



WHITE PAPER

Unlocking Growth Through Commercial Excellence

A Strategic Imperative for B2B Companies

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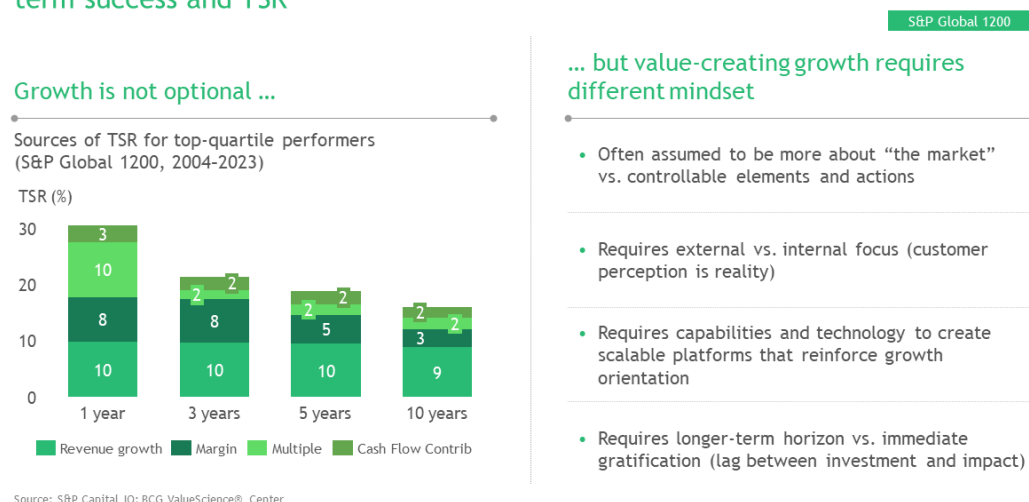
In today's dynamic business environment, growth is the cornerstone of long-term success for B2B companies. Over the past two decades, revenue growth has been the single largest driver of Total Shareholder Return (TSR) for top-quartile performers. Achieving sustained growth – over longer horizons – requires companies to balance maintaining and growing share of wallet from existing customers with acquiring new customers in untapped markets. This dual focus maximizes returns, strengthens market position, and creates durable value.

EXHIBIT 1

Revenue growth drives Total Shareholder Return

Revenue growth has driven approximately 60% of Total Shareholder Return (TSR) for top-quartile performers over 5- and 10-year horizons, but value-creating growth requires a different mindset.

Positioning for sustained growth isn't just a goal—it's the engine driving long-term success and TSR



The foundation of this sustainable growth lies in commercial excellence—optimizing how businesses engage customers and sell their offerings. Commercial excellence delivers transformative results by driving revenue growth and enhancing margins, often by better utilizing existing resources rather than increasing spending. Despite its proven impact, commercial excellence remains underdeveloped in many B2B organizations, representing a missed opportunity to unlock outsized returns.

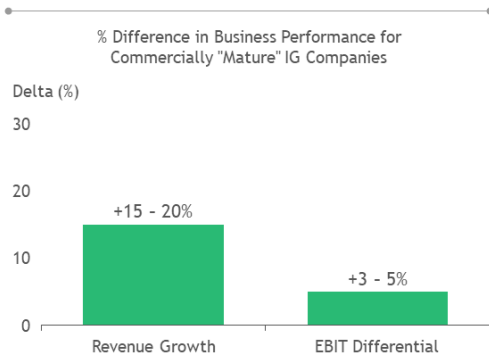
EXHIBIT 2

Commercial excellence remains underdeveloped in many B2B organizations

Although commercial maturity translates to objective performance few industrial goods companies consider themselves "advanced".

