Uncover New Growth Opportunities in the Mid-Market

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UNCOVER NEW GROWTH OPPORTUNITIES IN THE MID-MARKET

If you're like most of our clients, you've recognized that there are great benefits to unlocking the potential in the Mid-Market:

- There's often significant untapped revenue whitespace in the Mid-Market.

- Competitive pressures in the Mid-Market are usually more fragmented, allowing for large acquisitions of market share.

- Mid-Market accounts usually have faster sales cycles, helping to smooth lumpy revenue flows at the organizational level.

- Spreading revenue across more customers (Tier 1 & Mid-Market) reduces the risk to your enterprise value.

- While customer protection and expansion are relatively easier than new logo acquisition, generating above-market growth requires consistent addition of new customers.

While the benefits are clear, identifying where to begin can be daunting! While your Tier 1 accounts may be in the hundreds, the Mid-Market can represent several hundred thousand! Tier 1 accounts are often well-known by the masses, but high-quality Mid-Market prospects are often difficult to identify. Start by answering the following questions:

1. How do I determine the **Total Addressable Market** (TAM) in an actionable manner? A bottoms-up understanding of the TAM is vital to understanding if the Mid-Market is a viable growth path.
2. How do I determine my **Ideal Customer Profile**, to segment & prioritize several hundred thousand prospects into a manageable number?

3. How does my current **Go-to-Market approach** need to be modified to reach these new prospects without increasing my overall cost of sales percentage?

   a. How do I evolve my **product and pricing** to optimize profitability with the Mid-Market requirements?
   b. Do I have the **organization structure and headcount** to pursue the opportunity?
   c. How do I align **talent** properly against this new opportunity?

4. How do I effectively **deploy** this strategy & monitor progress?

   a. How do I build momentum, increase morale, and demonstrate early ROI through winning high propensity accounts?
   b. What KPIs should I be monitoring, in order to know when corrective action may be needed?

#1. How do I determine the Total Addressable Market in an actionable manner to understand if Mid-Market is a viable growth path?

Quickly determining the total addressable market, within Mid-Market accounts is a critical step in determining how you will pursue the opportunity. Here are the bottoms-up steps to follow for identifying this market:

a. Gather industry research reports to identify a representable sample of known Mid-Market prospects or current accounts, including expected annual spend.
b. Determine key firmographics and technographics which make these accounts valuable (e.g. annual revenue size, sector/subsector, location, technologies, etc.)
c. Use a trusted data supplier to determine the number of prospects which fall into those cohorts for sizing correctly, for example:

Ideal Prospects by Industry & Size (US Only):

Industry	$15M to $50M	$50M to $150M	$150M to $500M	Total
Advertising / Marketing	1,892	655	242	2,789
Computer Software	1,959	698	272	2,929
eCommerce	175	122	67	364
Financial Services	1,306	768	405	2,479
IT Services	2,809	1,068	384	4,261
Manufacturing - Durables	2,524	1,712	771	5,007
Manufacturing - Non-Durables	470	375	184	1,029
Medical Services	339	152	78	569
Print & Digital Media	602	287	105	994
Services	1,272	715	358	2,345
Telecom / Communication Services	497	202	104	803
Total	**13,845**	**6,754**	**2,970**	**23,569**

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#2. How do I determine my ideal customer profile, to segment & prioritize several hundred thousand prospects into a manageable number?

According to Bain & Company, organizations with best-in-class customer segmentation generate **10% more profit** than their peers. A simple & common framework for account segmentation is represented by the below pyramid. Accounts which are higher in the pyramid represent greater value to your organization, are typically fewer than 20% of your total customers and less than 5% of your overall prospects.

Tier	Example Characteristics
1	Largest accounts - multiple buying centers across the globe, with complex, multi-year sales cycles. Oftentimes, most accounts are hand-selected by leadership.
2	Mid-Market accounts; these are accounts are often further bifurcated between growth (substantial whitespace) & retain accounts (little to no remaining whitespace).
3	Rest of Market accounts with limited growth whitespace; requires "light-touch" coverage model.

