



# Optimization for Sales and Marketing

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**This paper aims to inform you on optimization, how it can help your business, how sales teams use it to cut costs, and how marketing teams use it to increase revenue.**

In the world of data science, there are many different analytical tools and techniques. Descriptive analytics techniques, like ad-hoc reporting, are used to analyze what happened to your business in the past. They provide hindsight. Predictive analytics tools, like data analysis and predictive modeling, are good for identifying what is going on in your business today and for making forecasts about tomorrow. These tools provide insight. Prescriptive analytics techniques, like optimization, offer a path forward. These techniques tell you what actions to take to achieve the desired outcome. This is often thought of as business foresight.

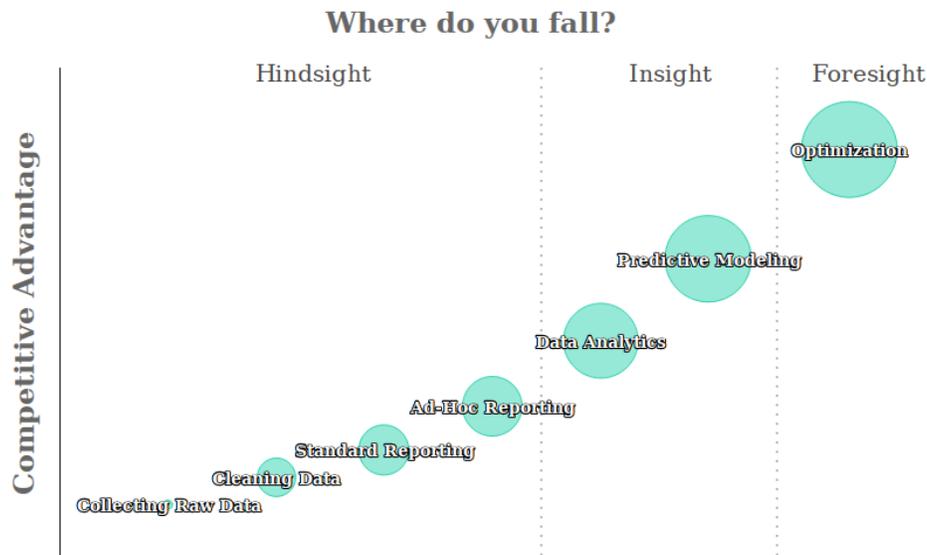


Figure 1: Optimization yields the best plan for how to best achieve your business goals.

Optimization is **the action of making the best or most effective use of a situation or resource**. While the definition seems straight forward, the technical nature of this topic tends to scare people away. At its core, optimization is about finding the best way forward for your business. More importantly, it is accessible for use across *all areas of your business*.

Optimization has a rich history of application that dates back to the military in WWII. It has since been used across many domains, including [finance](#), [manufacturing](#), [telecom](#), and [transportation](#). Many Fortune 1,000 companies have the capacity to use optimization to inform strategic decisions. Recently, technology has advanced enough to make optimization easily accessible to small and mid-sized companies.

Our name, ORM Technologies, stands for **Optimal Resource Management**. We specialize in optimization. We use it every day to help sales and marketing organizations become [Best-in-Class](#). In our experience, we have seen that optimization has routinely demonstrated a significant improvement in every area we apply it.

In sales organizations, optimization can decrease costs up to 15%. We use it to create an optimal sales resource plan. This plan allocates your sales resources to meet your revenue targets at the minimum cost. It also shows how much additional revenue to expect from your existing sales team.

For marketing teams, optimization can increase revenue by up to 15% without additional investment. We use optimization to create an optimal marketing mix. This recommendation tells how to best spread your marketing investment to increase conversion rates of qualified leads and won deals. It maximizes revenue by telling you when and where to run your marketing programs to generate the best sales-ready leads.

## Optimizing Sales

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Optimizing your sales organization starts with an **optimal sales resource plan**. This plan tells how to allocate your sales budget to achieve your revenue goal. The budget is spread across all your sales resources, including quota-carrying employees and the support staff of sales engineers, operations, and administrators.

Every year, sales teams go through the process of resource planning for the coming year. During this planning cycle:

- You know you will lose some sales reps.
- You know the new reps you hire will take time to ramp up to full [sales efficiency](#).
- You consider the fixed costs associated with your sales team.
- You budget for variable costs that come with commissions and sales incentive programs.
- You're not exactly sure how to translate your revenue goals into sales quotas (bookings or orders).

Given all these variables, how do you create a plan that will meet your goals and feel confident about it?

The simple answer for many organizations is to spend more money. Unfortunately, we live in a budget-constrained world. When you ask your CFO for an increased budget, they will likely tell you to spend less or increase your revenue targets. While many of us are tired of hearing “do more with less”, optimization is the tool that can make it a reality.

Our optimization system, [Optimized Sales and Marketing](#), takes into account your revenue targets for the coming years, product amortization schedules, current sales employees, and [sales ramp rates](#). It analyzes *millions* of different hiring plans to choose the one that meets your revenue targets.

