



# Customer Growth: Decisions for the SMB CEO

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salesforce





# What do high-growth small and midsize businesses do differently when it comes to engaging customers?

We sought to answer that question in a study of 1,352 Vantage SMB CEOs. This e-book explores the decisions that high-growth SMB leaders have made about strategies, initiatives and investments within marketing, sales and service.

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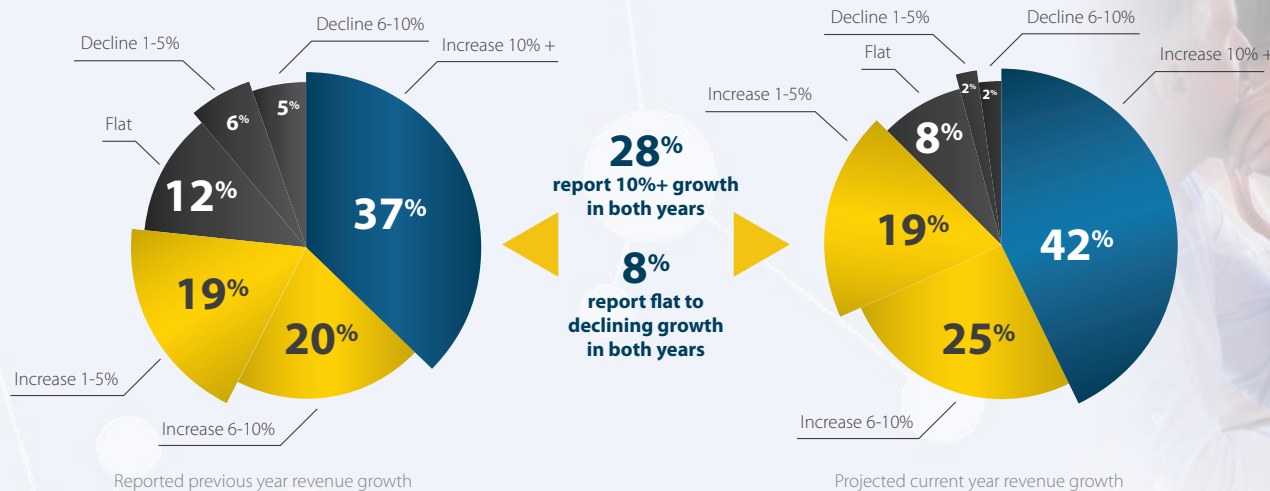




# Identifying high-growth SMBs

Rarely have economic factors aligned to create a growth environment like we see today: historically low unemployment, record low interest rates and inflation that barely causes a ripple. These factors are spurring growth — and the expectation of growth — for small and midsize businesses.

A recent Vistage Customer Engagement study of 1,352 Vistage SMB CEOs found that the majority surveyed reported growth during the past two years. However, only 28% of participants reported double-digit revenue growth last year and projected double-digit growth this year. We call this group our high-growth respondents. In contrast, only 8% reported flat or declining growth for two years straight. This is the no-growth group.



**Why is this 28% — our group of high-growth respondents — better able to capitalize on this economy than other SMBs?**

While there are many variables, our analysis focused a combination of factors stemming from a CEO's decisions around strategies and investments for customer growth.



# Strategies that drive customer growth

A CEO's decisions for customer engagement start with strategy. Our survey asked participants which strategies they employ as part of their growth plan.

Top 5 strategies	High growth	No growth	High growth is:
1. Expansion/retention of existing customers	79%	68%	17% more likely
2. Serving new markets and customers	70%	55%	27% more likely
3. Operational efficiencies to better scale for growth	69%	52%	31% more likely
4. Introducing new products/capabilities	64%	52%	22% more likely
5. Growing salesforce (i.e., salespeople, telesales/inside sales, partner resellers, etc.)	62%	48%	29% more likely

