How To Realize The Revenue Potential Of Add-On Acquisitions
What we’re seeing in the market

- Difficulty in securing financing for large transactions
- Tech valuations are staying low
- Assets are being held for longer
- Higher cost of capital
- Fewer & smaller transactions

ONLY ONE
PE-backed enterprise software provider went public this year (as of May 11)

414 IPOs in 2021
93 IPOs in 2022
29 IPOs in 2023
(U.S. startups, per Crunchbase)

This means that it’s a ripe environment for M&A…

77% of all US PE deals in 2022 were made up of ADD-ONS
Common use cases for add-on acquisitions

1. **Up/Down Market**
   - Same product sold
   - up- or down-market

2. **Geographical Expansion**
   - Same product
   - different geography

3. **Expansion**
   - New product
   - existing customer base
01  Why this is so hard
02  How to get this right
03  Case study:
    $20M PE-backed single-product company with multiple acquisitions
04  Final thoughts & Q&A
What typically goes wrong with add-ons

**Mismatched GTMs.** The acquiring company swallows the new team and forces their current GTM on the new product.

**Brute-force without structure.** Frameworks are not applied to govern the acquisition.

**Org design is only PART of the solution.** Companies jump into org design too quickly, before determining the necessary jobs to be done and processes.

**Unique customer journeys.** The acquirer assumes that the acquired customer journey is the same as their own.
What typically goes wrong with expansion add-ons

**New value prop.** The existing team and existing customer base are not familiar with the new pains, impacts, and critical events of the new product.
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**No clear handoffs.** The new add-ons require a new set of hand-offs and skill sets of the team.
Where it typically goes wrong with Expansion Add-Ons

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**Poor implementation.** The strategy is 10% of the work; the implementation is a long-term transformation that requires an owner, process, change management, tracking, testing and enforcement.
How to get this right

Mismatched GTMs. The acquiring company swallows the new team and forces their current GTM on the new product.

Brute-force without structure. Frameworks are not applied to govern the acquisition.

Org design is only PART of the solution. Companies jump into org design too quickly, before determining the necessary jobs to be done and processes.

Unique customer journeys. The acquirer assumes that the acquired customer journey is the same as their own.

This is a true business transformation, not just a transaction.

The GTM work has only just begun once you make the transaction.
Using a best practice process

**Discovery**
- Uncover gaps and opportunities to optimize recurring revenue growth
  - ICP/Segmentation
  - Growth Quadrants
  - Growth Modeling
- Prioritize focus based on highest potential impact

**Design**
- Define the customer journey and develop organization, role, and KPI designs
- Develop playbooks to show managers and revenue teams exactly how to communicate & deliver impact

**Activate**
- Deploy processes and playbooks into workflow
- Define and deploy measurement and reporting to give teams insight into progress against the stated impact

**Train**
- Train on skills and knowledge required for new processes and playbooks. Use active role play & peer feedback
- Help employees onboard and reboard for faster success

**Coach**
- Develop coaching skills and processes
- Provide teams with ongoing development to make change stick and reach impact goals
**Dissecting a Case Study**

**SITUATION**
- Highly successful PE-backed single-product company
- Acquired multiple companies all with unique, but complimentary, products
- Highly commercially-centric
- Primary product is well-known to 80% of TAM
- AE eats what they kill (customer ownership retained by AE)
- No process for expansion process
- Majority of executive leadership comes from Sales

**PAINS**
- No defined customer journey, standardized processes, or concept of customer relationship management
- No understanding of impact from products
- Lack of process for customer expansion (it wasn’t needed in the past)
- Little concept of Customer Success
- Lack of executive alignment on a path forward

**IMPACT TO BE ACHIEVED**
- Integrate 5 products into a single platform
- Identify the right GTM for a multi-product company
- Design Sales and Customer Success org structures and comp plans that can successfully manage and expand customers in a multi-product environment
- Cross-sell the additional products to the existing customer base
KEY TO SUCCESS IN DISCOVERY

Determine the current commonalities and differences between the multiple GTMs

CURRENT STATE

Do the companies have the same...