The result is the **optimal plan** that tells you when (month) and where (position and territory) to grow your sales team for the minimum cost. It identifies which positions should be hired first, and which positions should garner less investment. It plans for departures and proposes new hires, potentially in new positions. If given a change, the optimized plan will efficiently reallocate headcount to reduce cost while maintaining revenue.

If you are struggling to determine which growth strategy is best for your company, an optimal plan can inform your decision. You can use optimization models to test out different strategies and see the impact on cost and revenue. This is known as **what-if analysis**. For example, you may need to decide if you should make further investment in your Northeast or West regions. You can tell the model to increase the Northeast's headcount in one plan and the West's in another. By comparing the costs and revenues of each, you can clearly see the best path forward for your business.

In the end, you will have an *actionable* plan with *optimal* results. A plan that achieves your revenue goals at the minimum cost. It defines a multi-year hiring strategy that saves you up to 15% of your sales budget.

## Optimizing Marketing

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To optimize your marketing organization, you need an **optimal marketing mix**. It is a plan for allocating your marketing budget across your future programs. It drives revenue increases by recommending when and where to run your marketing programs to maximize conversions to sales-ready leads. Optimizing your mix of programs increases marketing's effectiveness by 15%.

The first step to creating an optimal marketing mix is to calculate how effective your programs have been in the past. If you are using a marketing automation platform, then you already have all the data you will need. To measure effectiveness, use a [revenue attribution](#) model to see which programs drive revenue. This allows you to see the real return on investment (ROI) for your programs. Program ROI sets the foundation for predicting future returns to the sales pipeline and revenue. Other factors to consider when creating an optimal marketing mix are returns to revenue, program timing, and complimentary programs.

## Returns to Revenue

It is important to understand revenue returns associated with each incremental dollar you spend on a marketing program. In most cases, the returns to revenue will decrease with each incremental dollar you spend. However, some programs must hit “critical mass” before revenue returns are meaningful. We characterize these programs with an S-curve. These programs are most effective when you run them with bounded marketing investment (both minimum and maximum spend).

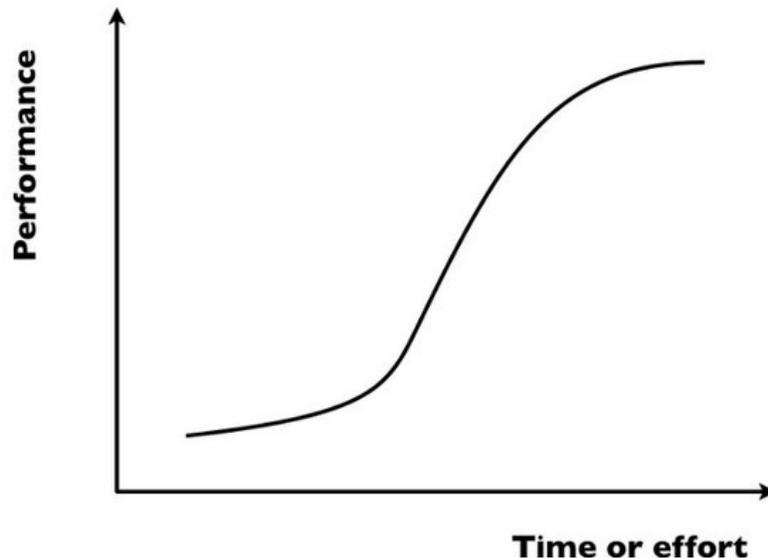


Figure 2: The programs that follow an S-curve for returns are usually stopped before they have a chance to reach optimal returns.

## Program Timing

Each marketing program returns value at some time in the future. If you are trying to meet monthly, quarterly, and yearly goals, you will have to run programs in a way that meets them. For example, you might start a drip email campaign in January, but not realize its returns until July. If you need to fulfill a pipeline target in March, a quick-performing program is required, such as a webinar.

## Complimentary Programs

Some programs complement one another. They return more revenue when running in combination than separately. Other programs are substitutes for one another and should not be run at the same time. You should consider both complement and substitute programs when planning your marketing mix.

After you consider each of these factors, you can use your historical data and industry knowledge to run an optimization. The marketing optimization will maximize your returns to revenue given your established budget. The outcome will allocate your budget to each potential program for all future time periods (typically weeks).

Given the ability to create optimal marketing mixes, you can compare the outcome of different mixtures based on your budget size. This will show you exactly how an increase in your budget will increase the company's revenue.

By creating an optimal marketing mix, you can increase revenue up to 15% by converting more sales-ready leads. Our optimization platform, [Optimized Sales and Marketing](#), can help you see exactly how to increase revenue and conversion rates by optimizing your marketing mix.

## Conclusion

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Optimizing your organizations can generate revenue, save costs, and increase efficiency, all without additional investment. An optimal sales resource plan can aid your decision of when and where to grow your sales team to meet your revenue targets. The optimal marketing mix tells when and where to run your marketing programs to maximize conversion rates and increase revenue by up to 15%.

Here at ORM, we have made it our mission to improve sales and marketing organizations through optimization and predictive analytics. If you would like more information on how optimization can help your business, contact ORM Technologies at [\(469\) 269-6760](tel:4692696760) or email us at [info@orm-tech.com](mailto:info@orm-tech.com).

