

# The Sales Leader's Handbook to CPQ Success



## Contents

- Introduction
- The Business Case for CPQ
- Getting Started with CPQ
- Building a Best Practice CPQ Program
- 3 Keys to CPQ Success
- Conclusion

## Introduction

Configure, price, quote. It sounds like a simple part of the sales process, but anyone who's gone through it knows that's far from true.

Without a structured process in place, configuring, pricing and quoting products can become quite difficult for salespeople. In turn, it can lead to inefficiencies and costly mistakes that weigh on the business.

Fortunately, there is a way to overcome these challenges: By introducing a standardized and automated CPQ system. When done correctly, this type of CPQ program can help simplify processes and speed sales cycles to generate more revenue.

While CPQ has the potential to deliver enormous benefits to your business, realizing this potential requires a strategic approach to building your program. Otherwise, you'll end up investing time and resources only to end up right back where you started.

This eBook will explore the positive impact a CPQ program can deliver and the steps you need to take to implement CPQ correctly and realize those benefits.

## The Business Case for CPQ

Picture this: Your sales team uses spreadsheets to manage product configuration and pricing. They compile a quote in Excel, generate a PDF for customer signature and then send it off internally to get logged.

**This all too common scenario sounds fairly straightforward, but it's riddled with challenges:**

### **Lack of control over data:**

Salespeople relying on spreadsheets for configuring and pricing products means there's no centralized control over how products can get bundled and how those bundles get priced. In this setup, when configuration and/or pricing options change, the spreadsheets salespeople use don't automatically change too. That means (1) salespeople often rely on inaccurate or out of date information and (2) there are likely inconsistencies in data from one salesperson to the next, meaning customers can have entirely different options depending on the sales rep with whom they work.

### **Lengthy and error-prone manual processes:**

Relying on manual processes to configure and price products is also extremely time intensive for salespeople. They must go through a variety of steps on their own that not only require significant training and expertise to get right, but are also error prone due to the risk of human mistakes in manual processes.

### **Wasted time and money:**

The two challenges above typically lead to wasted time and money due to the sheer complexity of the process for salespeople and the high cost of generating incorrect configurations or quotes (either due to using inaccurate/out of date data or due to human error).

**Introducing a standardized, automated CPQ program resolves these challenges and then some. A properly built and maintained CPQ program can deliver benefits like:**

**More accurate quotes:**

Ensure salespeople always have the most up to date information and use consistent information across the board to generate accurate quotes for customers every time. You can even have the system provide instant feedback on the validity of a quote. The fact that the entire process is automated also eliminates opportunities for human error.

**Faster quotes:**

An automated process will always be faster than a manual one, thereby allowing salespeople to generate quotes faster. This speed creates a better customer experience and allows salespeople to close more business.

**Auditable processes:**

Increase control over the entire quoting process so that your business leaders can ensure accuracy and consistency in quotes and keep a pulse on how certain products, bundles and quotes resonate in the market. You can also bake in approvals throughout the process to ensure things like discounts or custom configurations get the proper sign offs.

**Simpler processes:**

Reduce time spent training (and re-training) salespeople on the CPQ process due to the simpler, streamlined nature of an automated system. And once again, the simpler the process, the fewer opportunities for errors along the way.



Together, these benefits lead to faster sales cycles and more revenue for the business, in terms of both the speed at which deals close and the lack of costly errors.

## Do you need CPQ? Do your salespeople...

- ❑ Manually determine configurations and pricing?
- ❑ Use individually-owned spreadsheets to reference bundle and pricing options?
- ❑ Key in data by hand multiple times over the course of generating a quote and logging a sale?
- ❑ Have any way to quickly verify whether or not a quote is valid before they send it to a customer?
- ❑ Require significant training on potential product configurations?

If you answered yes to any of these questions, then it's time to rethink CPQ for your business. Introducing a standardized and automated CPQ system can help reduce errors, costs and time spent so that your salespeople can close more deals faster and generate more revenue for the business.

## Getting Started with CPQ

Once you have a business case for introducing a CPQ system, how do you actually get started and reap the benefits like simplified processes and faster sales cycles?