- **Product**: Cost structure? Solving for the same pain points? XXX? YYY?
- **ICP**: Target ICP companies? Target personas? Decision makers?
- **Customer Journey**: Sales cycle? Stages of the customer journey? Buying process?

FUTURE STATE

Start to identify possibilities for future state (e.g., one lead product with others as cross-sell; bundles; etc.)

These all point to the answers to the processes and org structure that need to be defined.
5 Executive Alignment workshops
that blend Knowledge from Discovery, with Education to
drive alignment on an Action Plan and Timeline

- Validate, Align, Prioritize
- Customer Success
- Sales
- Lead Generation
- Validation, Alignment, Action Plan
5 Executive Alignment workshops
that blend Knowledge from Discovery, with
Education to drive alignment on an Action Plan and
Timeline

Validate, Align, Prioritize

Customer Success

Sales

Lead Generation

Validation, Alignment, Action Plan

KEY TO SUCCESS

FIRST define the customer
journey & Key Moments that
Matter

SECOND define the tasks
that must be accomplished

THIRD create the org design
to match that

DEFINED OUTPUTS:

- Executive Alignment
- Customer Journey & tasks
- Org and comp design
- Process definition
- Personas and Messaging
  for your ICP
- Playbooks for the new GTM
In this case, we learned...

There is a lack of strategic alignment among the executive team

ARPU varied greatly between products

Single product would be ‘beachhead’ for growth and expansion to other products

Majority of execs come from Sales

This needs work before design can begin

Impacts GTM strategy

Need to focus on building deep and wide customer relationships using an updated CS org structure

Need to gain a deeper understanding of CS and map out the updated roles that are needed to drive deeper stakeholder relationships for expansion
**Customer Success**

**Customer Journey, Tasks, and RACI**

**What was covered**

- Introduce Customer Success as a methodology & the concept of Impact to drive recurring revenue
- Identify the key stages of the Customer Journey & associated tasks (the key “Moments that Matter” and playbooks to drive action)
- Buildout of the org structure based on the tasks and Moments that Matter
- Define the process required to successfully migrate from a core sales team to a relationship-building team

**KEY TO SUCCESS**

Tasks drive org structure, not the other way around

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**RACI Model**

**New customer journey**

<table>
<thead>
<tr>
<th>Pre-Episode</th>
<th>AE</th>
<th>CSM</th>
<th>AM</th>
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**Post-Episode**

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**Post-Episode**

- Meeting that includes SPQED and relevant key stakeholder information
- Business KD / Technical KI
- User Training / Implementation
- First Value
- Monitor adoption / Joint success
- Impact driven key stakeholder conversations (Reiterate Impact), identify new pain points / use cases
- CSM / EDI
- Review of impact achieved / Retention activities
- White space Analysis / Relationship Mapping
- Research / Account Planning
- Pipeline Review / Discovery / SPQED / Sales process
- Pricing & Contracting
- Soft/hard and SharePoint tasks
- Reference
- Quotes
- Testimonials
- Case Studies
- Co-author / present
Customer Success Organization Models (non-inclusive options)

Traditional 2-layer Team

- **CSM**
  - Owns Strategic and Tactical partner relationship
  - Onboarding
  - Adoption
  - Retention
  - Renewal

- **ONB**
  - Commercial
  - Renewal
  - Expansion & Cross-sell

- **AM**
  - SE/PS
  - Tactical Support:
    - Support Tickets

- **SPT**
  - Product SME
  - Supports Expansion & Cross-sell

Non-traditional 2-layer Team

- **AM**
  - Owns Strategic and Tactical partner relationship
  - Renewal
  - Expansion & Cross-sell

- **ONB**
  - Onboarding
  - Adoption
  - Retention
  - Renewal

- **CSM**
  - SE/PS
  - Tactical Support:
    - Support Tickets

- **SPT**
  - Product SME
  - Supports Expansion & Cross-sell

Single-layer Team

- **CSM/AM**
  - Owns Strategic and Tactical partner relationship
  - Non-commercial
  - Commercial