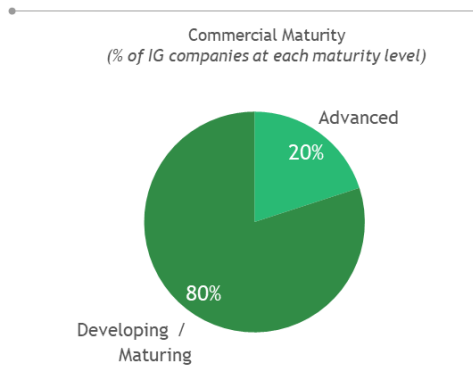
Commercial Excellence is a top opportunity for Industrial Goods Companies

Commercial maturity translates to objective performance...



Source: S&P Capital IQ; BCG ValueScience® Center; BCG 2024 survey of machinery and automation companies

... but few IG companies consider themselves "advanced"



Companies investing in commercial excellence can significantly enhance sales productivity, streamline operations, and capture high-value opportunities. To achieve this, leaders must address several fundamental questions:

- Are your resources deployed against the highest ROI customers/channels?
- Do your sellers know where to "hunt" every day?
- Have you established processes and structure to maximize conversion and margin?

The foundation for commercial capabilities and success are grounded in how companies address these fundamental questions. In today's world, however, companies must also look beyond those elements that have proven successful over time, and address an additional, question that is equally important:

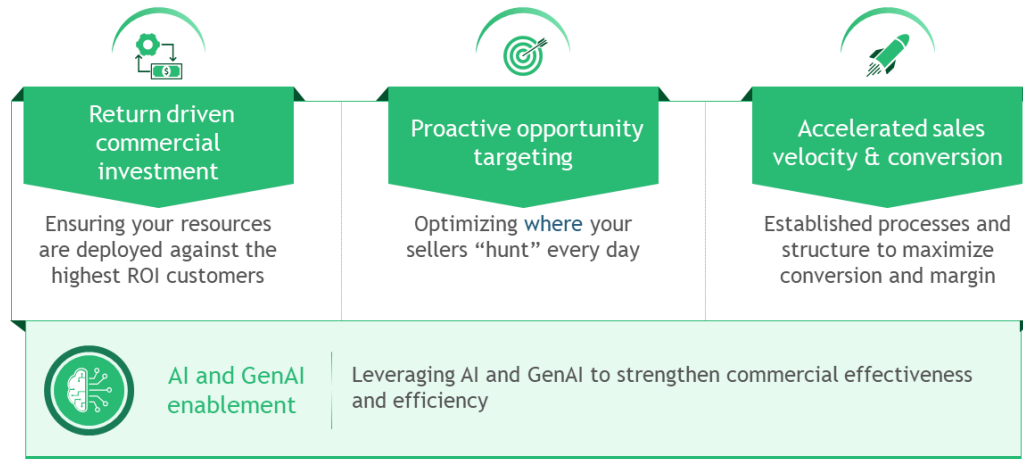
- How are you leveraging AI and GenAI to strengthen commercial effectiveness and efficiency?

Thoughtfully, proactively addressing these questions provides a company with a roadmap to establishing differentiating commercial capabilities for sustainable growth.

EXHIBIT 3

To unlock growth, companies must focus on 4 key levers for sales excellence

To unlock growth, companies must focus on 4 key levers for sales excellence



Return Driven Investment: Maximizing Impact from Commercial Spend

Commercial spending—often the largest SG&A cost—must be optimized to drive revenue and margin productivity. Companies must design their go-to-market models to prioritize high-margin returns while balancing coverage and efficiency. This requires a systematic approach to segmentation, coverage, and investment prioritization.

There are several important levers and actions companies should take to ensure their commercial dollars are having the greatest impact. These include:

- **Developing a “potential-driven” customer segmentation:** Businesses should analyze their markets to identify segments with the highest revenue and margin potential. This requires evaluating factors such as industry trends, customer profitability, and competitive positioning. By segmenting customers based on potential value rather than historical spend, companies can prioritize their most lucrative opportunities.

For example, one global industrial company used a potential-based analysis to identify underinvestment in high-margin customers. By reallocating resources to under-penetrated customers, the company significantly boosted margin contribution within a year.

