

# Driving Rapid Revenue Growth After COVID-19: Reassess, Refocus and Realize

Companies must rewrite their revenue growth playbooks now if they want to finish 2020 with strong financial performance.

## A Quick Summary

- Executives need to change their mindset from “enduring the crisis” to “recovering from crisis” in order to retain market position.
- The playbook needs to focus on three “Rs”:
  - **Reassess** and prioritize the customer base to extract immediate value.
  - **Refocus** on prioritized customers using targeted revenue growth tactics.
  - **Realize** rapid revenue growth by realigning the organization.
- While it is hard to think about revenue growth during times of crisis, many companies are already beginning to write their playbooks to accelerate recovery.

## Introduction

The COVID-19 pandemic has caused sudden and unprecedented disruption to businesses, placing extraordinary pressures on chief executives. While the entire C-suite is working hard to figure out financial, operational and supply chain impacts to endure the crisis, CEOs have one of the most daunting tasks at hand — preparing the company for top-line growth after the COVID-19 crisis. Traditional revenue growth tactics need to be put aside during these turbulent times in order to concentrate on this question, “How should we focus our limited resources on critical customers to rapidly increase revenues in 2020?”

Executives need to embrace the fact that they must make some tough choices in the next 30 to 60 days.

## Rapid Revenue Growth Playbook — The “3Rs”

The playbook is predicated on three fundamental concepts of revenue crisis management:

<b>REASSESS</b>	<b>Who</b> are the critical customer that we need to redouble our efforts on and invest in, in order to rapidly grow out revenues?
<b>REFOCUS</b>	<b>What</b> are the targeted revenue growth tactics we need to activate vis-à-vis our critical customer?
<b>REALIZE</b>	<b>How</b> should we align our executives in an agile manner to realize revenue growths?

### 1. Reassess your customer base:

The legacy customer segmentation model must be immediately reassessed to quickly understand which customers are crucial to driving rapid revenue improvements in 2020. We encourage chief revenue officers to look at two critical factors to segment customers:

1. Disruptions in our customers’ buying behavior: How is COVID-19 disrupting your customers’ purchasing behaviors? Are they still planning on spending investment capital towards your products and services? Or have they completely put a stop on all investment decisions for 2020?
2. Disruptions in our sales and delivery capabilities: How are your sales and delivery capabilities being disrupted by COVID? Is your selling organization still fully equipped to sell the entire product portfolio? Are there operational complications disrupting your ability to sell and deliver the entire portfolio?

The matrix across the two critical factors outlined above should help you rapidly reassess your customer base and segment them by value.



Based on this reassessment, the entire customer base can be categorized into one of four segments:

- **Double Down:** This customer base remains mostly insulated from COVID, so they are the best candidates to concentrate on for rapid revenue growth after COVID.
- **Invest for Future:** This customer base remains mostly insulated from COVID. However, due to the company's disruption in sales and delivery capabilities, the ability to extract revenue in 2020 remains a challenge. Companies need to get creative on how to invest in these customers to drive "stickiness" and not lose them to competitors.
- **Act with Caution:** This customer base is heavily impacted by COVID and will most likely delay their purchasing decisions. These customers will make deliberate purchasing decisions only if the purchases drive absolute value. Companies still have an opportunity to extract revenue from these customers if they pivot towards value-selling approaches to pricing and selling. We recommended companies tread carefully with this customer base by not overinvesting time and effort.
- **Refrain:** This customer base has been completely disrupted by COVID. Due to the company's disruption in sales and delivery capabilities, the revenue growth challenge becomes multifold. Companies should refrain from investing their limited and valuable resources with this customer base.

*"Everbridge expanded the value proposition of our global critical event management (CEM) platform to emphasize specific benefits for our business, government and healthcare customers related to the issues they are facing due to the pandemic."*

**David Meredith**

CEO and Board Director of Everbridge

## 2. Refocus using targeted revenue growth tactics:

Once the customer base has been segmented, companies need to establish action plans to define the revenue growth tactics for each specific customer base. As we emphasized earlier in the article, now is the time to carefully expend the resources on hand. Executives should not be scared to make tough choices with clear rationales.

Revenue growth tactics will fall under four major categories: portfolio, pricing, sales and organization. Executives in the war room need to carefully think through each of the questions posed and make their choices. It is imperative at this moment to fully embrace the concept that "Less is More":

### 1. Portfolio Excellence Tactics

- What products and services do we need to focus on for each segment?
- How should we tailor our portfolio's value proposition to each customer base?
- How do we use this opportunity to rationalize our SKUs and to narrow our focus?

### 2. Pricing Excellence Tactics

- What should be our pricing strategy for each segment
  - cost plus, competitive, value-based?
- How do we rapidly extract price premium for specific products and services?
- How do we establish deal discipline to drive consistent margins?
- What should be our pricing strategy for renewals and end-of-life products?

### 3. Sales Excellence Tactics

- How do we quickly increase our pipeline using white space analysis?
- What should be our 30, 60, and 100 days account plan?
- What incentives need to be enabled to drive specific behavior in 2020?
- How can we quickly ramp our sales force with value-selling skills?
- How do we assess revenue leakage and refine contract language to recoup revenues?