Source: August 2017 Vistage CEO Customer Engagement Survey, n=1352

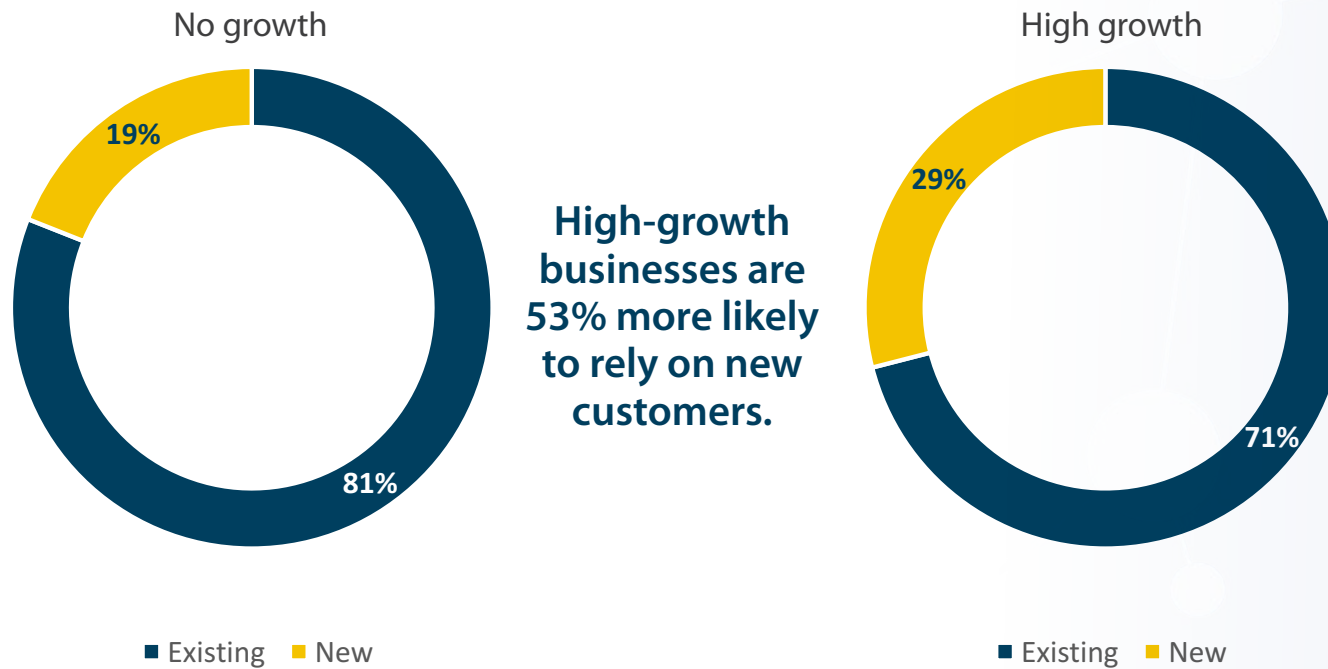


**High-growth businesses are more likely to diversify their strategies.** The difference between high-growth and no-growth businesses is that high-growth businesses diversify their strategies. They are up to 30% more likely to engage in all five initiatives. What's more, they tend to execute these strategies with more sophisticated tactics.

Upshot: High-growth companies do more and do it better.



## High-growth businesses are more likely to rely on new customers



High-growth businesses rely more on new customers to fuel revenue growth. High-growth businesses are also more likely to pursue new customer initiatives. As a result, high-growth businesses reported 29% of revenues from new customers as compared to 19% for no-growth businesses.

This is no easy feat. While new customers fuel revenue growth, they're also more difficult to get. Success requires effective marketing and sales competencies. And the key to effectiveness, according to our research, is a powerhouse combination of leadership and technology.



# Backing customer growth strategies with investments

When strategies are outlined, investments follow. We asked participants where they intend to invest to accomplish their customer growth plan. While everyone is investing in marketing and logically, high-growth businesses have to invest in infrastructure, three key drivers emerged.

## The top three drivers:

1. Talent: Hiring new customer-facing staff in sales and service
2. Training: Competencies to improve effectiveness of existing personnel
3. Technology: Communications, applications and data

Once again, we see common categories of investments for high growth and no growth. The difference is diversity: High-growth businesses are more likely to invest in all three categories than no-growth businesses.

Top 5 investments	High growth	No growth	High growth is:
1. Talent	76%	59%	28% more likely
2. Training	70%	54%	29% more likely
3. Marketing	70%	67%	4% more likely
4. Technology	54%	41%	31% more likely
5. Infrastructure	53%	26%	108% more likely

Source: August 2017 Vistage CEO Customer Engagement Survey, n=1352





# Backing customer growth strategies with investments continued



## High-growth companies place a greater emphasis on leadership.

Converting investments into customer growth requires specialized leadership. High-growth businesses are up to 30% more likely than no-growth businesses to have dedicated marketing, sales or service leadership in place. Additionally, high-growth businesses are almost twice as likely to have leadership in place across all three functions compared to no-growth companies.

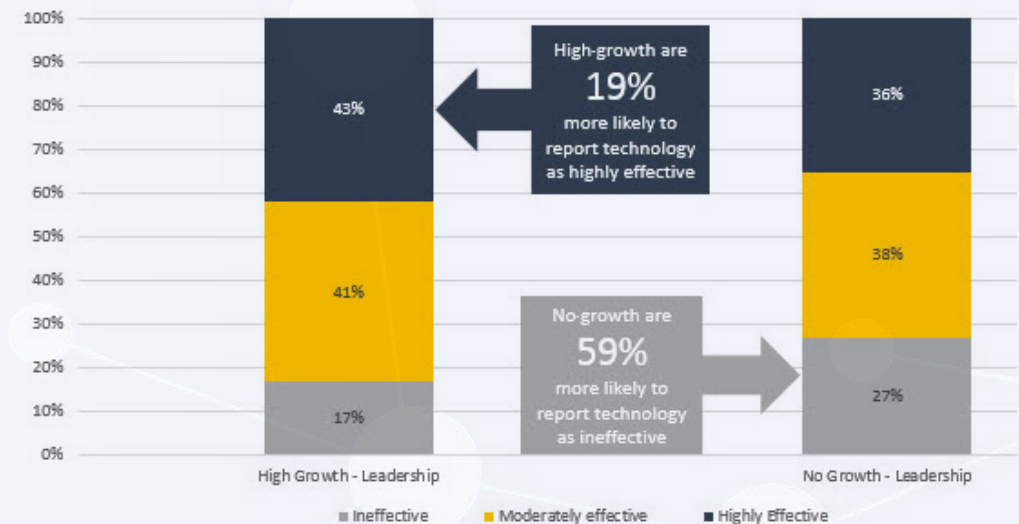
	High growth	No growth
Sales leader	85%	79%
Customer service	71%	62%
Marketing leader	65%	61%
<b>All leaders</b>	<b>40%</b>	<b>21%</b>

