CASE DISCLAIMER: Please understand that this case is about a real company, Gartner. Like most companies, Gartner takes great pride in making sure that sales employees are given every tool needed to succeed so in that sense, this is a real issue for Gartner. However, the "facts" of the case are purely fictional and are used for the sole purpose of the ISCS case event.

Introduction

The mood in the room was a good one. The team of Gartner executives gathered around the dinner table was just finishing the third day of quarterly executive meetings where the team discussed mid-year performance. The private dining room where the team was gathered became quiet as Gartner's CEO, Gene Hall, stood up at the end of the table. "January through June of 2022 was a great first half of the year and I want to say thank you so much to each of you for the efforts you've put into your respective business teams as we have guided the company out of the global pandemic. I wasn't sure we would be able to maintain the success we had coming out of 2021 but the first half of '22 showed that we grew at roughly 16% and I believe that we will see great results the rest of the year. So, let's not talk business tonight; let's enjoy what we've been able achieve and I wish you all safe travels as you head back to your respective offices tomorrow. The only request I have of you is that you think creatively as to how we can continue to grow sales into 2023. As I mentioned in the meetings earlier today, I would like to have your "out of the box" plans on my desk before Thanksgiving."

"Out-of-the-box" plans are Gene's way of getting his executive team to think creatively. Like most businesses, every executive on the management team is responsible for building an annual strategic plan that sets the path for their respective units. But "out-of-the-box" plans (OTB plans) are plans that take a very different path from the strategic plan. Each executive is

asked to think of a completely different way to gain success that might even run counter to the current strategic plan. However, each executive is asked to think about a way to test the ideas in the "out-of-the-box" plan without major disruptions to normal everyday operations.

For example, perhaps a Gartner executive wants to test an idea for a new service line that Gartner reps could sell based on the "out-of-the-box" plan. It wouldn't make sense to launch the plan to everyone in the company based on a loosely formed idea. The executive would instead, develop the new service offering and then ask a few select sales teams across the country to sell it for a few months. Based on the feedback from the teams, the Gartner executive would decide if the "out-of-the-box" idea should be worked into next year's main strategic plan.

2022 would be no different than past years and Gene Hall expected each of his executives to outline their plan to test new ideas and send it to him by the end of November.

An "Out-Of-The-Box" Idea for Gartner Sales Teams

Time was running out; OTB plans were due to Gene in just a few weeks and Joe Beck, Gartner's VP of Global Sales, was still thinking through a list of ideas for his OTB plan to submit. In August, Joe sent an email to the regional sales managers and asked if they had any ideas that should be considered. He received several ideas back, but one really stood out to him. The idea came from Julie Ortega who was regional manager of sales for the Southeast.

Julie's email to Joe was titled "Let's Win 'Em Back". The email pointed out that Julia was looking over some numbers and she discovered that Gartner, like most companies, had lost a significant number of customers over the last 24 months mostly due to COVID related issues. She also analyzed account growth over the same time period and found that most of the new contracts signed for Gartner's subscription research services had come from mostly brand-new customers (customers that had never used Gartner's services, even before COIVD hit).

Surprisingly, a very low number of contracts signed in 2020-2022 had come from those customers that had left Gartner recently.

Joe was really interested in Julie's ideas, so he asked her to send the numbers that she was using to come to her conclusions about new customer acquisition. The numbers that Julie sent for the Southeast are found in Table 1. below. Once Joe received the spreadsheet, he called Julie to discuss it.

"Let me make sure I understand this," Joe began. "What you're saying is that the vast majority of customers we signed to new contracts were completely new, they had never bought from us at all. And the other group are customers that used to subscribe to our advisory services but left for some reason or another and then after some amount of time, came back to sign a new subscription contract between 2019 and 2022."

"Yes, that's right Joe, the second set of customers did not renew their subscription or cancelled their subscription and then came back later to sign a new contract. I have a hypothesis that our sellers are just not really engaging past customers who left Gartner for some reason or another" Julie answered.

"Wow, that's really interesting. I would love to know more about this Julie. Can you do a little more digging for me? I would love to know how many total customers we've lost from say 2018 thru 2022 for your area to see how many of these customers came back. We really don't know how big this opportunity is until we know what the total number of customers lost was. Would you mind getting with Monica Gellar in the Data Analytics group and ask her to pull those numbers for your region?"

