GoMo
CONSULTING

How to Build a Go to Market Strategy

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The Purpose of a Go to Market (GTM) Plan

Many early stage companies make the mistake of hiring sales people as the first step to growing revenue. A more effective approach is first to develop a go to market strategy that ultimately sets up sales people to be successful.

The GTM plan is a living document that must be updated continuously, even for mature companies. But for early stage companies, or for established companies pursuing a new market segment, there's a logical order in defining the plan, which is how this document is organized.

The GTM strategy plan is a source document for leaders in Product, Marketing, Sales, Customer Success, and other teams, for planning campaigns and programs. While the content is important for salespeople, the strategy document itself is not well-suited for consumption by sales reps. Rather, Sales Enablement should use the document for onboarding, training and "enabled" content that will be useful for sellers (i.e., in bite-sized chunks) when needed.

A GTM strategy:

- Defines the market and the buyers
- Identifies the marketing channels for generating leads
- Defines the messaging and content that will motivate buyers to act
- Establishes the sales strategy for engaging buyers with the skills and roles needed to win deals

Market Definition and Sizing

There are two conflicting reasons for sizing a market. The first reason is to create a vision of the market potential; i.e., to define the total universe in which the company can sell its vision and products. This sizing number is used by founders and board members to raise money. The second reason is more practical: to identify the potential customers that can realistically be engaged to drive sales. This latter number is imperative for defining the market in a way that is actionable by Marketing and Sales.

For the purpose of defining a go to market strategy, SOM is most important, because it defines the targets, including the specific companies to pursue. But the other numbers also serve a purpose in the GTM strategy, by helping to articulate the value of your offerings, and the vision of where you want to take your company.

Because of the conflicting objectives of sizing the market, sizing is often calculated at three levels: TAM, SAM, and SOM.

TAM = Total Addressable Market is the total market for your product. This is everyone in the world who could buy your product, regardless of the competition in the market, geographical reach of your company, etc. This number is determined by identifying all the potential customers who have the problems you solve.

SAM = Serviceable Available Market is the portion of the market that you can reach. For example, your product may only be available in one language, so your SAM would be the subset of the TAM that speaks the language that your product supports.

SOM = Serviceable Obtainable Market is the subset of SAM that you can realistically get to use your product. The SOM is constrained by where your company operates, the scope of the solution as it exists today, your go to market strategy, and other factors. Once calculated, the SOM are the set of customers that you will initially target with go to market campaigns and sales efforts. Relative to TAM, the SOM number is dynamic, changing continuously as market conditions, competitors, and company capabilities change over time.

Segment Strategy - Definition and Prioritization

One important factor in winnowing the TAM to the SAM and SOM is defining a segment strategy. A segment strategy identifies and prioritizes different customer segments to target. Selecting one segment to target optimizes not only the go to market strategy, but all other strategic considerations: funding, product, partners, etc.

The trade-off of selecting one segment to target, of course, is that optimizing for one limits the ability to expand to others. There are three options for defining a segment strategy: 1) optimize for one segment (i.e., a vertical strategy), 2) optimize for multiple segments (i.e., a horizontal strategy), or 3) pursue a hybrid segment strategy by, for example, identifying segments that have similar market and buyer characteristics, so those segments can be pursued as a group.

For early stage companies with a horizontal product, it often makes sense to pursue one segment to start, to focus efforts and resources. Once a certain level of success and momentum is created in the first segment, the company can then leverage that success to pursue other segments. (This strategy is defined famously in Geoffrey Moore's, "Crossing the Chasm.") The risk to avoid is making decisions for one segment that creates barriers to success in other segments.

Note that, even in the case of a vertical segment strategy, growing companies may realize sub-segments exist that require different go to market and sales strategies. A common example is the realization that selling to enterprises within one vertical segment is different than selling to SMB companies in that segment. As a result, while initial strategies may not differentiate sub-segments, maintaining growth with a vertical strategy may eventually require divergent strategies for sub-segments.

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Ideal Customer Profile

Once the segment strategy is defined, an ideal customer profile (ICP) can be rendered, to focus efforts and investments where impact is greatest.

Defining an ICP aligns marketing, sales, service, and execs on repeatable strategies and tactics for engaging, converting and fulfilling top accounts. Once defined, the ICP drives account targeting, deal qualification, services optimization, and many other activities.

