected

→ **2: WHY IS THIS CONVERSION LOWER?**
Expectations are different in the market (elaborated in the Market slide)

2: WHY IS THIS CONVERSION LOWER?
The right channel of engagement is not leveraged

→ **3: WHY IS WRONG CHANNEL USED?**
Cost cutting leading to greater tele-sales, marketing than direct sales

3: WHY IS THE WRONG CHANNEL USED?
Marketing leads have lower conversion

→ **4: WHY MARKETING LEAD CONVERSION LOWER?**
Marketing events reduced due to lower budgets this year

4: WHY MARKETING LEAD CONVERSION LOWER?
Social Marketing leads are not working

→ **5: WHY IS SOCIAL MARKETING INEFFECTIVE?**
Right point of contacts are not targeted

5: WHY IS SOCIAL MARKETING INEFFECTIVE?
For B2B Tech Business Social channels are not very effective

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5 WHYs: LOW PIPELINE CONVERSION
(Market/Product factors)

PROBLEM: LOW PIPELINE CONVERSION (25%)

1. WHY WAS THE PIPELINE CONVERSION LOW?
The leads that are generated versus converted is lower than expected

2: WHY IS THIS CONVERSION LOWER?
The right channel of engagement is not leveraged (elaborated in the Planning slide)

2: WHY IS THIS CONVERSION LOWER?
Expectations are different in the market

3: WHY ARE EXPECTATIONS DIFFERENT?
Existing product offerings are not suitable for current business situations

3: WHY ARE EXPECTATIONS DIFFERENT?
Product is outdated and no major development has happened in the last year+

4: WHY IS PRODUCT OUTDATED?
Firm expected current product offerings to be relevant to market for next 3 years

4: WHY IS PRODUCT OUTDATED?
No new features have been built in the last one year on the suite of products

5: WHY NO NEW FEATURES HAVE BEEN BUILT?
Cost optimization with reduction of workforce in product engineering

5: WHY NO NEW FEATURES HAVE BEEN BUILT?
All market surveys by the company indicated current product offering optimal

Part 2: Formulate Hypothesis

After understanding the problem, the next part is to formulate hypotheses. Based on the problem faced by TechnoServe, use a suitable framework to formulate multiple hypotheses covering all the dimensions of the problem.

Part 3: Generate insights

After formulating hypotheses, you must validate them. A look into the data set will reveal several interesting variables.

By analysing the data, you have to determine the factors that affect the lead conversion rate the most. Based on that information, you should offer suitable recommendations to TechnoServe. For this, you have to assess how other factors, like Client Revenue Sizing, Location, etc., affect the lead conversion rate, that is, 'Opportunity Status'.
<u>Make sure to explain your insights.</u>

Part 4: Present Findings

In this last step, you are required to present your findings to the CEO of TechnoServe along with the final recommendations.

Structure your findings using the concepts learnt in documenting insights, visualisation and storytelling. Make sure you include basic nuances like the pyramid principle, necessary visualisations that portray your analyses and, finally, the concepts of visual design principles and storyboarding.

Any Queries?

Thank You!