High-growth businesses are nearly  
**2x**  
as likely to have all leaders in place.



## High-growth companies more likely to report technology as effective.

High-growth and no-growth businesses deploy technology at roughly the same rate. But high-growth businesses are nearly 20% more likely to report their use of technology as extremely effective than no-growth companies; conversely, no-growth companies are 59% more likely to report their technology is ineffective. This discrepancy in effectiveness can, again, be attributed to leadership. High-growth businesses have the leadership to drive the initiatives and align the technology, a productive combination for customer growth.



Source: August 2017 Vistage CEO Customer Engagement Survey, n=1352



# Customer engagement:

## Marketing, sales and service strategies

To go deeper into understanding the success of high-growth SMBs, our analysis next focused on understanding the decisions they have made in the specific functions of customer engagement: marketing, sales and customer service.

We analyzed the top five strategies for high-growth SMBs in each of these areas and enlisted experts in marketing, sales and customer service to provide a view into the future of these disciplines for businesses looking to become or remain high-growth.

**Marketing** p. 9 | **Sales** p. 11 | **Customer service** p. 13 | **Technology** p. 15



**"Small business leaders are constantly looking for better ways to find, win and keep customers to grow their businesses faster. Technology can play a huge role in driving that growth — from providing a better understanding of customer relationships to affording full visibility into a business, revealing strategies and initiatives that drive growth. To capitalize on technology, small businesses should prioritize establishing those technologies that can both scale with their growth and adapt to the digital transformations that will impact their industry in the future."**

**Marie Rosecrans**

Senior Vice President of SMB marketing at Salesforce

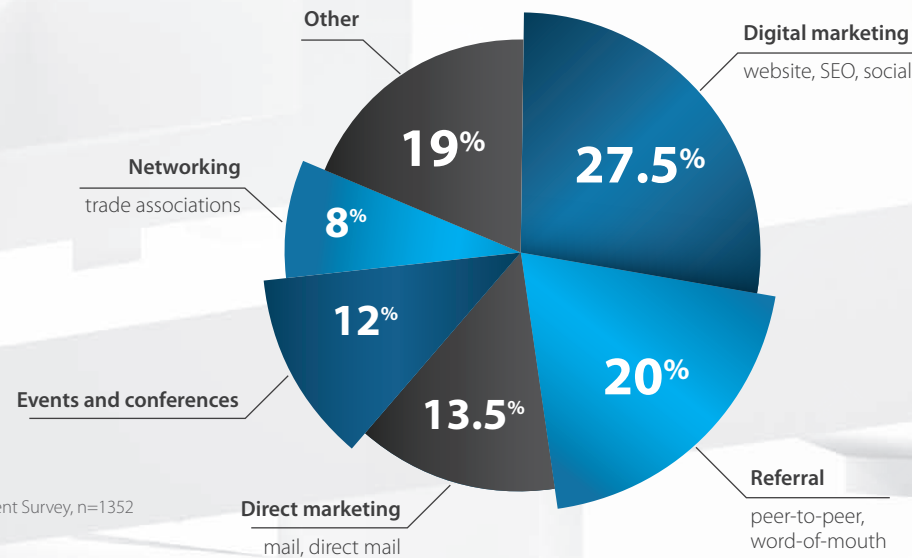




# Attracting new customers

## Top 5 marketing strategies that work for high-growth SMBs

1. Digital marketing
2. Referral
3. Direct marketing
4. Events and conferences
5. Networking



Source: August 2017 Vistage CEO Customer Engagement Survey, n=1352

Analysis of the top five winning marketing initiatives for high-growth SMBs reveals a blend of old and new approaches to attracting customers. The prevalence of new digital marketing initiatives to connect with prospective customers demonstrates the ongoing evolution of marketing. Search engine optimization, social media and an upgraded web presence are essential elements of a digital initiative. The emergence of content marketing, specifically the use of thought leadership to educate and build credibility with prospective customers, is significant as well. When combined with direct marketing techniques, these elements enable high-growth businesses to expand their reach and connect with prospects where and when they want.

**While digital methods grab attention, traditional human-to-human connections remain essential to new customer growth.** Referrals, word of mouth and networking are proven methods that leverage personal credibility and professional connections to engage those elusive new customers. Events, trade shows and conferences allow people to talk with people. High-growth businesses aggressively pursue methods to connect with customers digitally and in person.