- **Adopting a coverage model & resourcing that is focused on growth:** Effective resource allocation is critical to commercial success. Organizations should ensure that sales teams are distributed based on market potential, with clear role definitions that prevent overlap and inefficiency. Investing in inside sales or digital sales channels for lower-value accounts can help free up field sales resources for high-value opportunities.

In one instance, a North American manufacturer realized that a large majority of their most-experienced sellers were focused on large accounts where growth potential was limited. While maintaining strong relationships with these customers, the company shifted more resources and attention to under-penetrated accounts and witnessed accelerated growth at these accounts.

- **Leveraging territory and quota design to maintain AND grow share:** Territories should be structured to reflect market opportunity, ensuring that sales teams have adequate coverage without unnecessary competition between reps. Quotas must be aligned with realistic market expectations, providing achievable yet challenging targets that motivate sales teams.
- **Using channel-based ROI & investment to determine the right balance of direct, inside, and channel GTM approaches:** Companies must determine the most efficient route to market by assessing the profitability of different sales channels. Whether through direct sales, distributor networks, or online channels, each GTM approach should be evaluated based on margin contribution and cost-effectiveness. This data-driven approach ensures that investment decisions maximize ROI.

A global engineered products company moved many of its small/mid-market European customers to an inside selling model and doubled order velocity because they were able to “touch” these customers on a more-frequent basis.

- **Utilizing profit-driven selling metrics to continuously assess whether spend is correctly aligned with potential:** Sales effectiveness should be measured not just by revenue, but also by profit contribution. Organizations should implement tools that track margin performance at the seller, product, and customer level. Regular analysis of these metrics allows companies to refine strategies and shift resources toward the most profitable opportunities.

Targeted investments in high-growth geographies, such as India and Southeast Asia, have demonstrated exceptional returns, reinforcing the value of data-driven decision-making in resource allocation. Whereas a traditional headcount-based productivity metric might indicate returns in these regions are limited.

By ensuring commercial investments are aligned with high-value opportunities, where companies have a clear right to win, organizations can drive both revenue growth and margin expansion efficiently.

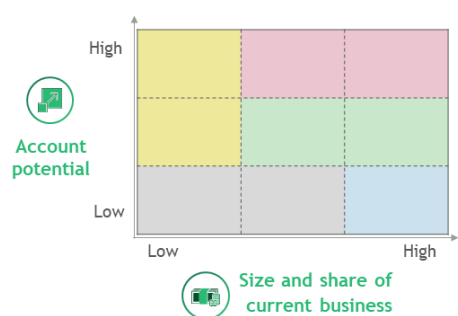
EXHIBIT 4

Action-oriented customer segmentation & prioritization

Potential driven customer segmentation and prioritization enables design of a coverage model & resourcing to maintain focus on growth.

Customer segmentation & prioritization | BCG's FOCUS framework can be used to define action-oriented customer segmentation

Customer segmentation



Segmentation definitions

	Fortify - High current, high potential (maximize and strengthen relationships)
	Open - Low current, high potential (invest and develop new opportunities)
	Cultivate - Moderate current, moderate potential (nurture and grow steadily)
	Uphold - High current, low potential (maintain and optimize existing business)
	Screen - Low current, low potential (assess and deprioritize as needed)

Note: FOCUS is BCG's Framework for Action-Oriented Customer Segmentation
Source: BCG analysts

Targeting the Right Opportunities: Where Should Selling Resources Hunt?

Focusing commercial teams on “qualified leads” is one of the most impactful actions to drive revenue growth. Yet, many companies leave targeting and prioritization to individual sellers, missing enterprise-wide opportunities. Commercially excellent companies establish a robust “top of funnel” capability to deliver quick wins and systematic improvements in lead generation, optimizing selling efforts for all teams.

To target and prioritize effectively, companies must go beyond intuition and harness data-driven insights. Advanced analytics and AI tools enable organizations to identify untapped markets, cross-sell opportunities, and the accounts most likely to drive growth. For example, leveraging installed base insights can highlight underpenetrated customers, segments, and geographies, creating a roadmap for expanding share of wallet or entering new markets.