"I am already on it Joe and I will send you data as soon as I have it in hand" Julie responded as they wrapped up the phone call.

Three days later, Julie received a report that Monica was able to pull out of the Gartner CRM system. Julie was pleasantly surprised that the amount of data Monica provided was more than what was expected. (The data from Monica can be found in Table 2.) She immediately forwarded the spreadsheet to Joe along with a ZOOM invite for a meeting to discuss the data.

Joe started the ZOOM meeting with, "Monica really came through, this is great insight. I guess I didn't realize that we tracked the reason that customers left but that is incredibly helpful to know. I wish we knew which of these customers had returned based on the data that we received previously regarding new customer contracts."

Julie agreed and then went on to say, "Monica shared with me that there is one other piece of data that she is pulling together. Apparently, back in 2019, someone in marketing wanted to know if sales had an accurate view of the likelihood that a customer would return. So, they did a survey where they asked the seller to pick a customer who had recently left and then asked the reason why the customer left. Then, the survey asked, "how likely do you think this customer will be return". Marketing also contacted the lost customer that the seller listed in the survey and asked if he or she would fill out the same survey asking how likely they would be to return in the future. She just sent me the spreadsheet with that data so I will send it over as well."

Joe opened the spreadsheet and studied it for a few minutes. He then came back on the ZOOM call and said, "How interesting is this data? It is amazing to me how far apart our sellers are with their customers in terms of understanding whether the customer might return some time in the future or not. I think I've seen enough. Listen Julie, I would really appreciate it if you would help me out with my OTB plan that is due to Gene in a few weeks. I want to build an entire game plan around the idea of winning lost customers back. What do you say, can you put all of this together for me…you'll get all the credit with Gene of course."

Julie thought for a few minutes and then responded by saying, "Joe, I'm flattered that you like this idea and that you think enough of me to give me the assignment. But I am so slammed this year with budgeting, onboarding a few new salespeople, and there are one or two massive opportunities that we are working on in my area that really require a lot of my attention. I just don't think I have the time to do a good job on this effort and still excel at my normal responsibilities. But you know, I went to college with two people that have started a sales effectiveness consulting firm that helps companies improve the performance of their sales teams. What if I reached out to them to see if they could help here? I would oversee the project and coordinate all of their activities including writing up the OTB plan around winning back lost customers."

Joe loved the idea and asked Julie to reach out to her college friends as soon as possible. "Please share with them whatever they need to tackle this idea but please let them know we need to run fast on this because Gene is expecting the plan soon. Assuming that your friends think they can help, let's ask them for a preliminary plan no later than Friday, November 4th. We can review it and then if we think it's good enough, we can have them present it directly to Gene" Joe suggested.

Julie promised to call the team right away and she told Joe she would let him know if there were any issues with the plan.

The Phone Call

You were excited to hear from Julie Ortega whom you had not spoken to in years. After a few minutes of small talk and catching up, Julie shared her idea about the OTB plan to win-back lost customers. You shared with Julie that you had helped some other clients with similar issues and that you felt confident that you could help out here. Julie was excited and said that she would send over the data files she had received from Monica Gellar. The phone call ended with Julie saying, "OTB plans are required to be well thought out and thorough. Gene will push back hard if we don't suggest a budget, a timeline, and the other main details of the plan. I think

that it will be important to highlight what resources we will need to pull this off; this would include the type of support that you think we might need from Gartner 's marketing department to help with this. I am wondering if our normal consultative sales method works in this situation, or do we need to rethink what selling to a lost customer might look like? Any ideas here? We also need to think about training issues, sales manager coaching and any additional compensation that might be needed to get reps motivated to pursue lost customers. You're the experts here but make sure that you really think through all the angles, or it will never fly with Joe or Gene. And of course, any other details and advice that you want to include in the plan is certainly welcomed!"

The last thing you asked before hanging up with Julia was, "How much is an average Gartner customer worth?"

Julia responded with, "our average customer is worth roughly $150,000 per year in revenue." She then ended the call saying how excited she was to hear the plan.

About Gartner[1]

Gartner is an information technology research and advisory company, serving over 10,000 corporate clients, including 74% of the Fortune 1000 and 75% of the Global 500, in over 90 countries.

