

ORACLE
NETSUITE

BUSINESS GUIDE

6 Ways a CPQ Solution Can Increase B2B Sales Without Increasing Headcount



For more information contact Protelo, Inc | www.proteloinc.com 916-943-4428



Grab a seat and enjoy.
Read Time: 7 minutes

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If your B2B business is like most, then you're continually working to speed up sales cycles and drive more revenue. At the same time, your sales leaders are being challenged to boost numbers without adding resources. This is a daunting charge, particularly in today's marketplace.

Let's examine how to assess and adjust your sales organization so it can produce more revenue with its existing headcount.



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Table of Contents

Overview

Page 2

**1
Identify the
Problem: Sales-
Killing Processes
and Tools**

Page 4

**2
Identify
the Solution:
Configure, Price,
and Quote (CPQ)**

Page 5

**3
6 Ways a CPQ
Solution Can
Increase B2B Sales
Without Increasing
Headcount**

Page 6

**Customer Story:
Granite Partners**

Page 8

Identify the Problem: Sales-Killing Processes and Tools

As a B2B sales leader, increasing rep headcount may seem like the obvious way to meet growing quotas. However, if your processes and tools are broken, then each body thrown at your sales problem is producing diminishing marginal returns. Slow, error-prone processes hamper sales efficiency and decrease revenue and profits because customers get frustrated and turn to competitors.

Spreadsheets

Many companies still use spreadsheets to keep track of information such as pricing, inventory, item numbers, and vendors. Spreadsheets may have worked when the business was small; however, as the business grows, it's vital to establish a single source of data that is accessible to everyone.

Delayed Quoting

If it takes days to process quotes for complex products and services, you're likely missing opportunities. Today's buyers expect fast service. If salespeople are forced to use a manual process that leans on antiquated applications for quoting, and if it takes days to process quotes for complex products and services, then your business needs to fundamentally re-examine how product is quoted and sold.

Quoting Errors

Sending out quotes that contain errors should never happen. It calls into question the competency—or worse, the integrity—of your salespeople and processes, lengthens the sales cycle, and reduces win rate. But if your business makes and sells complex, custom products, erroneous quotes can be unfortunately common.

Missed Cross-Selling and Upselling

Companies with complex product catalogs often overlook upselling and cross-selling practices for increasing average order value and customer satisfaction. It's difficult for reps to research compatible items to recommend an upsell, so they avoid the issue altogether to quickly close the deal.

Junior Salespeople

Many companies, particularly in manufacturing, believe their salespeople simply don't have the skill set needed to create quotes for custom, configurable products on their own. So, they often bring expensive engineering resources into the sales process when a quote is needed. This extends the process and inflates the cost to produce a quote.

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CHAPTER 2

Identify the Solution: Configure, Price, and Quote (CPQ)

Today's B2B sellers are riding a wave the shape of which is continually transforming how they need to interact with customers. To get more results with existing teams, many B2B sales leaders are migrating to a B2C approach to customer responsiveness, using innovative solutions to increase revenue per rep.

A configure, price, and quote (CPQ) solution like [NetSuite CPQ](#) gives reps a complete configuration, pricing, and quoting toolkit that equips them to sell more effectively. NetSuite CPQ is a web-based cloud software solution that provides a place for salespeople to perform essential product configuration, pricing, and quoting activities that they would traditionally perform manually.

The CPQ software market grew by 14.1% in 2020, to an estimated \$1.44 billion. It will grow by \$1.65 billion between 2021 and 2026, according to Technavio.

CPQ software reduces dependency on tedious paperwork and documentation, making sales management and personnel more productive.

The screenshot displays the Oracle NetSuite CPQ interface for configuring a storage shed. At the top, it shows 'ORACLE NETSUITE' and 'Sheds'. The interface includes a sidebar with configuration options: Style, Size, Siding, Colors, Layout (selected), and Extras. The main area is titled 'Customize your Storage Shed' and features a 'SELECT SHED LAYOUT' section with four floor plan options (Floor Plan 1, Floor Plan 2, Floor Plan 3, Floor Plan 4) and a 'Swap Layout' checkbox. To the right is a 3D model of a storage shed. Below the model is a 'More Information' section with a 'Summary' table.