## The future of marketing: The era of automation and intelligence

Today's B2C marketing climate has forever changed the way consumers buy goods and services. The more online sellers observe tastes and behaviors, the more accurately they present customers with goods and services that meet needs and desires. In the B2B world, e-commerce has yet to hit the same stride. But by 2020, consumers will begin to feel the impact, as B2B online sales will top \$1.1 trillion, accelerating past 12% of total business buying.

### Marketing becomes part of operations.

Businesses that apply technology to their operations for competitive advantage will drive this movement. They will be fueled by cloud-based systems that dramatically streamline and automate how they market, sell and deliver their products and services.

### Marketing's scope expands.

Where the era of **sales** automation made customer relationship management more efficient, this more comprehensive era of **marketing** automation will be able to precisely target, nurture and close sales as a result of accelerating deployment of machine learning and artificial intelligence.

### Strategy shifts from sales to marketing.

For middle-market companies that have relied on sales teams to drive growth, this will be a jarring shift. For businesses that have already discovered the power of modern marketing, this will simply be the next step. Market-focused companies will lead, and be ready to deploy the technology that will accelerate their growth.



**“B2B businesses stepping up to e-commerce are attracting new customers. Even industrial buyers are starting to prefer online.”**

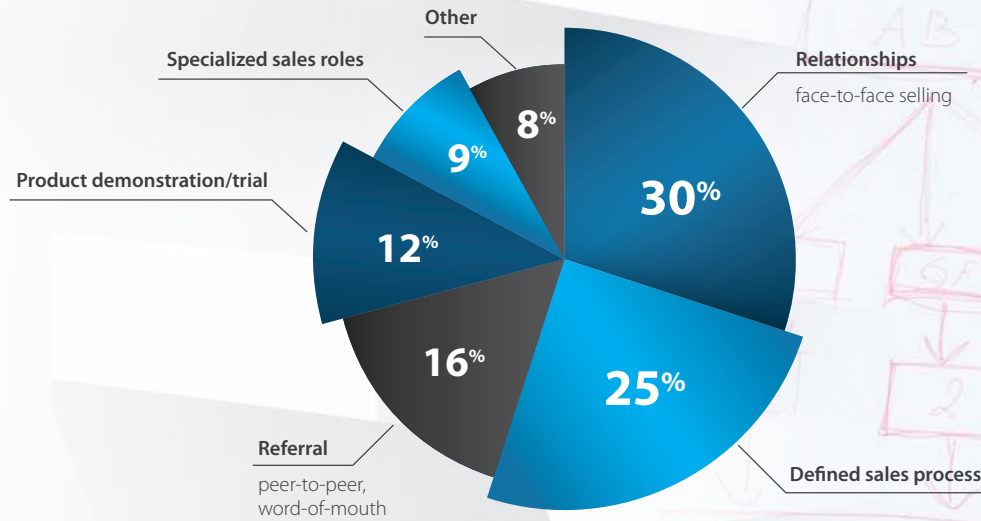
**Pete Hayes**  
Principal, Chief Outsiders



# Capturing new customers

## Top 5 sales strategies that work for high-growth SMBs

1. Relationships – face-to-face selling
2. Defined sales process
3. Referral: peer-to-peer, word-of-mouth
4. Product demonstration/trial
5. Specialized sales roles



Source: August 2017 Vistage CEO Customer Engagement Survey, n=1352

The range of the winning sales initiatives speaks to the diversity of the survey's respondents and to the universal importance of connecting with customers.

The fundamentals of hard work, speed and attention to customer needs are universal requisites for all sales organizations. Beyond these fundamentals, **initiatives to increase the amount of time that sales functions spend with prospects — and adherence to a designated sales strategy or process — is the top area of focus for the high-growth set** and reflect the continued importance of human interactions.

Next, leveraging referrals to attract new customers represents the importance of reputation and successful customers for SMBs. Competing in local and regional markets will quickly expose problems or illuminate strengths. Product enhancements, demonstrations and trials build reputation, giving the prospect the opportunity to experience the product/service before making a purchase.

Using a specialized sales resource — combined with strong sales training — is the last grouping of responses. Inside sales, field sales, vertical market specialists, technical sales, and new distribution channels all represent specialized sales roles with focused skills, knowledge or expertise.





# The future of sales: Eyeing artificial intelligence and consultative selling

The future of sales includes two very different yet intertwined elements: artificial intelligence and consultative selling.

## Artificial intelligence

### Data mining for outreach

There are numerous tools to help a salesperson mine data, gain insight on prospects and schedule meetings. The use and efficiency will grow and become essential to effective sales organizations.

### Selling effectiveness

The smart sales organization will employ machine learning to help train and develop salespeople more quickly. However, AI can only supply the content, not the context. Companies that use AI to produce scripts may miss the boat if they don't have humans coaching tone, context and listening skills.

