Introduction to ALEXANDER GROUP

- Fact-Based
- Contemporary Expertise

- Client-Focused
- Results-Oriented

Revenue Growth Services

Management Consulting
Assess • Design • Implement

Research
Benmarks • Trends • Insights

Community
Learn • Network
Alexander Group Cross Vertical Insights

Insights within specific verticals and across the greater Media landscape

- PURE PLAY DIGITAL
- CONSUMER MARKETPLACE
- NATIONAL BROADCAST
- LOCAL TV/MVPD/RADIO
- OUT OF HOME
- RETAIL MEDIA
- AGENCIES
- AD TECH
- AUDIO
- AFFILIATE MARKETING
- PRINT
- STREAMING
Alexander Group Revenue Growth Model™

Revenue Growth Model™

Revenue Leadership

**STRATEGY**

1. Revenue Segments
2. Value Propositions
3. Revenue Motions

**STRUCTURE**

4. Channel Coverage
5. Organization & Job Design
6. Sizing & Deployment

**MANAGEMENT**

7. Talent, Skills & Supervision
8. Productivity, Quotas & Metrics
9. Compensation & Rewards

Revenue Enablement: Operations, Processes & Digital Technologies
Upcoming Media & Consumer Technology Specific Events

- June 27, 2023 | Virtual Media Advisory Council: Talent
- August 23, 2023 | NYC Media Advisory Council: Sales Compensation
- October 26, 2023 | Media Executive Forum Dinner
- November 2023 | Virtual Media Advisory Council: Customer Experience
- February 2024 | Virtual Media Advisory Council: Diversifying Revenue
Media Publication Library (recent examples)

- [The 2023 Media Conundrum](#) | Whitepaper
- [Retail Media Networks Are the New Advertising Frontier](#) | Article
- [Improving Employee Retention Through Career Path Redesign](#) | Case Study
- [Attracting Great Talent Requires Thoughtful Leadership](#) | Executive Client Interview
- [Steps to Successfully Launch Your New Media Sales Comp Plan](#) | Article
- [AdTech Race For Talent](#) | Video
Alexander Group Consulting Services

Alexander Group provides executives with actionable data, insights and solutions to upgrade their commercial strategies and tactics

Digital Strategy & Programs
What roles, tools, and enablement are needed to drive a digital channel? What does it take to stand up a digital program?

Organization & Job Design
What is the optimal organizational structure across segments, particularly with complex teams?

Sales Productivity & Deployment Optimization
What are the most profitable sales channels? How many commercial resources are needed to win against competition or launch a new product?

Segmentation, Revenue Motions & Targeting Models
How do we prioritize customers in each segment to identify the highest potential new and expansion revenue?

Sales Compensation Design
Do compensation plans align with sales strategy and incentive design best practices? Are the supporting quotas robust enough to drive performance?

Commercial Strategy
Which strategic, structural, and management levers are critical to drive profitable revenue growth?

Annual Commercial Planning
What adjustments are needed to strategy, structure, compensation and deployment to exceed next year’s growth target? How are adjustments made while still meeting next year’s cost budget?
Agenda

01 Local Media & Consumer Technology Trends
02 Case Study: Profitability
03 What’s Next?
Local Media & Consumer Technology Trends
Number of Businesses Increasing 2.6 Times Faster Than the Number of Employees

Number of U.S. Businesses
2019 vs. 2022
(in millions)

- **< 10 Employees**: 23.77 in 2019, 38.28 in 2022
- **10 - 99 Employees**: 2.35 in 2019, 2.2 in 2022
- **100+ Employees**: 0.25 in 2019, 0.2 in 2022

14.5 million **more** SMBs
205,148 **fewer** large businesses

Source: Dun & Bradstreet
A Rush of New Business Applications Since the Pandemic

U.S. Total Business Applications

Source: US Census Bureau, Business Formation Statistics
7 Things We Know About Newer Businesses

- Less Marketing Experience
- Buy Fewer Types of Media
- More Likely to Increase Ad Budgets
- Less Likely to Use Traditional Media
- More Likely to Try Something New
- More Likely to Purchase Digital
- More Likely to be Unsatisfied
Commercial Practices Drive Profitable Growth & Valuation

