

6 WAYS TO AUGMENT YOUR SALES TEAM WITH MACHINE LEARNING

As the AI hype waves keep rolling high, opinions are voiced about how entire industries will be disrupted and certain skill categories, such as sales, will be sitting on the unemployment bench.

But is it really all gloom and doom for sales teams? Or could AI spur them onwards to greater success?

HOW CAN YOU BOOST YOUR SALES ORGANIZATION WITH THE HELP OF MACHINE LEARNING?

First, a helpful tip:

If you're looking for ways in which you can replace your marketing and sales professionals with algorithmic content generation, programmatic ad buying, ultra-personalized e-commerce experiences or conversational chatbots capable of natural language processing, sentiment analysis and voice recognition, **this isn't the whitepaper for you.**

If, instead, you want to apply AI to more traditional sales approaches, we have good news:

Working side by side, algorithms and salespeople can achieve more sales with less work.

Read on to find six scenarios where machine learning can help you get the most out of your sales organization.



1 INTELLIGENT PROSPECTING

THE CHALLENGE

While inbound marketing is gaining a lot of attention as the modern, efficient way of customer acquisition, most sales organizations still benefit from prospecting as a means of increasing their sales funnel. Prospecting aims at identifying new high-potential customers to approach via a range of methods, from targeted content to traditional cold calling.

The challenge is how to find valuable prospects easily. Volumes of low-quality prospects are easy to generate – but lead to inefficient sales work and low return on targeted marketing investments. High-quality prospects are hard to come by.

HOW CAN MACHINE LEARNING HELP?

Machine learning models can be trained on data about your existing customer base, with the objective of identifying the attributes which are indicators of particularly valuable customer relations. A combination of such raw data and human experience can be used to fine-tune these profiles of “ideal” customers.

Clustering can then be applied on data about potential prospects, in order to find the subsets which match particularly well with your sweet-spot profiles.

In short, an algorithm will help you find the most interesting prospects.

2 LEAD & OPPORTUNITY PRIORITIZATION

THE CHALLENGE

As your sales force has limited time and resources, you need to make sure everyone focuses their efforts on the most potential, high-impact leads and opportunities. But how do you gain consensus on where the highest potential is?

A highly experienced sales professional will be able to use his or her instinct and gut feeling to judge the qualitative aspects of an individual lead or opportunity, but objectively prioritizing the entire pipeline with a large number of opportunities can be difficult.

A marketing automation platform will also be able to score leads based on digital interaction patterns, but this score is mostly an indicator of how interested the lead appears to be – not how good of a match it will be as a customer.

HOW CAN MACHINE LEARNING HELP?

Based on historical data about customers, prospects, sales opportunities and respective conversion into actual revenue, machine learning models can be trained to predict the value and probability of a each lead or opportunity in your pipeline. The probability score can be used to rank opportunities.

Based on the ranking, sales persons can either chose to focus on the “likely quick-wins”, or alternatively scout the list for low-ranking opportunities which, for other quantitative reasons, are considered “must-win” cases.

If a must-win case is predicted as low likelihood, it is necessary to explore what needs to be done to increase the winning probability.

3 IDENTIFYING LEAKING CUSTOMER SEGMENTS

THE CHALLENGE

Everyone in sales knows that acquiring new customers is magnitudes more expensive than keeping existing customers. Making sure your existing customers are happy and keep buying from you is the easiest way to secure revenue.

But the bigger your customer base, the more difficult it is to maintain high levels of customer intimacy. Keeping track of how individual accounts are developing becomes difficult, and spotting single customers which are showing early signs of churn may be impossible.

HOW CAN MACHINE LEARNING HELP?

Customer churn analysis is a classic example of how algorithms can aid sales. By looking at interaction patterns across customers over time, machine learning can help identify customers which show likely signs of churn.

The identified accounts or entire segments can then be automatically surfaced in the prioritization of sales activities.