Name	Price
American Classic 10 x 14	
Siding: DuraTemp	
Siding Color: Duratemp	
Shutter Color: Black	
Shingle Color: Black	
Total:	0.00

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6 Ways a CPQ Solution Can Increase B2B Sales Without Increasing Headcount

1. Shorter Sales Cycles

A CPQ ultimately makes it easier for customers to do business with you by drastically shortening the time it takes for sales reps to produce accurate quotes for custom products without having to pull in extra resources. Research from Aberdeen Strategy & Research shows that CPQ users shorten the length of their sales cycles at a 13x greater rate than the degree to which non-users lengthen their sales cycles (4.2% vs. -0.4%). CPQ users are 30% more effective at rapidly and efficiently responding to requests for proposal (RFP) and 21% stronger at generating complex quotes in a timely manner. Top CPQ users are 2.2x more effective at reducing the number of personnel required to deliver quotes or proposals.

2. Higher Conversion Rates

In B2B sales, the vendor that responds first to a sales opportunity wins 35%-50% of the time. Quotes for complex products, services, and bundles can often cause delays. A CPQ simplifies the quoting process so your business can be the first in line. Companies that use CPQ see a 19% higher lead conversion rate. Top CPQ users average 5x greater year-over-year revenue growth (15.7% vs. 2.6% of all other CPQ users).

3. Streamlined Sales Training

The typical account executive spends nearly five months ramping into their role. Sales leaders can use CPQ to quickly equip new reps with the tools they need to configure complex items, produce quotes, and start selling on their first day. A CPQ handles the dependencies and rules that follow your company's business logic, so reps don't have to memorize them. In fact, research shows that 26% more sales reps achieve their quota when using a CPQ; which contributes to increasing sales rep retention at a 4.3x greater rate than non-users decrease sales rep turnover (2.1% vs. -0.7%). Top CPQ users save \$1 million in sales rep replacement costs over 10 years compared to costs incurred by their underperforming peers.

4. Error Reductions

Reps need to be able to quickly configure and price line items for products that have nearly infinite attribute combinations. A CPQ gives them access to real-time product pricing, rules, and inventory updates, eliminating the need to double- and triple-check orders for accuracy or secure appropriate discount approvals. Organizations that use CPQ reduce the number of errors in quotes and contracts at 1.6x the rate of non-users (4.9% vs. 1.9%).

5. Greater Profit Margins

Not only does a CPQ solution improve sales performance, but it also translates into better business performance by simplifying complicated sales practices into systematic, scalable processes.

By integrating with ERP, CPQ technology can drive better-informed decisions.

This combination also equips operations to improve product design, production, delivery, and customer service, leading to an average 12.1% reduction in operating costs. On average, CPQ users grow their annual profit margins at a 57% greater rate compared to non-users (6.4% vs. 4.1%). Top CPQ users see an average 4.8x greater annual increase in profit margins (12.7% vs. 2.2% of all other CPQ users).

6. Seamlessly Upsell and Cross-Sell

If sales reps wait until the last minute to recommend a complementary product, then they don't have enough time to truly upsell it. CPQ leverages buying patterns to recommend cross-sell and upsell opportunities during the quoting process and in any branded proposals. Top CPQ users are 57% more likely to gain strong cross-sell, upsell and customer loyalty benefits from designing their sales processes to function like simple, easy-to-manage consumer applications (47% vs. 30% of all other CPQ users). Prospects and customers are informed of their options up front, which leads to a 105% larger average deal size.



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How Granite Partners Uses NetSuite CPQ to Improve Accuracy Through Its Supply Chain, Reduce Cycle Times, and Drive More Revenue



[Granite Partners](#), a Minnesota investment firm that buys local, established businesses, is consolidating its 10 portfolio companies on [NetSuite ERP](#).

Many Granite companies sell premium products and services with complex rules for customization and pricing. And many of them previously relied on price books, spreadsheets, and design software to gather all the information required for compatible designs and quotes. Two organizations recently added [NetSuite CPQ](#), which has a user-configured rules engine that automates many of these steps.

NetSuite CPQ has greatly improved accuracy through the supply chain and reduced cycle times to help these midsize companies compete with bigger players.

The configure, price, and quote software works seamlessly with NetSuite ERP and CRM solutions. It uses NetSuite pricing, inventory, and profitability data and connected workflows that automate the transition from sales to delivery, generating bills of materials (BOMs), routings, and work orders.



“With CPQ, we’ve seen growing accuracy and growing speed, which allow for greater revenue growth with the same number of sales and manufacturing employees because we aren’t focusing on rework. CPQ allows for greater pricing power and greater cost management and margins over time.”

Rick Bauerly, Founder and CEO, Granite Partners

The CPQ tool has been able to handle even the most complex scenarios, and information flows in and out seamlessly since it’s part of the NetSuite platform. Two more Granite companies will soon start using the tool.

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