Customer Segmentation

Account Value

Tier 1

Tier 2

Growth   Retain

Tier 3:
Rest of Market

No Coverage
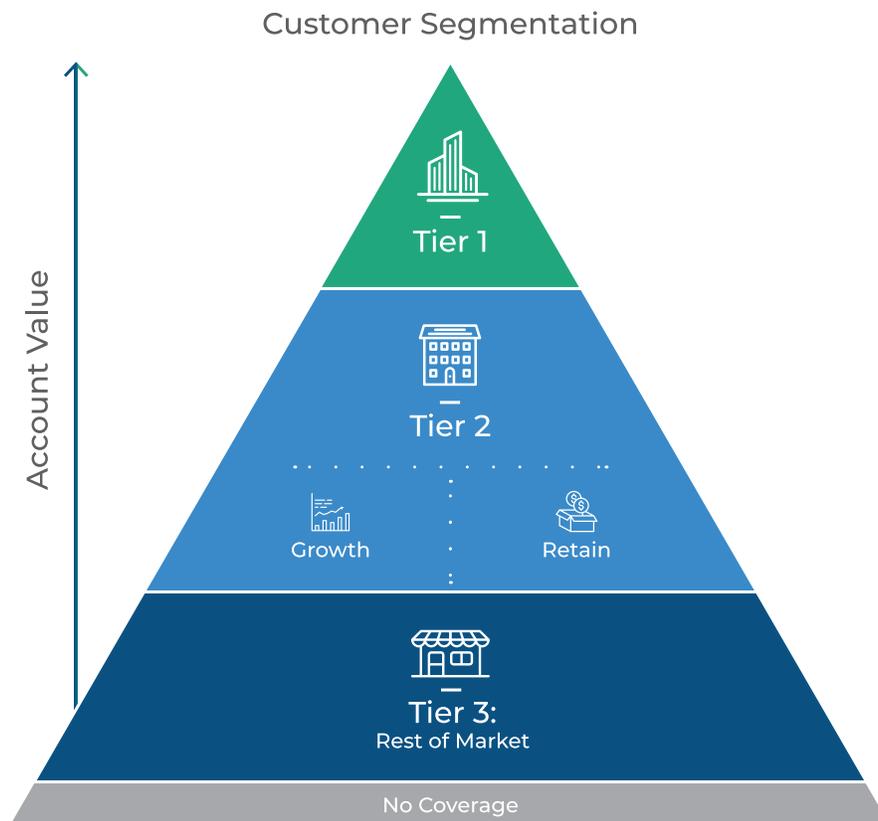
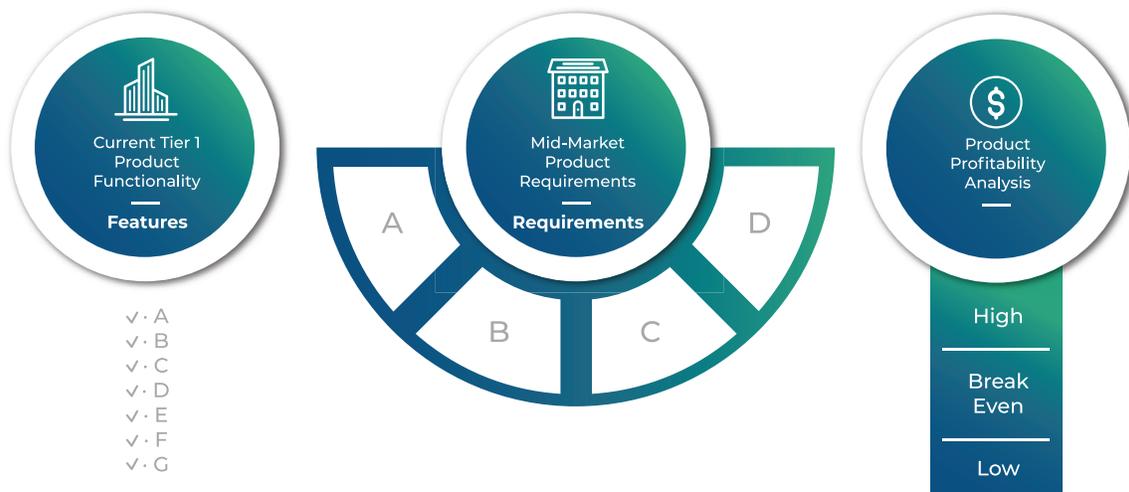Key steps for segmenting your Mid-Market opportunities are as follows:

a. Accounts & Prospects should be organized into each tier based on their potential & account score.
b. Potential is often determined by grouping accounts and prospects into cohorts, based on 3rd party data, such as company revenue and industry.
c. Then analyzing each cohort's spend patterns to identify how much prospects or underpenetrated customers are capable of spending on your solutions. Account score models are often developed using a combination of firmographic & technographic indicators to identify patterns in your existing customer base, which can be observed in prospects. The presence [or lack of] these markers indicate a customer has a greater propensity to receive value from your product or service.

#3. How does my current Go-to-Market approach need to be modified to reach these new prospects?

