

Succeeding in 2021 and Beyond

How to shift your organization's sales model into growth gear



THE WORLD HAS CHANGED. BUSINESS LEADERS AGREE: Organizations attempting to return to “business as usual” once the crisis has subsided will get left behind. Winning companies will instead take the lessons learned through the pandemic and other disruptions from 2020 and use them to rethink their entire business model.

Much noise remains as businesses, governments and communities work to emerge from the crisis, but there are clear indications that unprecedented growth opportunities are possible on the other side. Markets have reached record highs, demand has consistently risen across sectors for months, and industries such as manufacturing are already struggling to meet pent-up demand—will companies be ready?

It’s against this backdrop that Chief Executive Group partnered with Alexander Group in December 2020 to survey more than 250 U.S. business leaders on their revenue growth strategy for the year ahead. This paper presents our findings.

KEY FINDINGS:



An increasing number of U.S. organizations are forecasting near-term revenue growth through new products (67 percent) and Anything as a Service (XaaS, 48 percent).



To facilitate new product and XaaS growth, a greater proportion of CEOs are planning to invest resources in virtual sales (40 percent) compared to other sales- or marketing-related roles.



Acquiring new customers is by far the most important factor in driving revenue growth over the next 12 months (66 percent).

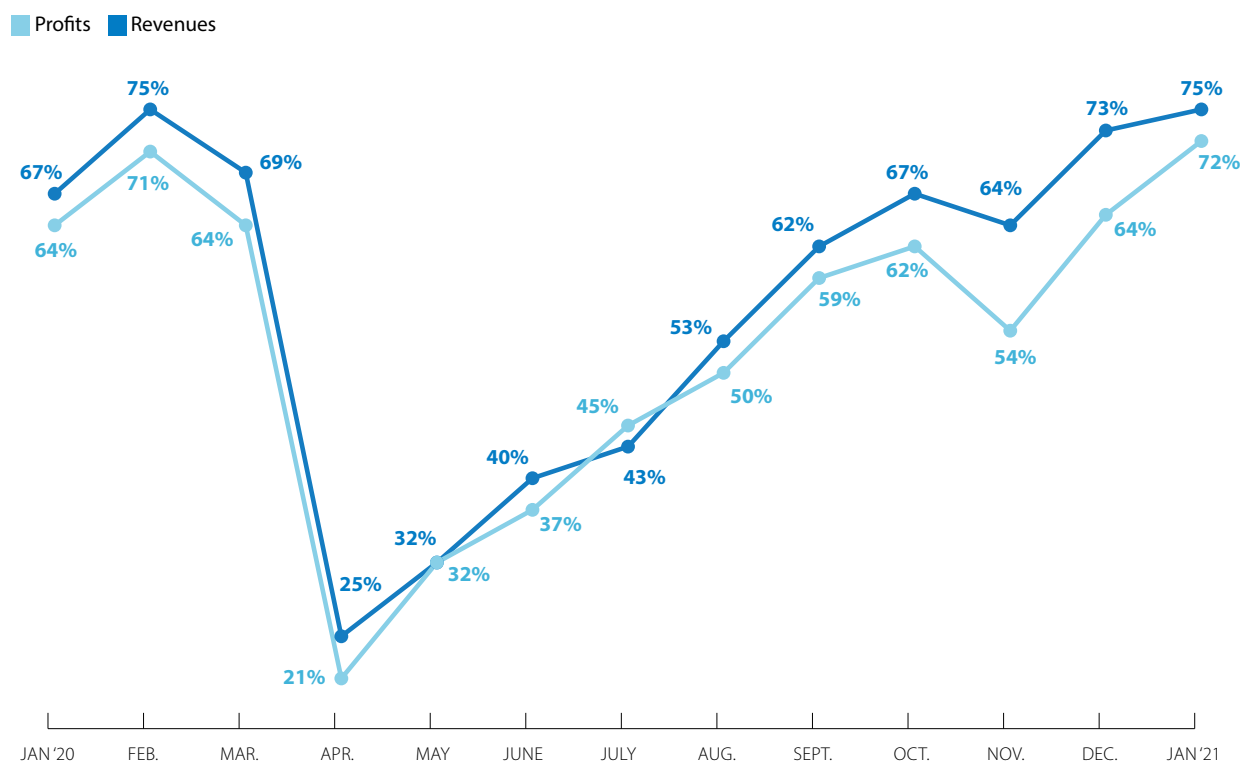


The majority of business leaders (59 percent) say their sales team’s face-to-face time will be lower and become more virtual in a post-vaccine environment, when compared to pre-Covid-19.