### Closing sales

For a short sales cycle and buy-it-yourself online sales, using bots will make the process more efficient for the customer and the company selling the product, potentially eliminating the need for human intervention on the company side. It will also produce more consistent, predictable sales results.

## Consultative Selling

### Consultants, not salespeople

In the age of AI, salespeople will remain relevant by serving as consultants to customers. They will distinguish themselves by engaging with prospects to solve problems.

### Introductions

It will continue to become harder to connect with prospective customers, so salespeople will need to leverage their network for introductions more than ever. The sales superstars of the future will embrace all that technology has to offer to help make them more efficient and effective, and will establish themselves as valuable consultants to their prospects and customers.



**“Planning involves listening to what is important to the client and designing the plan to achieve the desired result.”**

**Gretchen Gordon**

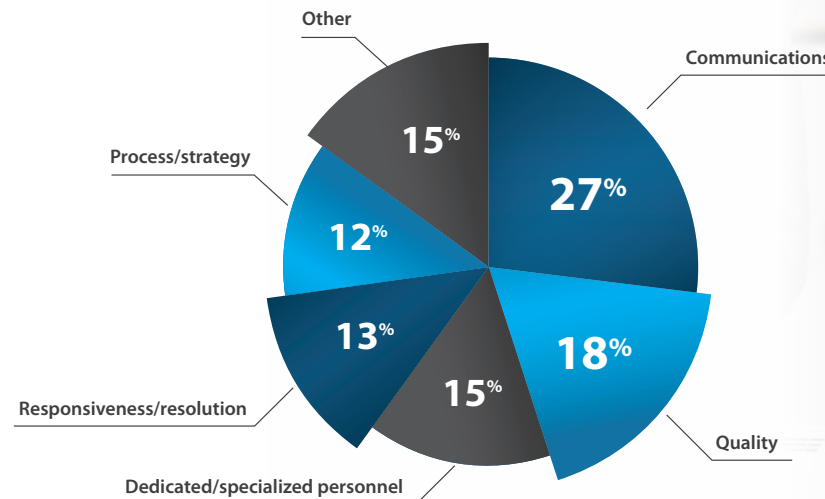
President, Braveheart Sales Performance



# Retaining and growing customers

## Top 5 customer service strategies that work for high-growth businesses

1. Communications
2. Quality
3. Dedicated/specialized personnel
4. Responsiveness/resolution
5. Process/strategy



Source: August 2017 Vistage CEO Customer Engagement Survey, n=1352

While acquiring new customers is key to business expansion, high-growth SMBs also focus on retaining and developing their existing customer base, the very foundation from which they grew. If a company struggles with current customers, their prospective customers and competitors will very quickly know. SMBs in local or regional markets are quickly exposed and suffer the consequences with their customers and their inability to attract new ones.

Customer communication rises above all other winning initiatives for retaining and growing existing customers. **Connecting through regular emails, newsletters or direct interaction keeps high-growth businesses close to their customers, providing a platform to share information that could lead to additional business.**

A commitment to quality and responsiveness builds trust and credibility, requirements for retaining customers. **This commitment is shown through the processes and strategies put in place to resolve customer issues quickly, which result in increased satisfaction, retention and loyalty.**

Another key strategy for customer satisfaction is deploying dedicated resources or specialized personnel who go beyond responsive measures and demonstrate a proactive approach to engaging and supporting customers.

Customer service technology tracks metrics such as call volumes, response times and resolutions and provides a view of the customer's interactions with the company to sales and marketing teams. High-growth companies reported using feedback captured in customer satisfaction and loyalty surveys to improve products and processes for increased retention.



# The future of service: From customer service to customer experience

Smart CEOs carefully consider how their companies design and choreograph their customers' experience — that is, the entire customer journey and every touchpoint along the way. What does the customer expect? What does he feel? What does she need from us? How can we make sure that every point of contact “feels like us”?

## CEO responsibility

Design and delivery of a great customer experience is a CEO responsibility. It requires coordination across every function, not just customer service. From marketing and operations to IT and billing, a great customer experience demands that what happens at every touchpoint reflects and enhances the value proposition; every effort must be on-brand and on-strategy. Studies of both B2C and B2B customers show that their satisfaction is influenced more by experience than by product or price.

## Great customer experience

Gone are the days (or they should be gone) when customer service was the responsibility of a single department, managed as a low-cost operation. That's because service is only one part of a customer's experience — one that usually comes into play when something is going wrong. A great customer experience involves every link in the value chain to woo customers, wow them and win their loyalty.



**“Design and delivery of a great customer experience is a CEO responsibility.”**

**Thomas A. Stewart**

Co-author, *Woo, Wow, and Win: Service Design, Strategy, and the Art of Customer Delight*





# From digital transition to digital transformation

Technology effectively drives productivity and performance for all facets of customer engagement, marketing, sales and service. For small and midsize businesses, it's a question of when — not if — they should deploy technology, and which technology to use.

**High-growth businesses are more likely to choose a packaged application rather than a homegrown solution.** Conversely, no-growth businesses are more likely to have a homegrown solution or no solution at all.