One of the first steps in determining your Go-to-Market approach is to determine how current or newly developed products and pricing will fit within the Mid-Market. The most effective way to optimize future profitability in this new segment is to follow these steps:

a. Inventory current product functionality against the Mid-Market product requirements. Determine if this functionality can be easily paired down, or if new product development is necessary. This can be accomplished with customer interviews and rigorous product marketing, design, and development processes.
b. Identify competitive pricing positions.
c. Measure the price elasticity of your initial price position.
d. Analyze the profitability at various product delivery levels.

The steps are modeled like this:

Current Tier 1 Product Functionality — **Features**

✓ · A
✓ · B
✓ · C
✓ · D
✓ · E
✓ · F
✓ · G

Mid-Market Product Requirements — **Requirements**

A
B
C
D

Product Profitability Analysis

High
Break Even
Low

Once accounts and prospects are correctly placed in each segment, it is important to develop an efficient, yet effective coverage model. In other words, it should be both budget conscious and aim to exceed customer needs. Using our example segmentation framework, below is an illustrative vs. example coverage framework:

Tier	Primary Strategy	Customer Needs & Goals	Sales Motion & Goals	Sales Role Type
1	Retain Revenue & Grow through Upsell / Cross-sell	· Consultative selling, deep industry expertise, strategic partnership · High-touch customer care, superior customer service, understanding of their vertical and their customers	· Focused on ensuring customer results are being delivered by understanding specific needs. · Understand different buying centers (i.e. centralized vs. localized purchasing · Conduct Quarterly Business Reviews, measure ROI, explore expansion opportunities · Annual event calendaring and co-planning sessions	Key Account Manager
Mid-Market (Grow)	Grow Revenue through Upsell / Cross-sell	· Strategic partner who provides a consultative approach in achieving event goals · Knowledgeable and dedicated pool of sales execs & specialists	· Focused on unlocking potential · Episodic campaigns, focused on selling inventory or contemporary events · Semi-annual co-planning sessions to develop and execute customer's event & customer relationship management strategy	Hunter / Sales Executives
Mid-Market (Retain)	Revenue Retention	· Continuing meeting current needs, by being "Easy to do business with" · Sales approach conscientious of limited-budget, Opportunistically identify cross-sell/upsell	· Focused on minimizing churn · Ad-hoc renewal meetings to build and maintain relationship, based on event calendar. · May suggest realistic cross-sell opportunities	Customer Success
Rest of Market	Opportunistic Acquisition	· Transactional sale · Migrate to online / e-commerce	Automated, focused on sales execution	Inside / Digital Sales

Determining the number of each role you need is done using seller time & motion studies to determine workload & capacity required for each segment, while balancing expected customer lifetime value & customer acquisition cost.

How do I align talent properly against this new opportunity?

Deploying the right talent against the new segment is a critical success factor in your Go-to-Market approach. Acquiring and deploying new talent takes a significant amount of time and resources. The Mid-Market buyer and their buying processes are very different from large strategic accounts. The skills and talents of your Mid-Market sellers should be aligned closely to their targeted prospects. Here is an overview of the buyer attributes and the seller personas:

Buyer Attributes	Seller Personas
Less decision makers within account	Tactical seller vs. strategic
Lower cost to the organization	Motivated with high volume
Faster sales cycle	Driven by quick wins
Product has a lower impact on the organization	Highly competitive
Less competition	Skilled in handing off the sale and moving to the next opportunity

#4. How do I effectively deploy this strategy & monitor progress?

Like most impactful business transformations, organizational excitement & buy-in are critical to prevent "donor rejection". Two best practices include: **Identifying Quick Wins & Metrics-Driven Accountability.**

One source of Quick Wins is to celebrate early conversion of highly scored Mid-Market prospects. Considering adding a small bonus or creating a contest to further incentivize the sales force. These early wins help create momentum and increase the morale of the sales team during the disruption, while generating early ROI for your Board.

Creating Metrics-driven accountability across your team requires careful selection of the most-impacted metrics. In the case of a data-driven approach to the Mid-Market, the most directly impacted metrics typically include:

- Forecast Accuracy
- % of Revenue from Net/New
- Customer Revenue Concentration
- Sales & Marketing Operating Leverage
- Sales Cycle / Opportunity to Close Length
- Revenue Growth Rate

Be sure to establish a clear baseline for each metric and monitor as frequently as possible. The CRO should own the overall metric dashboard but may assign various metrics out to his/her team. For example, the CMO may be accountable for "% of Revenue from Net/New". If you begin to see trends in an unexpected direction, course corrective action may be needed.