CHIEF EXECUTIVE'S READING OF CEO CONFIDENCE IN BUSINESS CONDITIONS has been on the rise since hitting its 2020 trough in May in the midst of the Covid-19 crisis, and with news of potentially multiple high-efficacy vaccines being widely distributed by June 2021, an increasing number of CEOs are now poised for growth, anticipating revenue and profits to climb over the coming months.

Overall, 73 percent of U.S. CEOs participating in our December 1-3 survey say they expect their company's revenues to increase in 2021—and 65 percent say profits will also be up. That is an increase of 189 percent and 203 percent, respectively, in the proportion of businesses anticipating growth in the year ahead when compared to April levels.

Proportion of CEOs Projecting Increases in Profits and Revenues Over the Next 12 Months

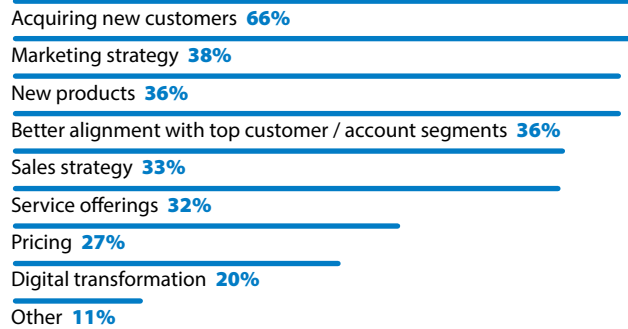


While significant, this bullish outlook is not surprising. Growth in 2021—and beyond—is likely to be unprecedented, particularly in the technology and manufacturing sectors. Big-ticket investments were stalled due to the pandemic, but cost-cutting and massive fiscal and monetary infusions are expected to unleash a pent-up investment boom in construction, capital equipment and information technology. How organizations respond to the post-pandemic world will guide the next three to five years of strategic growth.

In recent weeks, companies across all industries have been shoring up assets to match the growth strategy they need to make up for lost revenue and depleted pipelines and, ultimately, keep the recovery momentum going. According to our data, fully two-thirds of CEOs are counting on the acquisition of new customers to drive growth in 2021, 48 percent plan to increase capital expenditures, and 56 percent will add to their headcount—the highest proportion recorded by *Chief Executive's* CEO Confidence Index since December 2018.

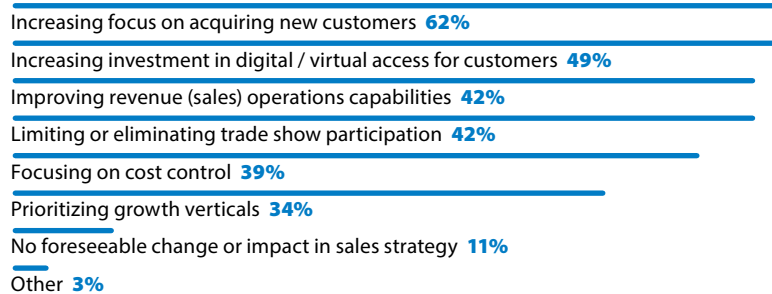
Elements most important to drive revenue growth over the next 12 months

*Respondents were asked to select top 3



Impact of Covid-19 on sales strategy in 2021

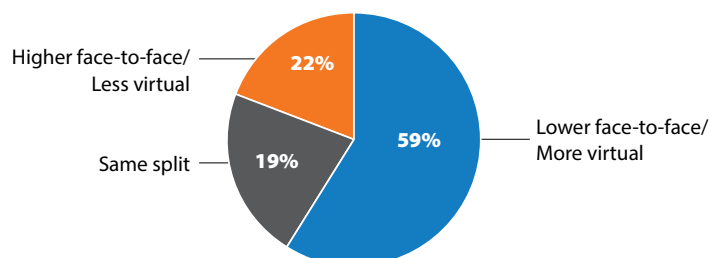
*Respondents were asked to select all that apply