4 PRICING OPTIMIZATION

THE CHALLENGE

Pricing decisions make or break your business. In contract and quotation negotiations, pushing prices too high reduces the probability of closing and usually stretches the sales cycle. A sales person aiming for quick wins may be tempted to drop the price on a deal to increase the win rate and speed.

The challenge is to ensure each deal is optimally priced for win-rate and sales cycle while protecting margins and revenue.

HOW CAN MACHINE LEARNING HELP?

Machine learning models can be trained on historical quotation and sales data to learn the complicated relationships between hugely complex product offerings, massive differences across customer segments and won opportunities – even considering temporal changes in demand.

As a result, a trained model can predict the likelihood of closing a deal for a certain, highly specific offer to a specific customer at a given price. Building further, the solution can suggest the sweet spot in pricing, where the hit-rate probability gradient flattens out and margins are still tolerable.

Augmenting your sales staff with this information allows them to faster arrive at price levels which help them close deals profitably.

5 SMART CROSS-SELLING AND UP-SELLING

THE CHALLENGE

Knowing when to throw in additional product suggestions in a quotation, or when to suggest an upgrade to a slightly higher value solution, is a fine art. Mastering it requires detailed knowledge of your product offering and the customer's needs.

The same applies to targeting existing customers with product proposals. Resorting to the run-of-the-mill "customers who bought this also bought that" recommendations easily misses the mark in B2B contexts.

HOW CAN MACHINE LEARNING HELP?

Machine learning models can be trained on a wide set of data describing your customers' previous purchases, contracts, installed base and response to cross- or up-selling proposals.

Combined with data about price, margin, or other relevant factors, the algorithm can be used to suggest cross-sell items or up-sell items which have the highest probability of margin lift.

6 FORECASTING

THE CHALLENGE

Forecasting is essential to understanding how and when opportunities in your sales pipeline will materialize into closed deals, revenue, sales commissions and delivery demand for your products and services. Overly optimistic or pessimistic forecasting can adversely affect your business planning at multiple levels.

Creating an accurate forecast for upcoming quarters usually relies on the gut feeling of individual salespeople, combined with tacit knowledge of how opportunities convert into demand over time. There is a trade-off between doing this efficiently and accurately.

HOW CAN MACHINE LEARNING HELP?

Machine learning models used for opportunity scoring and prioritization can further be utilized to produce accurate forecasts of actual revenue. Aggregating the predicted winning probability and value of each individual deal eventually turns into an accurate weighted pipeline estimate.

In addition, a properly trained model can predict how revenue or product demand of each deal maps out across the quarters.

MAKE, BUY OR HIRE?

How do you get practical with these concepts? You have multiple options:

- Your CRM or CPQ (Configure, Price & Quote) vendor likely promises to address all of these topics with **built-in functionalities or add-ons** available at a price tag. While this may be a good start, you may find that the black box algorithms and pre-defined data models of packaged software fall short.
- The diametrically opposite approach is to **leverage an in-house data scientist or contract an AI agency** to build a tailored set of tools for your needs, using open source or commercial machine learning tools on the market.
- Our recommendation is to **start by engaging with a consultancy** with domain knowledge and wide expertise of the commercial tools available, as well as custom development expertise.

FINAL REMARKS

A common trait to the sales development topics discussed above is that they highlight ways in which humans can be assisted and partially off-loaded in certain tasks. When deploying this kind of initiatives in your sales organization, the key message should focus on the growth potential and scalability your team can achieve – **not the risk of downsizing.**

Without doubt, many of the tasks suggested here could just as well be performed by a skilled salesperson given enough time allocation – and thus the reaction can be “I don’t need a computer to tell me this, with 20 years under the belt I know this game better than any algorithm”.

The key here is to understand the value of transferring the tacit knowledge of your best sales individuals to algorithms, which can be of value for even less experienced team players, serving the goals of the entire business.

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