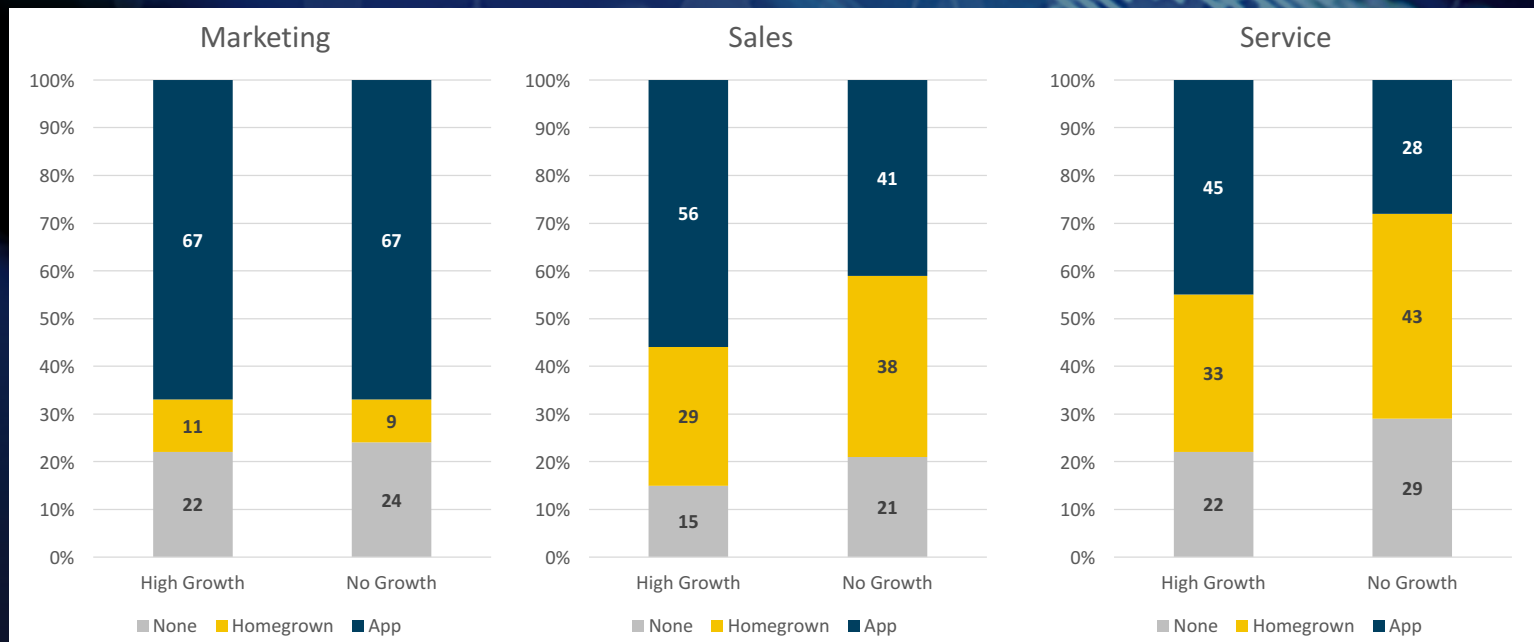
As small businesses begin to grow, purpose-built applications make it easier and more effective to manage customer engagement. Rather than

dedicate the time and expense to building a solution, they purchase packaged applications with proven, best practice business processes.

As companies further mature and the number of customers grows, the size and scale of that data management typically demand a more high-powered, fully functional solution.

## Prevalence of technology by function

A no-growth business is more likely, especially in sales and service, to have no technology or homegrown technology in place vs. a packaged application.





# The future of CRM: Artificial intelligence and automated insights will drive modern CRM

Traditionally, CRM software applications focused on creating a centralized database for storing information on contacts, leads, accounts and other important customer data. However, their manual data-entry aspect limited their success, as users resisted them, viewing them as added work for little benefit.

Recent breakthroughs in automation are helping deliver on the original promise of CRM. Data creation using social and transactional media via apps and electronic devices is powering a major new development in CRM: artificial intelligence.

## Artificial intelligence

CRM industry vendors are quickly integrating deep learning technologies into their platforms. Companies such as Amazon, Apple, Google and Facebook have formed partnerships on AI.

While AI has been around for decades, this new focus seeks to leverage the potential impact that technology can have on customer relationships. Feeding AI technologies an ever-increasing amount of data is central to modern customer engagement.

## Automated insights

As data sets grow — and the opportunities to create positive impressions shrink — accessing insights about potential customers becomes more critical. As AI's role and importance grows, systems that help integrate insights with interactions are crucial.

According to a study CRM Essentials conducted earlier this year, 68% of the 500 people surveyed said manually inputting data is their most frequent SFA-related task, but 45% said face-to-face relationship building is their most important task. When asked what would make SFA apps more useful, 58% cited the automatic import of data, 47% said the automatic surfacing of insights, and 46% said they would value the automatic formatting of insights that would enable easy communication with customers.