- **ONB**
  - Onboarding

- **SE/PS**
  - Tactical Support:
    - Support Tickets

- **SPT**
  - Product SME
  - Supports Expansion & Cross-sell

Marketing (ABM, Digital Touch)
Success Team GTM Transformation Example

Pre-Acquisition (single-product focus)

Account Manager: Commercially-focused. Ultimate account owner. Accountable and responsible for renewal and expansion within the customer base. (no concept of relationship)

Success Managers: Responsible for ensuring the successful setup and training of customers. Accountable for customers achieving ‘go live’ and First Value. (onboarding only)

Support: Accountable and responsible for technical support

Implementation Coordinator: Responsible for ensuring the successful technical setup

Solution Engineer: Assist the AM with technical/product expertise and demo support for customer expansion
Customer Success
Customer Journey, Tasks, and RACI

Success Team GTM Transformation Example
Post-Acquisition (multi-product focus)

- **Onboarding Specialist**: Responsible for ensuring the successful onboarding of new customers, achieving “go live” and First Value.
- **Support**: Accountable and responsible for technical support.
- **Account Managers**: Responsible for driving successful expansion of existing customers in deep collaboration with the CSM.
- **Solution Engineer**: Assists the AM with technical/product expertise and demo support for customer expansion.
Core Skill - Managing Customer Meetings

The ability to achieve results via meetings is vital to your success.

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**MEETING 1**

1. **SETUP**
   - Start the ACE/Agenda no later than 5 mins past the start time.

2. **AGENDA**
   - Discuss the tasks that need to be covered to hit the goal within the allotted time.

3. **CLOSE**
   - Ask “Based on our discussion today are you ready to move forward?”

**MEETING 2**

4. **GOAL**
   - Ask “Have you done this before?”

5. **OUTCOME**
   - Discuss the goal of the next meeting.

6. **STAKEHOLDERS**
   - “Who was involved and should we include them?”

7. **FOLLOW-UP**
   - Begin your close 5 to 10 mins before the end time.

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Customer Success
Customer Journey, Tasks, and RACI
Customer Success

Customer Journey, Tasks, and RACI

Core Skill - Diagnose Sequence

A step-by-step guide on how to consistently diagnose a customer.
Core Skill - Navigating an Organization

Help your customers to sell internally based on facts and figures.
What was covered

- Reviewed the acquisition process
- Defined that we’re leading with one product and then expanding with additional products
- Defined ICP and personas that we’re selling to
- Created a growth formula to determine the resources needed to reach the goals
- Create org structure and RACI to sell multiple products (SE’s and Generalists)
- Redefined KPIs and comp plans to represent the new strategy
Structuring a new logo sales POD

Moving to a cross-functional Pod structure will allow for scale based on predictability across target customer lists (both new and existing)

A POD is a group of self-sustaining resources that works together towards a common objective.

<table>
<thead>
<tr>
<th>POD role</th>
<th>Typical responsibilities</th>
<th>Performance metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Development Representative (SDR)</td>
<td>Prospects MQLs, arranges sales (SQL) meetings to generate pipeline opportunities</td>
<td>SQL meetings held Sal generated</td>
</tr>
<tr>
<td>Account Executive (AE)</td>
<td>Converts pipeline opportunities into closed/won deals</td>
<td>Net new ACV bookings Net new logos acquired (WINs)</td>
</tr>
<tr>
<td>Sales Engineer (SE)</td>
<td>Pre-sales technical support, customization, and integration</td>
<td>Net new ACV bookings Net new logos acquired (WINs)</td>
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<tr>
<td>Onboarding Specialist (OS)</td>
<td>Drives initial deployment and enables key moments at the start of the customer journey</td>
<td>New account go-live rate</td>
</tr>
</tbody>
</table>
Lead Generation

**What was covered**

- Revise process of generating leads from existing customers through Marketing and Account Management
- Create processes around white space analysis, account planning, and relationship mapping