ONGOING STUDY

1000+ COMPANIES ANALYZED

▪ $50MM+
▪ B2B or B2B2C
▪ Global

7+ INDUSTRIES

▪ Business Services
▪ Financial Services
▪ Healthcare
▪ Life Sciences
▪ Manufacturing & Distribution
▪ Media
▪ Technology

13+ METRICS CATEGORIES

▪ Revenue Growth
▪ EBITDA Margin
▪ SG&A Costs
▪ Sales & Marketing Costs
▪ Compensation Costs
▪ Expense to Revenue
▪ Return on Marketing Investment (ROMI)
▪ Seller Productivity
▪ Net Revenue Retention
▪ New Customer Growth
▪ eCommerce Revenue
▪ Marketing, Sales & Service Coverage
▪ Span of Control
▪ Commercial Technology & Tools Investments
▪ Pay and Pay Mix
▪ Revenue Operations
Top Commercial Organizations Achieve Differentiated Growth, Productivity, and Efficiency

Growth & Efficiency Matrix

Growth & Profitability Paths

1. Grow quickly
2. Grow efficiently

Prioritize Growth

Grow Profitably

Find The Right Path

Harvest Margin

Profitable Growth Media
Leaders outperform peers with:

29% higher
Market Cap / Revenue¹

+12 pts
Revenue Growth²

- 5 pts
Sales Expense / Revenue²

60% higher
Managed Revenue / Seller²

Source: Alexander Group 2023 Profitability Research

1. Profitable growth leaders in the Alexander Group Growth and Margin Index achieve top-quartile growth and EBITDA margin for their industry.
2. Profitable growth leaders in the Alexander Group Growth and Sales Efficiency Index achieved above median Revenue Growth and below median Sales Expense / Managed Revenue compared to peers.

Note: Market Cap is calculated by the number of outstanding shares multiplied by the current market price.
Profitable Media Companies Balance New and Current Customers for Efficient Growth

Align Marketing, Sales and Service to collaborate in a Non-Linear Customer Engagement Model...

...And drive sustained growth via existing customers while simultaneously igniting new logo growth.

Profitable Growth Media Leaders Produce:

- **12%**
  Of Revenue from New Logos

- **+25 pts**
  Higher Net Advertiser Revenue Retention (NARR) compared to peers

Source: Alexander Group 2023 Profitability Research

Note: Profitable growth leaders in the Alexander Group Growth and Sales Efficiency Index achieved above median Revenue Growth and below median Sales Expense / Managed Revenue compared to peers.
Effective Revenue Retention is Key to Profitability

63% of surveyed companies primarily generate profitability from existing products, services & solutions

Companies are focusing more on revenue retention, cross-sell/up-sell, account management

In 2018, there were 2 organic sellers for every 1 account manager among large pure-play digital platforms.

In 2021, the ratio was nearly 1:1.

REVENUE RETENTION REQUIRES PROOF OF VALUE

65% of surveyed media buyers indicated that they make B2B advertising buying decisions quarterly or semi-annually

What is the most important factor in a B2B social advertising buying decision?

- Return on Investment: 42%
- Marketing Services: 17%
- Cost and Value for Money: 13%
- Measurement/Attribution: 12%
- Ad Position/Placement: 11%
- Audience: 5%
## NRR and Organic Growth Analysis Definitions