The future of CRM will depend on how easily users can turn insights into quality interaction opportunities. The platforms that forward this goal should form the foundation of your customer engagement strategy.



**“The future of CRM will depend on how easily users can turn insights into quality interaction opportunities.”**

**Brent Leary**  
CRM Essentials





# Four key customer growth decisions for SMB CEOs

## 1. High-growth SMBs get more from new customers.

Not only do high-growth businesses employ multiple strategies, they report a higher percentage of revenue from new customers versus existing customers. Focused acquisition strategies for new customers and markets help high-growth businesses expand their customer base while also retaining current customers.

➤ **CEO growth decision:** How do we increase sales and revenue from new customers?

## 2. High-growth SMBs invest more in talent to support face-to-face interactions.

As face-to-face interactions are reported as the most effective strategy for winning new customers, high-growth SMBs fuel growth by investing in people. Hiring enables SMBs to engage with more customers, training and developing improve the quality of customer interaction and technology optimizes engagement. The people, process and technology mantra remains true to drive growth.

➤ **CEO growth decision:** How much are we investing in people and training?

## 3. High-growth SMBs execute strategies more effectively with leadership and technology in place.

High-growth businesses are more likely to have dedicated leaders for marketing, sales and service. And while CRM/technology deployment rates are not radically different between high-growth and no-growth SMBs, high-growth SMBs with leaders in place report increased effectiveness. Dedicated leadership drives technology utilization, which is the differentiator.

➤ **CEO growth decision:** How is my leadership team capitalizing on how customer management technologies are used?

## 4. High-growth SMBs seek a competitive advantage through dedicated applications.

High-growth businesses use purpose-built applications to optimize their customer interactions, which allows them to leapfrog their competition. This enables them to focus on best practice processes for managing customer engagement rather than on building technology to automate less-proven processes. The businesses that wish to sustain their competitive advantage through technology will pursue digital transformation, completely rethinking their business processes.

➤ **CEO growth decision:** What is the ROI and effectiveness of my CRM strategy?

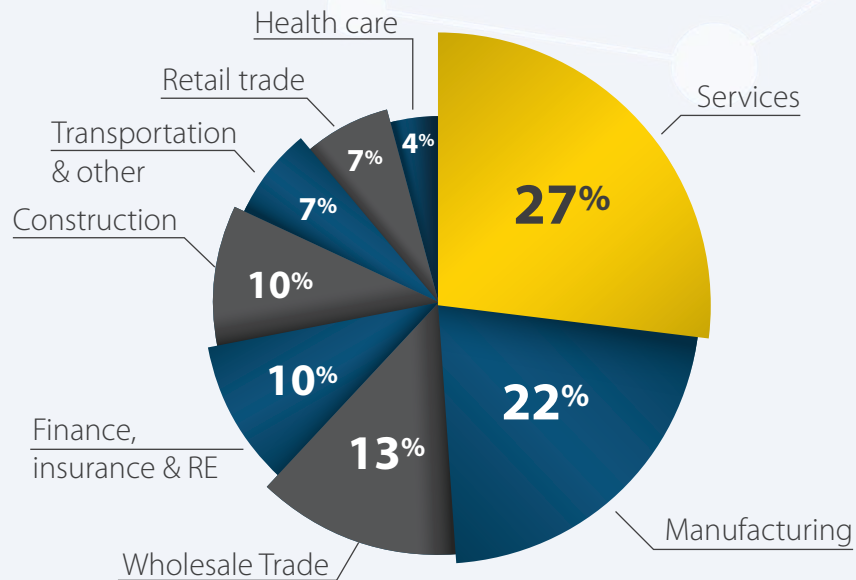


# About the study

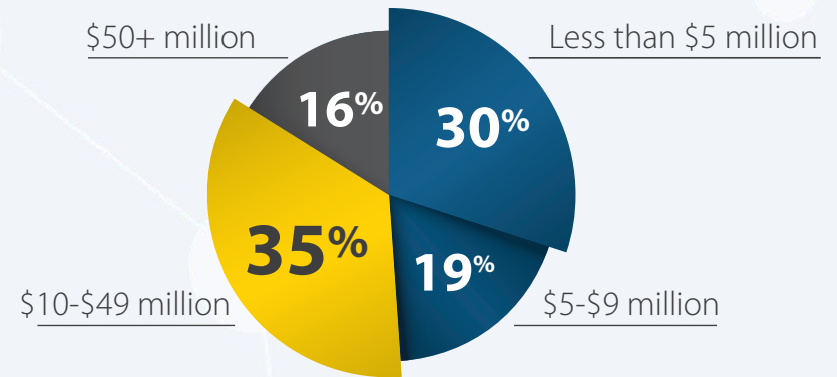
This research is based on a survey of Vistage members completed between August 7 and August 14, 2017. There were 1,352 respondents representing CEOs of top-performing SMBs in the United States. Firmographics include industry, employee count and annual revenue as illustrated below.