It provides research and advice on IT, supply chain, and digital marketing issues, channeling its expertise and experience in these fields into three main business segments: Research, Consulting, and Events.

Research – This arm provides various informational tools, including reports, briefings, proprietary tools, access to our analysts, peer networking services, and membership programs, to senior representatives of corporate clients on various IT-related topics on interest, including

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[1] This section of the case was sourced from www.cleverism.com 2022.

hardware, software and systems, services, IT management, market data and forecasts, and vertical-industry issues. The aim of these tools is to allow clients to make better and more informed decisions about IT, supply chain and digital marketing issues. Gartner employs 1,125 analysts worldwide who research on all major IT initiatives and technologies to deliver up-to-date, independent, and objective research and advice.

Consulting – This arm provides bespoke advisory and consulting services to improve and optimize IT performance by providing actionable solutions for, amongst other things, IT applications, enterprise architecture, go-to-market strategies, infrastructure and operations, program and portfolio management, sourcing and vendor relationships, IT cost optimization, technology modernization and IT sourcing optimization initiatives in client organisations. This is done through proprietary tools and with on-site and day-to-day support from Gartner staff. Gartner employs 606 consultants worldwide who work to convert Gartner's research into actionable steps for its corporate consulting clients.

Events – This arm organizes events such as symposia, conferences, and exhibitions in order for experts in the IT, supply chain, digital marketing, and other business fields to network and to share their expertise. Their flagship event is Symposium/ITxpo, and they conduct events that are general and others that are focused on particular ideas and technologies.

History

Gartner was founded in 1979 by Gideon Gartner, a professional experienced in the IT field, in partnership with David Stein, another IT professional. Gideon held a mechanical engineering degree from MIT and an MSc in Management from Sloan at MIT.

He had worked for IBM in both the US and in Europe, in its intelligence operations division. After that he was a partner with Oppenheimer & Co, where he was rated the top individual securities analyst in the technology field for seven straight years. In Oppenheimer he developed the research methods later used in Gartner.

Gideon started Gartner as a provider of research and analysis for IT related issues, specializing particularly in IBM and its products. He targeted confused corporate professionals who were struggling with computers – in this manner he preferred writing one-page memos instead of long studies, which tended to get ignored by busy professionals.

In the 1980s, Gartner quickly became known for its intimate and comprehensive perspective on IBM, having taken in a number of former IBM employees. IBM later sued Gartner for allegedly revealing trade secrets – the suit was settled out of court. Gartner also created an arm that was aimed at providing IT related market information to the investment company. This arm was later spun off into a separate company called Gartner Group Securities.

Gartner was acquired in 1988 by a British communications firm, Saatchi & Saatchi, for USD90.3 Million. Saatchi ran into significant cash flow problems and began divesting its businesses in late 1989. In 1990 Gartner management led an LBO with assistance from Bain Capital and Dun & Bradstreet.

Over the next 3 years it would see its revenues climb back into black after the significant losses it took while under Saatchi. In 1995 Gartner acquired its longtime rival, Dataquest, and expanded into Japan. Over the next decade it would go on to acquire other direct competitors, including NewScience, Meta Group, AMR Research, and Burton Group.

Table 1. Analysis of Southeast Customer Acquisition 2019-2022

	2019	2020	2021	2022 (thru June)	2019-2022 Totals
Total Contracts Signed	533	282	789	412	2016
(1) # of Brand-new Accounts	464	257	655	358	1734
(2) # of Previous Customers	69	25	134	54	282

(1) Brand-new Accounts are accounts where the customer had no previous history with Gartner

(2) Previous Customers were customers who signed a contract but who had bought from Gartner in the past. These were not renewals; in other words, theses customers had a break in service where they left Gartner for some amount of time and then came back to sign a "new" contract in sometime between 2019-2022.