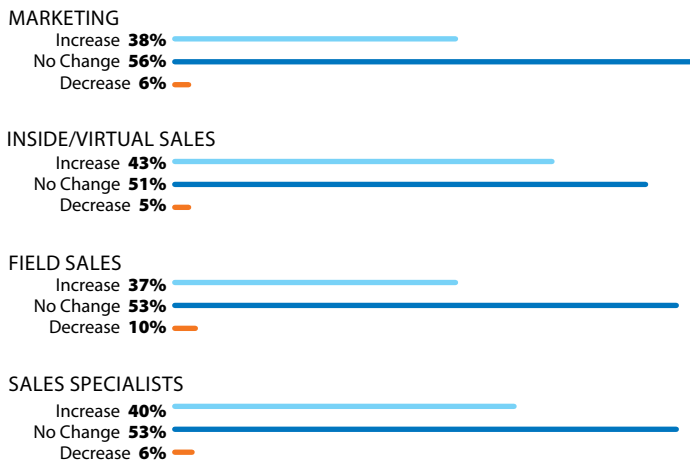
Business leaders are growing increasingly confident in the effectiveness of the vaccine and its successful, widespread distribution. Nevertheless, three out of five CEOs in our study believe their sales team's face-to-face time in a post-vaccine world will be reduced and remain focused on virtual sales. As a result, 27 percent intend to add to their inside/virtual sales functions over the coming months.

Certain sectors have already grasped the importance of strengthening their roster in key areas, though many lag behind. The discrepancies become evident when looking, for instance, at the data between industrial manufacturing and tech companies. Our findings show tech CEOs are much more aggressive on hiring—and inside sales, in particular—with 64 percent planning an increase compared to 29 percent for industrial manufacturers. Tech companies also expect a much higher growth from service offerings (13 percent vs. 6 percent for their industrial manufacturing peers).

Changes in Sales Team Interaction in a Post-Vaccine Environment



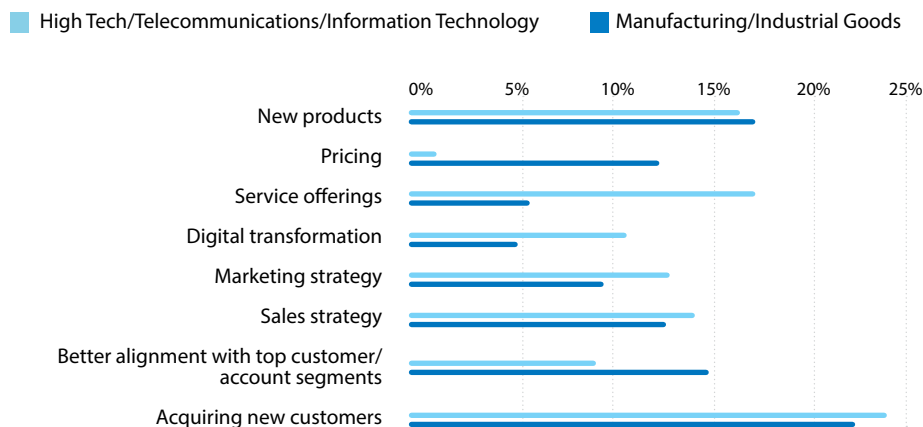
Regarding your headcount, what changes do you project making for the following roles over the next 12 months?



Inside sales teams, often paired with integrated marketing functions, can be much more cost-effective and are increasingly being utilized, even for complex, high-ticket commercial and industrial sales. Sales specialists—focused on particular technologies or industries—are crucial for capturing new customer growth for innovative solutions and high-growth industry segments.

Half of the surveyed CEOs report planning to increase their organization’s investment in digital/virtual access for customers, although only 20 percent believe this will be a key driver of revenue growth. This finding is in line with an earlier survey conducted by Chief Executive Group in July 2020, in which three-quarters of the CEOs surveyed said they were in the process of making changes to their business in light of the pandemic, but none believed that that change would be transformative in nature. Only 8 percent at the time of the survey had taken the Covid-19 crisis as a catalyst for change to adapt to what has quickly become a virtual-first commercial model.