First and foremost, you need to develop your CPQ roadmap. This roadmap should outline what currently exists and what you need to introduce to get to your desired state. Developing this roadmap involves five steps:

- 1 Take inventory:** Start with what you already have in place. Take the time to map out your product offerings, including how they currently get sold and discounted and what approvals you require.
- 2 Set your goals:** Clearly define your desired end state. Create a checklist for what success will look like and how you plan to get there by thinking through elements like what should be included on your quote template and the types of rules you want to put in place for salespeople. If anything about your desired end state is still up in the air, this is the time when you need to iron out any differences and make a firm decision.
- 3 Identify your team:** Involve key stakeholders early and often. As with any new business program, introducing a CPQ system requires input and buy-in from affected people within the organization. Having stakeholders onboard early (and keeping them engaged as often as possible) will help ensure your CPQ program delivers the desired impact and meets all of your organization's needs. This involvement will also help maintain buy-in, which is critical for program adoption.
- 4 Tap an expert:** Bring on a CPQ expert to ensure success. A best-in-class CPQ system might seem easy to end users, but it's far from easy to get right. The road to CPQ success can be treacherous, as what goes on below the surface can get quite complicated. This situation makes tapping an expert to lead your implementation and guide your team through the technical complexities of CPQ essential to program success.
- 5 Double check your prep work:** Make sure you didn't miss any details within any of the previous steps. All of this prep work is critical to actually building a best-in-class CPQ program, and the further along you get in the process, the harder it will be to go back if you missed any of these steps. As a result, it's important to go back and double check that your CPQ roadmap is both complete and accurate before getting started with any build activities.

# Building a Best Practice CPQ Program

It's easy to get lured into a false sense of simplicity when building a CPQ program. That's because the best CPQ programs appear extremely simple to end users. However, the simpler the process for end users, the more complexity exists on the backend.

As a result of this complexity, it's important to work with an expert partner who can guide the way and help you avoid common pitfalls that plague CPQ projects. Along the way, your partner should help bring your CPQ roadmap to life by guiding you through several important considerations.

To build a best practice CPQ program, you must:

- 1 Define your products and bundles:** Map all the possible configurations for your products. Clearly define how products and bundles differ based on customer types, verticals, regions and sales channels (e.g. partner, direct, distributor). At this time you also need to define any options that exist for support tiers for different products and dependencies that require some products to go with others or prevent some products from getting bundled together.
- 2 Price your products and bundles:** Align all of your products and bundles to pricing. Define every potential scenario on top of standard list price, including volume pricing, subscription-based pricing and discounts (e.g. distributor, partner and promotional discounts as well as manual discounts added by sales reps to help close deals). During this definition phase, you may also need to define cost plus markup, percent of total pricing and/or pricing changes year over year.
- 3 Set approval requirements:** Introduce processes for quote approvals as needed. First, determine when quotes should require approval. Organizations typically require approvals for quotes that exceed a certain threshold (this threshold might differ by product or bundle), quotes that include a discount and quotes that require a custom product configuration. Second, determine the amount of approvals required and the path for approval in each scenario. In most cases, finance must approve unique or non-standard billing options, product or engineering must approve custom solutions, sales must approve pricing or discount levels and legal must approve terms and conditions.
- 4 Build your quote template:** Determine how quotes get generated and put into a document for review and signature. Your quote template is extremely important because it is the frontend deliverable of all the technical work that happens on the backend. As a result of this importance, several considerations must go into building your quote template, including how many templates you need, what they should look like, what (if any) dynamic elements they should have and whether or not they should include an e-signature option. As far as number of templates, you might need unique templates for proposals, quotes and sales agreements depending on the different information you feature in each one. Meanwhile, the look of the templates should factor in ideal length, required images, product and information display details and overall brand guidelines. Finally, discuss whether or not you need dynamic outputs to account for situations where information like terms and conditions, renewal language and other fields should only display when certain products are included.

- 5 Account for amendments and renewals:** If you sell subscription-based products that have a term length, then you need to discuss amendments and renewals. As far as term lengths, this discussion should determine whether term lengths, products and quantities can be amended mid-contract (and how that process works if they can be amended). As far as renewals, this discussion should decide if renewals are manual or automatic, if prices increase at renewal and the process for upsells at renewal. The renewal discussion is particularly important because the more efficient you can make this process, the better position you will be in to scale your business without growing headcount.
- 6 Plan for integrations:** Map out any integration requirements your business has. While not every business will have integrations, many organizations have unique needs or existing setups that require integrations with business systems like ERP and accounting programs.