## Case Study

A B2B technology company, which was extremely focused on liquidity management in the first phase of the COVID-19 crisis, has already started writing its revenue growth playbook. Alongside a liquidity management war room, management established a revenue growth team in March 2020. As a first step, they focused on taking a critical look at their pipeline and performed white space analysis to improve the pipeline value by 3x. With the new pipeline value, they are currently working with the sales organization to define the 100 days account plan. The head of pricing is working closely with the sales organization and portfolio teams to define the optimal pricing tactics and price realization dashboards to track the revenue growth results. In parallel, they have trained the sales organization in value-selling tactics. The key takeaway here is that all these efforts are sustainable improvements for the company’s commercial organization that will set it up for long-term success.

### 4. Organization Excellence Tactics

- How do we quickly right-size the sales organization to reflect new market conditions and customer buying preferences?
- What should be the right channel mechanisms to reach target customers after COVID-19 ends?
- What should the new talent management framework look like?

The foundation of revenue growth tactics needs to be grounded on solid analytics and fact-finding. By no means are we advising investment in advanced data analytics capabilities in the current situation, but companies need to get the most out of their enterprise data that is available. The revenue tactics for each target segment are outlined below:

	<b>“Double Down” Customers</b>	<b>“Invest for Future” Customers</b>	<b>“Act with Caution” Customers</b>
 <b>Portfolio Excellence</b>	<ul style="list-style-type: none"> <li>• Integrated Solutions</li> <li>• SKU rationalization</li> <li>• Product profitability</li> </ul>	<ul style="list-style-type: none"> <li>• A la carte offerings</li> <li>• SKU rationalization</li> <li>• Product profitability</li> </ul>	<ul style="list-style-type: none"> <li>• Add-on products/services</li> <li>• SKU rationalization</li> <li>• Product profitability</li> </ul>
 <b>Pricing Excellence</b>	<ul style="list-style-type: none"> <li>• Value-based pricing</li> <li>• Price premium for specific offerings</li> <li>• Price increase on renewals</li> <li>• Price Increase on end-of-life products</li> <li>• Deal discipline</li> <li>• Customer profitability</li> </ul>	<ul style="list-style-type: none"> <li>• Pricing to drive stickiness</li> <li>• Price increase on renewals</li> <li>• Price increase on end-of-life products</li> <li>• Deal discipline</li> <li>• Customer profitability</li> </ul>	<ul style="list-style-type: none"> <li>• Cost-plus/competitive pricing</li> <li>• Deal Discipline</li> <li>• Customer profitability</li> </ul>
 <b>Sales Excellence</b>	<ul style="list-style-type: none"> <li>• Solution selling</li> <li>• Value-based selling</li> <li>• Revenue leakage protection</li> <li>• Sales and channel partner incentives</li> </ul>	<ul style="list-style-type: none"> <li>• Value-based selling training</li> <li>• Revenue leakage protection</li> <li>• Sales and channel partner incentives</li> </ul>	<ul style="list-style-type: none"> <li>• Revenue leakage protection</li> <li>• Sales and channel partner incentives</li> </ul>
 <b>Organization Excellence – Rebuild the sales organization to reflect new market reality</b>			

### 3. Realize revenues:

Once the customer base has been segmented and revenue growth tactics have been carefully thought out, companies need to start rapidly executing the tactics. The key steps are outlined below:

#### Analyze:

- Assess pipeline data for each segment in order to quantify the white space.
- Assess pricing transaction data to quantify pricing premium opportunities for new customers and renewals.
- Assess sales transaction and profitability data to understand the revenue/margin leakage on services provided without realizing revenue.

#### Plan:

- Set up targeted incentives for the sales organization to cover white space and drive pricing premium/margin benefits.
- Refine contract terms to recover past and future revenue leakage.
- Train the sales organization on solution-selling and value-selling tactics.
- Prepare the 100-day account plan for targeted accounts in each segment.

#### Execute:

- Set up daily and weekly war-room meetings.
- Publish weekly progress results and refine tactics as necessary.
- Stay focused on tactical execution.



## Conclusion

The COVID-19 pandemic is a wake-up call for all companies. While most of your competitors are continuing to cope with the shock of the crisis, a few executives are shifting their mindsets to recovery from the crisis. Executives need to send a strong message that rapid revenue growth after COVID-19 is as important as addressing the crisis itself.

As companies develop their rapid revenue growth playbook through the 3Rs approach (Reassess, Realign, and Realize), it is important to reinforce positive morale within the organization. An economic recovery is sure to come eventually, and only companies who focus their efforts on revenue growth tactics will emerge as strong market leaders once business conditions return to normal.

## Call to Action:

- Establish a Rapid Revenue Growth SWAT team and war-room.
- Define success metrics for 30, 90, and 100 days.
- Reach out to industry experts to size the revenue growth potential for 2020.

So, what is your rapid revenue growth playbook going to look like?

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