Percentage of Importance for Revenue Growth Over the Next 12 Months

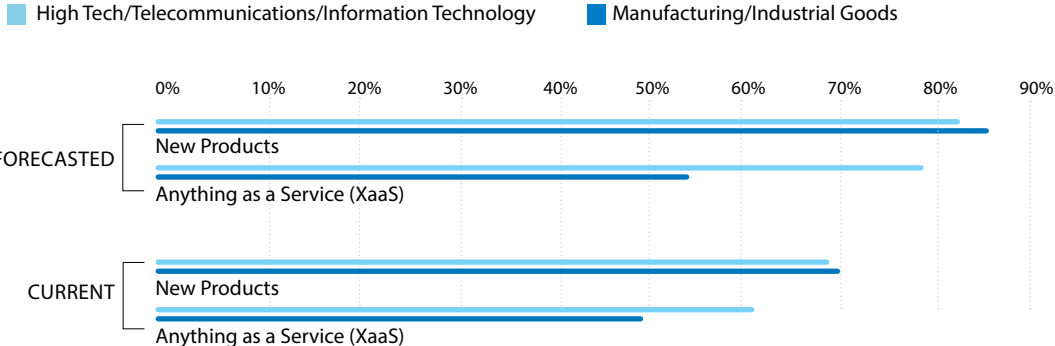


Business leaders may be greatly underestimating the rapid changes in buying behaviors and customer access from digital innovations. It is not just about ecommerce but also a myriad of ways to interact with and engage customer and buyers. From Alexander Group's recently conducted [Manufacturing & Distribution Industry Trends Study](#), on average companies currently invest about 0.4 percent of revenue in customer-facing digital tools, outside of ecommerce. Leading companies invest 0.75 percent of revenue and realize both higher growth and higher margins.

The study also showed that the key areas of investment include marketing automation, account-based marketing and social media strategies to generate high-quality sales opportunities. These opportunities can be funneled into increasingly advanced CRM systems and other sales reporting tools. Additionally, commercial organizations have multiple options for more efficient and real-time customer interaction through virtual meeting platforms and advanced demonstration and configuration tools.

When sales are closed, service teams can also leverage digital platforms to prioritize service calls and, in many cases, automate significant parts of service calls. Increasingly, service teams and post-sales implementation teams can leverage digital tools to onboard and train new customers and users in a variety of product, service and software offerings—in particular XaaS.

Importance of New Products and XaaS on Tech and Manufacturing Companies' Revenue Growth Over the Next 12-24 Months



CONCLUSION

CEOs are eyeing potentially unprecedented growth in 2021 and pivoting their sales models quickly from aggressive defense (cost cutting/maintaining customers) to aggressive offense (investment/new customers and products). Pivoting quickly to capture growth is a greater challenge given the rapid—and likely underestimated—changes brought by Covid-19. Consider the following actions to realize growth goals:

- 1 Ensure you have the right selling skills, incentive plans and support structure to drive hunting behavior in your commercial model.** Capturing new customers is much more difficult than maintaining current ones, and many organizations cut back heavily on top selling talent in 2020.
- 2 Ensure close communication and planning between product teams, field marketing and sales.** Support new products through extensive training, specialty/technical resources and targeted incentive programs.
- 3 Develop, finance and execute a long-term digital commercial strategy.** Many manufacturing CEOs see digital sales as simply ecommerce; however, digital sales play a more significant role when connecting with buyers. From social media strategies and content sharing to a combination of virtual customer touchpoints, digital technologies are revolutionizing commercial models.
- 4 Determine if you need a XaaS selling strategy.** While not applicable to all companies, XaaS offerings can fuel rapid growth and predictable, long-term revenue streams. XaaS solutions, though, require higher investment in upfront selling resources, post-sales implementation and ongoing maintenance and expansion.
- 5 Adapt to hybrid virtual selling for the long term.** Sellers will return in force to face-to-face selling, but smart companies will be more efficient and effective in optimizing time spent in the field and maximizing interactions that can be executed virtually. From trade shows, product demonstrations and remote account management, smart CEOs will continue to leverage the lessons learned from 2020.

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The Alexander Group provides revenue growth consulting services to the world's leading sales and marketing organizations, serving Global 2000 companies. Founded in 1985, Alexander Group combines deep experience, a proven methodology and data-driven insights to help revenue leaders anticipate change, align their go-to-market resources with company goals and make better informed decisions with one goal in mind—to grow revenue. The Alexander Group has offices in Atlanta, Chicago, London, New York, San Francisco, Scottsdale, São Paulo and Vero Beach.

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