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CONCLUSION

Your Mid-Market opportunities are significant and can yield a tremendous amount of new, profitable revenue to your business plan. However, incorrectly approaching this new market opportunity can cause a significant waste of organizational resources and investment. A data driven approach to identifying the market, determining your coverage plan, identifying the best Go-to-Market approaches, and deploying talent correctly will allow you to execute a phenomenal plan.

For a step-by-step process, download the attached 'Tier 2 Expansion: Procedure Guide'
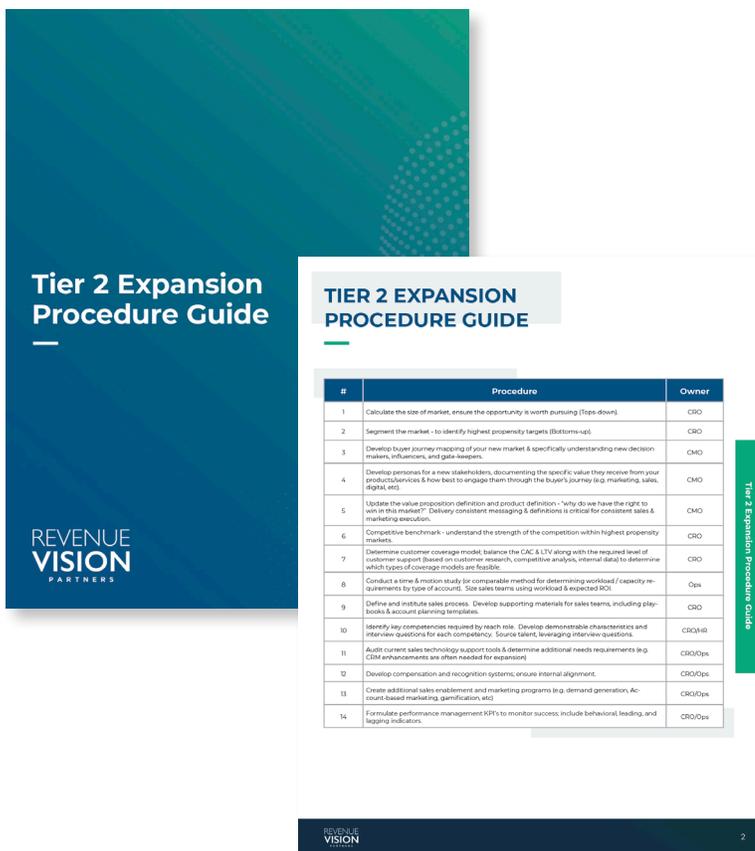
For a step-by-step process, download the attached

"TIER 2 EXPANSION: PROCEDURE GUIDE"

DOWNLOAD NOW!

Companies today are trying to solve complex revenue growth challenges, without indicative data and/or results-based experience.

Revenue Vision Partners is:

Insightful Data

View™ by Revenue Vision Partners gives our clients immediate access to statistically derived market and account data for revenue growth decision making

- Client internal data is cleaned and enriched with intelligent external data using contemporary data matching and augmentation tools

- Our statistical modeling produces actionable data patterns and conclusions

- We install business intelligence dashboards to increase management effectiveness and decision-making

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Deep Commercial Experience

Over 75 years of diverse commercial experience; across Revenue Leadership, Private Equity, and Management Consulting

- Synthesize client challenges and formulate recommendations with precision and accountability

- RVP partners have modernized, activated, and operationalized new models in over 100+ middle-market clients

- RVP brings the high-performance rigor of Fortune 100 companies to the middle-market

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Transformative Revenue Growth

RVP activates change alongside our clients resulting in sustainable value-creation. Resulting in:

- Scalable, predictable, and profitable revenue growth

- Systematic discipline applied to the entire management process

- Dynamic data insights to support and measure sustainable improvements

- OpEx aligned engagements

What we do:

Leveraging our data science and expertise

Client Challenges:	Revenue Vision Partners – Deliverables:
Customer & Market Insights	Our data science methods result in accurate market sizing, detailed segmentation, and high propensity target identification. Giving our clients a bottoms-up understanding of target market, whitespace, and improved commercial effectiveness.
Go-to-Market Strategy	Data synthesis and RVP experience drive improved value propositions, sales processes, and product & pricing effectiveness. This provides our clients with an improved competitive position, shortened marketing time, and lower acquisition costs.
Sales Execution	Application of our data creates accurate salesforce sizing and deployment, performance management processes, and compensation plan designs. Giving our clients the ability to optimize acquisition costs & customer lifetime value.
Marketing Execution	Marketing effectiveness improves when segmented and scored account data is fed into campaign systems. Client marketing and sales functions become aligned – creating a feedback loop, which improves ROI and creates functional accountability and alignment

A White Paper by **Revenue Vision Partners**

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