<table>
<thead>
<tr>
<th>DETAILS</th>
<th>EXAMPLE</th>
<th>OUTCOME</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lost Churn</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lost Accounts – Accounts that bought from XXX in one year, and bought none the following year</td>
<td>$100 $0</td>
<td>$100 in Lost Revenue Churn</td>
</tr>
<tr>
<td><strong>Retained Churn</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lost Revenue – Accounts that bought from XXX in one year, and bought less the following year</td>
<td>$100 $75</td>
<td>$25 in Retained Revenue Churn $75 in Retention revenue</td>
</tr>
<tr>
<td><strong>Retention</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintained Revenue – Amount of revenue that has been maintained year over year</td>
<td>$100 $100</td>
<td>$100 in Retention Revenue</td>
</tr>
<tr>
<td><strong>Expansion</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue Growth – Accounts that bought from XXX in one year, &amp; spent more the following year (Upsell, Cross-sell, etc.)</td>
<td>$100 $125</td>
<td>$25 in gained Expansion revenue $100 in Retention revenue</td>
</tr>
<tr>
<td><strong>Conversion</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Accounts – Accounts that did not buy from XXX in one year, but did make a purchase in the following year (Hunting)</td>
<td>$0 $100</td>
<td>$100 in gained Conversion revenue $0 in Retention revenue</td>
</tr>
</tbody>
</table>
NRR & Revenue Waterfall Analysis

Demonstrates the need for a differentiated coverage strategy and focus

Revenue waterfall

<table>
<thead>
<tr>
<th>START Fiscal</th>
<th>Revenue $ (M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY22</td>
<td>$19</td>
</tr>
<tr>
<td>Lost Churn</td>
<td>$2</td>
</tr>
<tr>
<td>Retained Churn</td>
<td>$13</td>
</tr>
<tr>
<td>Retained Revenue</td>
<td>$5</td>
</tr>
<tr>
<td>Expansion</td>
<td>$5</td>
</tr>
<tr>
<td>New Conversion</td>
<td>$14</td>
</tr>
<tr>
<td>FY23</td>
<td>$23</td>
</tr>
</tbody>
</table>

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Executives Respond to Topline Challenges with Organizational Efficiency

Marked as top 3 focus areas to drive profit growth¹

<table>
<thead>
<tr>
<th>Focus Area</th>
<th>High-Growth, High-Profitability Companies</th>
<th>Low-Growth, Low-Profitability Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Horizontal Integration of Capacities</td>
<td>40%</td>
<td>52%</td>
</tr>
<tr>
<td>Right-Sizing Organization</td>
<td>40%</td>
<td>52%</td>
</tr>
<tr>
<td>Increased Org Efficiency via Differentiated Coverage</td>
<td>30%</td>
<td>48%</td>
</tr>
<tr>
<td>Expansion into New Markets</td>
<td>70%</td>
<td>38%</td>
</tr>
<tr>
<td>Lower Operating Cost of Products/Solutions/Services</td>
<td>20%</td>
<td>33%</td>
</tr>
<tr>
<td>Enhanced Channel Partner Deals</td>
<td>20%</td>
<td>33%</td>
</tr>
<tr>
<td>Vertical Integration of Capacities</td>
<td>40%</td>
<td>24%</td>
</tr>
<tr>
<td>Increased Efficiency in Developed Markets</td>
<td>40%</td>
<td>19%</td>
</tr>
</tbody>
</table>

Of surveyed North American executives expect **profitability to increase** in 2023¹

Sources: 1) Alexander Group Media Profitability Research

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Successful Publishers Capture Value Across Buyer Journey

Companies achieving high growth and high profitability focus on gaining operational efficiency rather than relying primarily on the initial sale.

In what stage of the sales process is most profitability influenced?¹

<table>
<thead>
<tr>
<th>Stage</th>
<th>High-Growth, High-Profitability Companies</th>
<th>Low-Growth, Low-Profitability Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-Sale Negotiation</td>
<td>70%</td>
<td>48%</td>
</tr>
<tr>
<td>Adoption and Implementation</td>
<td>10%</td>
<td>24%</td>
</tr>
<tr>
<td>Fulfillment/Execution</td>
<td>10%</td>
<td>14%</td>
</tr>
<tr>
<td>Account Management</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Cross-sell/Up-sell</td>
<td>0%</td>
<td>5%</td>
</tr>
</tbody>
</table>

¹ 2022 AGI Profitability Study

BUYER JOURNEY EVOLUTION

- Linear: ACCESS, PERSUADE, FULFILL
- Non-linear: IDENTIFY, LAND, ADOPT, RESELL, EXPAND