### **Best Practice CPQ Snapshot: ASC Profiles**

ASC Profiles is one of the world's leading manufacturers of steel roof and wall products and structural roof and floor decks.

#### **The Opportunity**

Increase efficiency and grow revenue by moving from a manual CPQ process to Salesforce CPQ.

---

#### **The Implementation Challenge**

Integrate Salesforce with a mature SAP environment, which included variant pricing logic covering more than 2,000 variations for how products could be configured and priced -- without rebuilding all of that SAP logic in Salesforce.

---

#### **The Implementation Solution**

Partner with AllCloud, a leading Salesforce partner and CPQ expert, and enosiX, a partner that specializes in Salesforce to SAP integrations, to create a bridge between Salesforce and SAP, eliminating the need to rebuild the SAP logic in Salesforce.

---

#### **The Result**

A process that allows salespeople to create an opportunity, configure products, generate a quote and secure approvals all from the same screen in Salesforce that pulls in real-time SAP data.

## 3 Keys to CPQ Success

Several forks in the road exist throughout the process of building a CPQ program. While some of these forks are simply a matter of choice (do we need approvals on this type of quote?), others can make the difference between success and failure.

Having an expert partner on your side and a detailed plan of what you want to achieve (plus how you intend to do so) can make all the difference as you reach these forks in the road. Beyond that preparation, there are three keys to CPQ success you must keep in mind at all times.



- 1 Pay close attention to the entire CPQ iceberg:** Best-in-class CPQ programs are like icebergs because their users only see a fraction of what's actually going on to deliver a quote. The top of the CPQ iceberg that's visible to everyone is the user experience, and that user experience should be extremely simple. But the simpler that top part, the more complexity there is beneath the surface, since delivering a speedy, effortless user experience requires significant backend automation. CPQ projects often go sideways when organizations fail to pay the necessary attention to the part of the CPQ iceberg that's hidden underwater. To succeed, you must pay close attention to this infrastructure, including the administrative setup, user guidance and other configurations around process changes and testing.
- 2 Focus on the 95%, not the 5% exception:** Each unique set of users will have their own needs, but at the end of the day, the same features can satisfy 95% of everyone's requirements. It's critical to CPQ success to focus on those features rather than the remaining 5%. Trying to build for every last exception will increase the time, costs and complexity of your CPQ project (and given how complex CPQ projects can get to begin with, that added effort can be quite significant). While you can build for the 5% exception down the road, it's important to keep your initial CPQ implementation as focused as possible to deliver the expected results. Further, waiting until you have proof of success for a new program before rolling out additional, more complex features is always a good idea.

- 3 Secure alignment as early as possible:** The success of your CPQ program depends in large part on having buy-in from cross-functional stakeholders (i.e. sales, customer service, finance, legal). And the earlier you can get these stakeholders not only bought in, but also aligned with one another, the better. Getting stakeholder alignment on program goals and capabilities is essential to maintaining their buy-in long term, setting your project plan and keeping that plan moving forward once you get started with the implementation. Of course securing alignment is only the beginning. To maintain alignment, it helps to document the shared goals and set up regular check-ins for all stakeholders to review progress updates.

## Conclusion

An effective CPQ program can be one of your organization's greatest assets. It can standardize and simplify processes, increase efficiency and reduce errors, all of which help improve the customer experience and speed sales cycles to generate more revenue faster.

However, introducing an effective CPQ program is often easier said than done. It involves balancing the needs of several cross-functional stakeholders, thinking through multiple considerations within the configuration and pricing process and turning a highly complex process into an effortless user experience.

All of that said, if you are aware of the potential traps along the way, properly prepare a CPQ roadmap that accounts for the entire CPQ iceberg, assemble the right team and, perhaps most importantly, enlist the help of an experienced partner, then introducing a best-in-class CPQ program is well within reach.

---

## About AllCloud

AllCloud is a global professional services company providing organizations with the tools for cloud enablement and transformation. Through a unique combination of expertise and agility, AllCloud accelerates innovation and helps organizations fully unlock the value received from cloud technology.

Supported by a robust ecosystem of technology partners, proven methodologies and well-documented best practices, AllCloud elevates its customers by achieving operational excellence on the cloud, at every milestone of the journey to becoming cloud first. With over 11 years of experience and a portfolio with thousands of successful cloud deployments, AllCloud serves clients across the globe. AllCloud has offices in Israel, Europe and North America.