Table 2. Analysis of Southeast Lost Customers 2018-2022

|	2018	2019	2020	2021	2022 (thru June)	2018-2022 Totals
Lost Customers	148	221	522	302	127	1320
Lost Customers Based on Reason for Loss						
Reason Unknown	95	148	125	145	81	594
"Gartner Not In the Budget"	27	44	245	115	17	447
"Switching to a Competitor"	18	24	78	27	27	174
"Gartner Dropped the Ball"	10	4	73	15	3	106
Total	149	221	522	302	127	1320

Figure 1. Gartner Lost Customer Study Outcomes

Several years ago, the marketing department at Gartner asked the sales team why specific customers left Gartner. Then, the survey asked each seller how likely the customer will be to return to Gartner in the future. Finally, the marketing department reached out to the customers and asked why they left and how likely they would be to use Gartner's services in the future. Below are the results from that marketing study based on the reason that a customer left in the first place.

Here, you see that Sellers had a slightly lower opinion than the actual customers about returning to Gartner when the customer left because the cost of using Gartner was no longer in their budget.

"Not in the Budget…"		1 = Highly Unlikely	5 = Highly Likely
	Customer's Answer		4.1
	Seller's Answer	3.9	
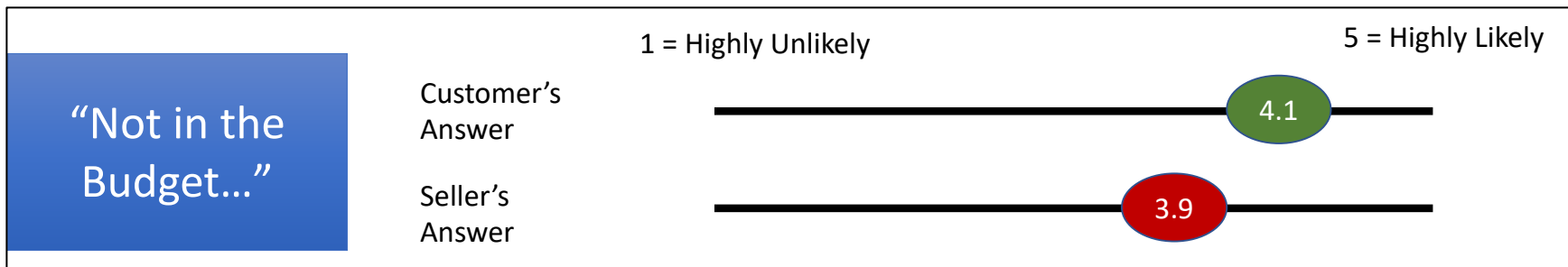
Here you see that Sellers had a higher opinion about a customer returning compared to the actual customer when the customer left because they decided to use a different advisory services provider (a Gartner competitor).
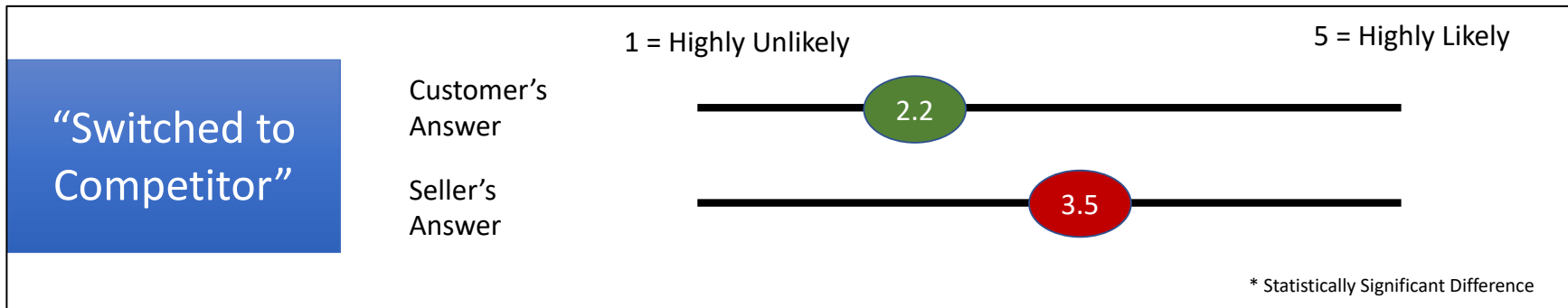
Finally, this graphic shows that reps had a much lower opinion about the likelihood that a customer would return when the customer left because of a service issue (Gartner was late delivering a research report, Gartner didn't provide the information that was promised to the customer, Gartner mis-billed the customer, etc.)