**KEY TO SUCCESS**

Leveraging the existing customer base to achieve growth

White spacing examples
## Validation, Alignment, Action Plan

### Validation & Alignment

- **Achieved executive alignment** on mindset change from commercial- to customer-centricity
- **Prioritization** of key areas for improvement
- Sales and Customer Success **Org Structure**
- **Starting points** for Sales and Customer Success comp plan structures
- **Revisions** to lead generation process

### Action Plan

- **Communicate** the action plan to the organization
- **Identify impact achieved** from each product
- Define the **ideal customer journey**
- Create **standardized processes**
- **Identify key team players** for newly defined roles and begin to implement the new org structure
- Implement a **skills training** program targeted to each functional role
- Implement KPIs to **measure results**
- Measure and **continuously improve**

Benefits: Enables CSMs to properly engage with key stakeholders to drive adoption, impact and retention while enabling AMs time for proper expansion preparation and execution across multiple products (white space analysis, Account Planning, Relationship Mapping, Expansion opportunity pipeline management)
**Activate**

**Playbooks for each customer-facing role**, including:

- Definition of your relevant sales stages
- The Key Moments that Matter
- 'Turn-by-turn' directions at each stage of the process
- Identification of clear entry and exit criteria at each stage
- Alignment of content and skills to each stage
- Best practice recommendations on how to implement the playbook
**Conversation Guides** for more effective customer discovery calls and conversations, with actionable messaging for each of your key personas.

- Persona overview, typical titles found on LinkedIn, and key challenges
- Identification of key pain points
- Specific discovery questions to help reps uncover paint points, determine the desired impact, and effectivly guide the conversation
Activate your designs throughout your tech stack to ensure adoption

- Integrate into your call analytics software (Gong, Chorus, etc.)
- Implement frameworks and playbooks into your Salesforce / CRM
Train your leaders and ICs on the new skills needed, in order to execute on the new strategy and process that has been defined.

**Individual Contributor Courses, By Role**

1. **For SDRs.**
   - Prospecting for Impact
   - Prospecting into Enterprise Accounts

2. **For Sales.**
   - Selling for Impact
   - Selling into Enterprise Accounts

3. **For Customer Success.**
   - Customer Success for Impact
   - Account Management for Expansion

**Leadership Courses, By Role**

4. **For Managers.**
   - Managing for Impact
   - Managing for Leadership

5. **For Revenue Leaders.**
   - Revenue Architecture
Create behavior change that sticks
by coaching your reps on an ongoing basis.

- Hands-on practice
- Use real customer scenarios and deals
- Ongoing, on a weekly basis
- Instill a "coaching culture" across the team where team members learn from their peers
- Use a coaching framework such as REKS

Coaching Structure

**Format:** 6 live coaching sessions (60 minutes each) over 3 months

1. **Live sessions**
   - Each Skills Coaching session takes place over the course of one hour and focuses on one to two key skills covered in the associated training.
   - The framework consists of call reviews, real-life examples, role-plays, recaps, and best practices.

2. **Call reviews**
   - Prior to each session, we will review two to three call recordings or emails.
   - During the session, the trainer and managers will walk through the recording and allow the team to listen and coach against it.

3. **Role-plays**
   - Role-plays divide the group into small teams for practice.
   - Using our frameworks, teams will conduct role-plays using key skills, ensuring learners rotate between the roles of customer, seller, and coach.

REKS
- **Results**
- **Efforts**
- **Knowledge**
- **Skills**
An Impact Office ensures that you prioritize, measure, and achieve the impact that you are looking to get out of the add-on transaction.

- Quarterly Reporting with key insights on performance
- Executive workshop covering results and impact recommendations
- Alignment on 30-60-90 day continuous improvement recommendations to impact that will have the greatest ROI for your GTM team
Some **final thoughts**
to keep in mind

- **Most mergers and acquisitions fail.** Why? They’re very easy on paper, but difficult in real life
- Do not underestimate the **amount of change management that is required** to get your new GTM team aligned, even for “small” add-ons
- **Use proven frameworks and implementation plans** to improve your chances of success, and significantly accelerate your time to value
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