Research has found that in many companies, the ICP isn't defined, or if it is, the ICP is not understood or adhered to. Failure to define and adhere to an ICP means sales people pursue deals that aren't ideal. In those cases, too much sales time is spent on deals that don't close, or if they do, your company experiences a difficult implementation, low customer adoption, and high churn.

By contrast, in high-growth companies, the ICP is integral to marketing and sales strategy and execution. Adhering to the ICP results in better targeting and higher conversion of leads from demand campaigns; higher win rates and quota attainment for sales; higher user adoption and net retained revenue; and higher NPS scores for the company overall.

Defining the ICP is an exercise in analyzing quantitative, qualitative and, if available, predictive data:

- Quantitative analysis of historical prospect and customer data, from ERP, CRM and other systems, helps identify the demographic and firmographic attributes of your best accounts.
- Qualitative inputs from cross-functional stakeholders add color to the description - and fosters cross-functional buy-in. In particular, your best sales reps have great insight for ICP definition, because they have learned how to focus their time on winnable deals, versus accounts not likely to buy.
- For larger data sets, and to incorporate external data sets, predictive software solutions can be used to define more nuanced characteristics for the ICP, including differences across segments, industries and personas.

Buyer Research

Market sizing, segment strategy, and ICP are informed by market research. Buyer research is an effort to learn about the needs of the people involved in making purchase decisions.

There are many benefits in researching your buyers

- Verify sizing and ICP assumptions: Asking good questions of your buyers tests assumptions with objectivity, to refine your sizing and ICP - and your strategy generally.
- Learn what motivates buyers: The primary objective of buyer research is to identify the needs, pains, KPIs and value propositions that will compel buyers to take action and purchase your product or service. Buyer research identifies and prioritizes the problems your buyers want to solve with your product or service.
- Learn the decision making process: Buying processes have gotten complex, with more buyers involved. Research identifies typical buying processes, including common hoops to jump through, and what criteria drive decision-making.
- Identify buyer personas: Research also identifies the personas who are typically involved in the buying process; i.e., the typical job titles, and what role each serves, in the purchase decision. In addition, typical buyer pains can be identified specific to roles (as opposed to departments or the company).

Here are common approaches for doing buyer research

Interviews

Primary research, in the form of one-on-one interviews with potential buyers, is the best form of buyer research, because, in addition to collecting useful data, you also hear "the voice of the customer." Hearing nuances of buyer needs helps identify what's really compelling to customers - their individual pains, frustrations and fears, in addition to the company-level needs and KPIs for building a business case for your product or service.

Surveys

Surveys capture data that facilitates quantitative analysis, and thus can complement interviews. What they lack in terms of capturing nuance, they make up for in quantity, anonymity, and quantitative analysis, including, for example, assessing demand.

Focus Groups

Focus groups are better for ideation, as opposed to learning, so they aren't the best option for buyer research. However, they can help with defining compelling messaging - which is the next step in defining your strategy.

Messaging

With the market sized, the ICP defined, and insights gained from buyer research, attention can then be focused on how to engage buyers, create opportunities, and win deals. That requires messaging that motivates buyers to act.

Buyer Needs

First, we must solve a problem. Buyers are motivated to act when they see that you offer a solution to problems they have. Messaging starts with buyer needs not only because buyers want a solution to their problems, but also because they appreciate the understanding and empathy you have to their situation.

While value propositions (described below) highlight the upsides of your solutions, **buyer needs focus on the negative of maintaining the status quo**. There's a great debate about whether messaging about needs should emphasize the negative (e.g., "you're at risk") versus the positive (e.g., "you're missing opportunities"). When defining your strategy, it's important to identify the full range of buyer needs, negative and positive, addressed by your solution.

Buyer needs should include KPIs - the measurable impact of allowing the problems to persist, and of addressing the needs with your solutions. Identifying all the KPIs that you impact is motivating in marketing materials, and, during the sales process, the KPIs provide the inputs for building a business case.

Buyer needs are distinct from buyer pains. Needs define company- or departmental-level problems. Pains are personal, a means of appealing to problems specific to each buyer. Highlighting role-specific pains that you address is a good approach for gaining attention from prospects, and for motivating buyers - getting deals unstuck - through the later stages.

Product Description, Features and Benefits

The product description should include a high level description - the "what" of your product. The description should be fleshed out to include the key features of the offering - "how" your product works. For each feature, associated benefits should be identified - benefits that aggregate to the value customers can realize.