High-Growth, High-Profitability Model

Low-Growth, Low-Profitability Model

- High-Growth, High-Profitability Companies
- Low-Growth, Low-Profitability Companies
# Marketing, Sales, and Service Functions Engage in Profitable Growth Practices Across Buyer Journey

## Revenue Growth Objectives

<table>
<thead>
<tr>
<th>New Customers</th>
<th>Current Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identify</td>
<td>Land</td>
</tr>
<tr>
<td></td>
<td>Activate/Optimize</td>
</tr>
<tr>
<td></td>
<td>Expand</td>
</tr>
<tr>
<td></td>
<td>Re-Sell</td>
</tr>
</tbody>
</table>

### Profitable Growth Levers

- **Marketing**
  - Advance segmentation & targeting practices by incorporating new data sources
  - Reposition channel activities from outbound to inbound to better leverage valuable content
- **Sales**
  - Enable sellers to deliver compelling value propositions based on ROI-positive use cases
  - Increase Engaged Selling Time by offloading non-selling activities to the right sales support resources
- **Marketing**
  - Guide customers to widespread usage and value realization
  - Identify, track and champion specific use cases that promote positive business outcomes
- **Sales**
  - Differentiate expansion plays by sales motion (i.e., upsell vs cross-sell, existing buyer vs new buyer)
  - Apply ABM practices to target the right contacts and “hunt within the zoo”
- **AM/CSM**
  - Manage the business to key success metrics, including Net Revenue Retention
  - Deploy both human & digitally-enabled service & success resources aligned to customer preferences

---

**Empower Revenue Operations to build strong alignment across the model**

**Key:**
- **Owns Activity**
- **Supports Activity**

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Example Coverage Strategy

Sales process phases

Segments

Identify Land Adopt Expand Renew

Tier 1
(Strategy Advertisers)

Tier 2
>$250k annually

Tier 3
<$250k annually

Core Seller (AE)

Agency Partnerships

Campaign Success

Account Manager (AM)

Client Success

Agency Partnerships

Overlay

Support

Account Management
# Four Media Account Manager (AM) Archetypes

<table>
<thead>
<tr>
<th>ROLE</th>
<th>Post-Sale Admin Support</th>
<th>Full Sales Cycle Admin Support</th>
<th>Post-Sale Client Management</th>
<th>Pure Account Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>METRICS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Role Prevalence</td>
<td>15%</td>
<td>10%</td>
<td>50%</td>
<td>25%</td>
</tr>
<tr>
<td>Typical SIP Eligibility</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Typical % Base Pay</td>
<td>90-100%</td>
<td>80-100%</td>
<td>70-80%</td>
<td>65-75%</td>
</tr>
<tr>
<td>ACTIVITIES</td>
<td></td>
<td>+ Pre-Sales Support</td>
<td>+ Manage Relationship + Assist Optimization + Identify Opportunities</td>
<td>+ Identify &amp; Close Opportunities + Own Re-sell</td>
</tr>
<tr>
<td>SALES FOCUS: LOW</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PROS</td>
<td>✓ Alleviates AE admin burden</td>
<td>✓ Alleviates AE admin burden</td>
<td>✓ Frees up AE time to hunt</td>
<td>✓ Frees up AE time to hunt</td>
</tr>
<tr>
<td></td>
<td>✓ Limited responsibility enables high AM per account ratio</td>
<td>✓ Offers holistic account view &amp; consistent client contact</td>
<td>✓ Capitalizes on intel from day-to-day client interactions</td>
<td>✓ Capitalizes on intel from day-to-day client interactions</td>
</tr>
<tr>
<td>CONS</td>
<td>❌ Active AE involvement required for account management, opportunity ID, sales execution, and renewal/re-sell</td>
<td>❌ Wide range of responsibilities can cause lapses in focus</td>
<td>❌ Increased responsibilities limit number of accounts assigned</td>
<td>❌ Increased responsibilities limit number of accounts assigned</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>❌ AE remains high touch in account growth &amp; renewals</td>
<td>❌ Challenging to balance selling and non-selling activities</td>
</tr>
</tbody>
</table>