## Respondent firmographics:

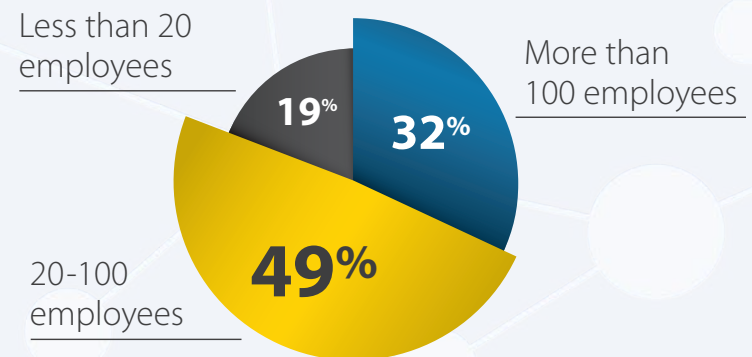
Member industries



Sales revenue



Number of employees



**Joe Galvin - Chief Research Officer, Vistage Worldwide**

As chief research officer for Vistage, Joe Galvin is responsible for providing Vistage members with the most current, compelling and actionable thought leadership on the strategic issues of small and midsize business. Joe is an established thought leader and analyst who has researched and presented to business leaders around the world on customer management, world-class sales performance, and CRM-SFA technology.

**Gretchen Gordon - President, Braveheart Sales Performance**

Gretchen Gordon is president of Braveheart Sales Performance, a sales transformation company that specializes in solving sales problems for clients. She contributes sales and sales leadership articles to publications such as *Selling Power*, writes an award-winning sales management blog, and has published a variety of sales leadership e-books. Gretchen is an entertaining, sought-after speaker for conferences and events and was recently recognized as a “Top 50 Sales Influencer” by Small Biz Tools.

**Pete Hayes - Principal, Chief Outsiders**

Co-author of the Amazon #1 best-seller *The Growth Gears*,™ Pete leads the marketing and operations of the national management consulting firm Chief Outsiders. Their fractional CMOs have served on the management teams of over 500 midsize companies from over 60 industries, crystalizing strategy and implementing growth plans. Pete is active as a frequent speaker at universities and CEO events across the country.

**Brent Leary - Co-founder and Partner, CRM Essentials**

Brent Leary is co-founder and partner of CRM Essentials LLC, a CRM consulting and advisory firm focused on small and midsize enterprises. He serves on the national board of the Customer Relationship Management Association as vice president of technology, and as CRM subject matter expert for the Small Business Technology Task Force. He hosts the “Technology for Business \$ake” program, which airs on Business Talk 1160AM.

**Marie Rosecrans - Senior Vice President of SMB marketing, Salesforce**

As senior vice president of SMB marketing at Salesforce, Marie Rosecrans focuses on empowering small and midsize businesses with the tools and resources they need to grow. Before joining Salesforce in 2008, she held positions in customer support, professional services, product marketing and program management at Oracle, Peoplesoft, Evolve and Primavera.

**Thomas A. Stewart - Executive Director, National Center for the Middle Market**

Thomas A. Stewart is the executive director of the National Center for the Middle Market, based at The Ohio State University. Previously, he served as chief marketing and knowledge officer for Booz & Company (now Strategy&) and was the editor and managing director of Harvard Business Review. His book “Woo, Wow, and Win: Service Design, Strategy, and the Art of Customer Delight” (co-authored by Patricia O’Connell) was recently published.





# About Vistage Worldwide

Vistage Worldwide is an organization designed exclusively for high-integrity CEOs and executive leaders who are looking to drive better decisions and better results for their companies. Our members — 21,000 strong in more than 20 countries — gather in trusted, confidential peer advisory groups where they tackle their toughest challenges and biggest opportunities. Leveraging the Vistage platform, our members have demonstrated the ability to refine their instincts, improve their judgment, expand their perspectives, and optimize decision making. CEOs who joined Vistage grew their companies at 2.2 times the rate of the average U.S. small and midsize businesses, according to a 2017 study of Dun & Bradstreet data. Learn more at [vistage.com](http://vistage.com).

# About Vistage Research

Vistage Research curates subject matter from the Vistage community and collaborates with top thought leaders to create unique content. Vistage executives access actionable, thought-provoking insights from the Wall Street Journal/Vistage Small Business CEO Survey and Vistage CEO Confidence Index results, as well as national and local economic trends. Since it began in 2003, the Vistage CEO Confidence Index has been a proven predictor of GDP, two quarters in advance. Vistage Research provides the data and expert perspectives to help you make better decisions. Visit [vistage.com/confidenceindex](http://vistage.com/confidenceindex) and [vistageindex.com](http://vistageindex.com) to learn more.

# About Salesforce

Salesforce, the global CRM leader, empowers companies to connect with their customers in a whole new way. Its out-of-the-box solutions let small and medium businesses find customers, win their business, and keep them happy for life. Salesforce lets you easily implement cutting-edge technology and connects to all your systems so you can build closer relationships with customers and grow your business faster than ever. Learn more about Salesforce at [www.salesforce.com](http://www.salesforce.com).