Importantly, the description should identify use cases where the product improves performance. Use cases help customers identify how your product can be employed within the context of the customers' business. Each use case should identify who is impacted by your product - who uses it, who manages it, and ultimately who realizes the benefits. Clear understanding of the use cases impacted for each customer provides great insight into customer fit.

Value Proposition

Value propositions are statements of the benefits and advantages that customers can realize with your offerings. Value propositions relate directly to business needs that your product or service addresses; they identify why a customer should buy your product. Value propositions are similar to benefits, but more holistic, at times encapsulating multiple benefits into a broader statement of value.

While economic benefit is usually the most important benefit, there are multiple sources of value - value that comes not just from your product, but also from your company.

All sources of customer value should be captured in your strategy, including value derived from:

- Cost savings / increased revenue
- Competitive advantage
- Productivity and speed
- Community and network
- Innovation and knowledge
- Risk control and compliance

Competitive Differentiation

While value propositions identify why customers should address their business needs, competitive differentiators identify what's unique about your offering relative to alternatives.

Competitive differentiation can be captured, for promotion and for selling purposes, as unique value propositions - value statements that only your company can claim. For example, your product may have a feature that isn't available elsewhere. The value derived is a unique value proposition that should be highlighted in marketing, prospecting, and defining the business case.

There are multiple sources of differentiation, including:

- Higher quality and reliability
- Better customer, user experience
- More attractive
- pricing model or contractual terms
- Broader partner / support network
- Better, faster delivery or fulfillment

Demand Generation Plan

With the market and messaging strategies defined, the next challenge is defining a plan for generating leads. Demand generation is mostly a Marketing responsibility; however, because Sales is wholly dependent on leads, and because Sales knows the distinction between good leads and bad leads, Sales leaders should provide input into the demand generation plan, and ongoing oversight of demand generation activities.

There are two approaches for generating leads: inbound and outbound. Inbound leads come from a broad range of marketing efforts to raise awareness and to motivate prospects to provide their contact information, for example, through an online registration form.

There are many channels:

Search Engine Optimization (SEO) and Search Engine Marketing (SEM)

Content Marketing

Social Media Marketing (e.g., LinkedIn)

Webinars and Online Events

Influencer Marketing

Email Marketing

The second approach for generating leads is outbound prospecting; i.e., using sales development reps to contact leads directly and make a pitch. Outbound prospecting also uses multiple channels: phone calls, emails, social media contacts, even direct mail. Because outbound prospecting involves direct engagement with buyers, and close engagement with AEs, the function is best reporting to Sales - though exceptions apply, when it makes sense to report into Marketing.

In some respects, outbound prospecting has gotten easier - with new automation for customer engagement, SDRs can reach far more prospects than reps without automation. The issue is that prospects are inundated. As a result, the returns on outbound prospecting are shrinking, while the costs for the automation have increased significantly. When developing the demand generation strategy, planners must be realistic in assessing costs (labor, automation) with benefits (qualified leads).

...it is very rare for one approach and one channel to generate sufficient demand.

Importantly, it is very rare for one approach and one channel to generate sufficient demand. The challenge for go to market teams is identifying the best mix of channels required for creating awareness and, ultimately, for generating quality leads.

Finally, Sales leaders know better than anyone the need for quality leads; i.e., leads that convert into opportunities that, in turn, result in sales wins. Marketing must realize that generating many leads that don't convert is a failure. It's far better for Marketing to produce 100 leads that convert at 20%, than to produce 1,000 leads that convert at 2%, because of the sales time it takes to process the bad leads.

Content Marketing Plan

An important vehicle for delivering marketing messages is content that prospects and buyers use to learn about needs, solutions and value. Content is a very broad term that can include ebooks, videos and webinars used in prospecting, as well as data sheets, case studies and ROI analysis tools used during the sales process. Also, a content plan needs to include not just what content to produce, but also how each piece will be used to generate leads and help sales reps win deals.

Many go to market teams face a vexing paradox: significant investment is made in producing content to meet demand from marketers, sellers and buyers, yet many assets achieve disappointing results in terms of usage. The reasons are many, including content being ineffective, out of date, or too generic, as well as content simply being hard to find by sellers at the time they need it.

To produce content that is used effectively, the content plan should account for evaluating and identifying the assets and tools that achieve the best results in moving opportunities through each stage of the sales process, or, stated differently, that help buyers move through the stages of their buying journeys. The issue is not only that content gets used, but also that it produces the desired effect of advancing deals to close.