Source: Alexander Group 2021 Media Industry Research

Note: (1) Estimate based on participant responses
Most Organizations Assign Accounts and Leave the Rest Up to the Seller

- **TOTAL MARKET**
  - Determined by internal & external data sources

- **“LOCKED OUT” PORTION**
  - Due to competitors / uncontrollable factors

- **TOTAL ADDRESSABLE MARKET**
  - With current products

- **SALES FORCE CAPABILITY**
  - With current capacity

- **CURRENT MARKET SHARE**

- **Opportunity**

- **Segments**

- **Accounts**
  - Ford
  - T-Mobile
  - Domino’s Pizza
  - Joe’s Auto Shop
  - Terri’s Tax Advising

- **Opportunity**
- **Segments**
- **Accounts**
What Precision Targeting Solves For

Precision targeting is the concept that individuals (people), not accounts, make media buying decisions, and that the number of buying entities within an account can be vast.

Thus, to drive sales effectiveness and sustained growth, sales leaders can’t stop past the account level.
How to Apply

1. Determine Account Archetype
   Define how and at what level the account makes media strategy and buying decisions

2. Identify All Buying Entities
   Establish a list of all BE within an account, including white space entities as well as those that are currently penetrated

3. Calculate Total Addressable Market & Share of Wallet
   Determine the total addressable media spend and current share of wallet by BE

4. Identify Points of Contacts
   Map all point points of contacts at the BE as well as agency level. Classify individuals into one of four categories (Budget Influencer, Decision Maker, Influencers, Potential Influencer)

5. Launch and Iterate
   Communicate the how and why behind this approach. Enable the sales team to compare outputs with current account plans and provide a mechanism to evolve and refresh the data
# Alexander Group Sales Compensation Framework

## Goal
Attract, Retain, & Reward Best-in-Class Sales Talent to Profitably Grow the Business

## Guiding Principles
- Aligned to Strategy & Job
- Motivational & Market Competitive
- Pay for Persuasion & Performance
- Consistent, Transparent & Simple

## Component Guidelines
- Eligibility
- Pay Levels
- Pay Mix
- Leverage (Upside)
- Measures & Weights
- Mechanics & Pay Curve
- Performance & Payout Periods
- Quotas/Targets
- Crediting & Policies
- Special Incentives

## Foundational Guidelines
- Process & Governance
- Communication
- Administration
- Investment/ROI
2023 Media Sales Compensation Trends

FOUNDATIONAL ELEMENTS

Team Orientation
Continued migration to treating sales as a team sport

Policies
Huge focus on revising LOA, maternity, paternity, hybrid work policies → employee favorable terms

Pay Transparency
Companies are rolling out national pay level and pay mix visibility. Communications for the “why” are now the focus

Career Management
Companies are refining career management programs to support pay structures (e.g., job profiles, levels, competencies, career pathing

Investment
Avg. target incentive pay for 100% company performance to goal decreasing (118% → 116%)

COMPENSATION COMPONENTS

Eligibility
Increased # of support roles on SIP. 4 categories emerging: SIP High, SIP Low, Add-on, CIP

Pay Levels
AE pay steady, premium being paid for post-sales roles

Pay Mix
AE less aggressive “at-risk” pay, AM more aggressive

Leverage
Lower multiple of target incentive pay for top performers (2.5x-3x → 2.3x-2.6x)

Measures
Increased use and weight of team measures. Focus on profitability measures for leadership

Mechanics
More companies introducing quota bands to account for quota size as they scale
SUMMARY

1. SMBs have been growing at record pace

2. Newer businesses are more likely to increase ad budgets, have less marketing experience and rely more on digital

3. It is possible to achieve high growth and high efficiency

4. Hunting and landing new business is only part of the equation; net advertiser retention rate (NARR) is often a bigger driver of overall success

5. Achieving commercial excellence requires:
   1. Understanding of where growth (or lack therefore) is happening today by component (lost churn/retained churn, etc).
   2. Clarity of role responsibilities across the non-linear sales process
   3. Review of what each job should be doing by design vs. reality and alignment of sales compensation to drive desired behaviors
   4. Identification of opportunity at the contact (individual), not just account level
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