> ... content must not only be produced well, but also managed, tracked and evaluated over time.

To meet the need, content must not only be produced well, but also managed, tracked and evaluated over time. To that end, sales-specific content management systems (aka, Sales Enablement Platforms) can significantly improve ROI on content expenditures. The capabilities include not just managing content and tracking usage, but also presenting content to sellers and buyers when and where it's needed. These platforms are expensive; as a result, when to invest is a question of volume and timing. Early stage companies usually have few products, and thus less content to manage, so a generic CMS can suffice. As companies grow and add products, the investment in a Sales Enablement system is warranted.

Sales Strategy

With clarity on the target segment(s) and ICP, the strategy then needs to define the best approach for finding and engaging prospective buyers; specifically, a sales strategy must define what personnel are required to sell your product. This used to be easy: hire a few sales people, and point them towards the market. However, many products and services have achieved a level of complexity that requires more roles in selling, more support, and more management of the process.

Here are the factors to address in a sales strategy

Sales skills, roles, and role ratios:

The first consideration when defining a sales strategy is the complexity of the sale, determined by two main factors: the complexity of the solution being sold, and the complexity of the sales cycle / buying process. The two usually correlate. A low-complexity product implies a low-price, transactional selling motion that requires limited sales skills. Higher complexity products imply more value to the customer and thus a higher price, which in turn means a longer sales cycle, and more buyers with varying decision criteria.

The skills required to sell complex solutions through a multi-faceted buying process requires so many skills that multiple roles are required to be successful.

Complex selling often requires three core sets of skills:

1. prospecting, to gain access to buyers,
2. selling, to manage opportunities to close, and
3. technical selling, to define the solution for the customer.

The sales strategy needs to include a hiring plan that identifies what roles are required, when, and in what quantities.

Sales financial modeling

The hiring plan should be modeled in a pro forma financial model of cost, hiring, ramp time, deal flow and revenue. This is best done with Finance.

Sales support (ops, enablement, deal desk, etc.)

High complexity selling, involving multiple roles, also implies that more support is needed for Sales. Operational support is needed to establish a sales process, implement CRM, establish territories and compensation plans, and manage the pipeline. Enable has grown in importance for onboarding sellers quickly, and improving productivity continuously. Other functions, such as system support, deal desk, analytics, and more, must be planned for and hired at the right times.

Sales performance management

High complexity selling also means sales teams must continuously learn and grow in their roles. To that end, visibility into sales productivity, including conversion / win rate, average deal size, quota attainment, etc., fuels decision-making. To improve sales skills, Sales Management must establish a coaching regimen, so B and C sellers can step up.

Partner Strategy

There are several types of partnerships that can substantially impact how a company goes to market. For example, a company-level strategic alliance, or an OEM partner strategy, will dictate the context in which a go to market plan should be created. Other partnerships can create opportunities; e.g., technology or supplier partnerships can provide access to their customer bases. Referral partnerships with system integrators can also create opportunities.

The highest volume partnerships typically come from referral, reseller and distribution partners, depending on the industry.

Resellers provide four strategic advantages:

Reach

Resellers provide access to customers that otherwise would be difficult and expensive to reach. Instead of building a sales team to pursue a market segment, it may be easier to use an established vendor that already serves the target segments.

Cost

Resellers can lower the cost of sale, first by avoiding the cost of building a direct team, and ongoing by reducing cost of sale, often because they often represent more than one company's products.

Scale

Selling through partners can scale the company faster and greater than with a direct sales force, especially when selling through multiple partners.

Solution Expertise

Partners sell strategically, providing consulting expertise, solution knowledge, and integration skills.

There are, of course, downsides to selling through partners. As mentioned, partners often sell more than one product, so capturing mindshare of their sales teams is competitive. Go to market teams have less access and control of partner sales teams, and the enablement and support challenge can be higher and more costly than a direct sales team.

The decision to sell through partners often comes down to complexity: if there's a high degree of product and sales complexity, then a direct sales force is usually a better option than selling through partners. But if the level of complexity can be handled, then selling through channels pays significant rewards.

About GoMo

GoMo Consulting is a specialty practice, offering expertise and services in B2B go to market strategy, revenue operations, and sales enablement, with the impact of improving sales results. Our approach is either to execute projects that you define, or to work with you to assess current go to market capabilities and challenges, then address those challenges with fractional leadership, project engagements, temporary staffing, or advisory services.

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