When coupled with tailored go-to-market strategies, these insights ensure that businesses allocate resources to the opportunities with the greatest potential for impact. Accordingly, organizations are able to transition from intuition-based targeting to a **data-driven, structured approach** that prioritizes the most valuable leads.

Key actions include:

- **Defining clear purchasing "moments of truth":** Companies must identify the specific moments when a customer is most likely to make a purchase decision. These moments could be triggered by operational needs, regulatory changes, or shifts in market conditions. By continuously analyzing market-backed data, businesses can refine their targeting strategies and proactively engage customers at the right time.

A commercial HVAC company, selling long-term service agreements to its customers, assumed the right time to target a customer was when a unit was coming off of warranty. However, research found that customers were making decisions 6+ months prior to the end of warranty. Non-OEM service providers had figured this out and were getting to these customers before the OEM and locking them into agreements.

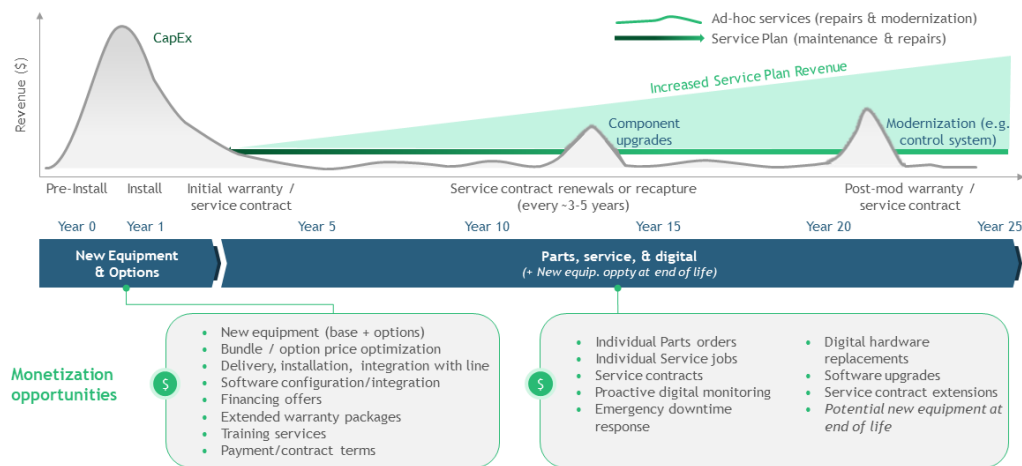
- **Analytics-enabled lead generation:** Successful targeting relies on having comprehensive, high-quality customer data. Businesses should leverage analytics tools to track purchase behavior, assess the installed base, and use predictive modeling to uncover untapped opportunities. A structured approach to data collection and interpretation ensures that sales teams focus on prospects with the highest potential return.
- **Utilizing "push-based" system/tools:** To effectively distribute targeting insights, organizations must implement digital tools that ensure the right salespeople receive relevant customer intelligence. These systems should integrate with CRM platforms, providing real-time visibility into high-priority leads and automating the dissemination of insights to improve response times and sales efficiency.
- **Establishing explicit aftermarket strategies and tactics:** Many companies overlook the revenue potential of aftermarket parts and services. A strong GTM strategy should align new customer acquisition with aftermarket opportunities, ensuring that parts and service offerings are actively pursued. By maintaining long-term relationships with customers and continually revisiting their needs, companies can drive repeat business and maximize lifetime value.

EXHIBIT 5

Lifetime value analysis and purchasing moments of truth

Lifetime value analysis and identification of clear purchasing moments of truth should inform design of value propositions and target strategies to maximize lifetime value capture.

Example: Elevator OEM identified key events in equipment lifecycle and prioritized monetization opportunities to capture value



Source: BCG project experience

As an example, an industrial manufacturer used install base data and predictive analytics to uncover underpenetrated geographies and customers. By explicitly targeting these customers, they were able to boost win rates in new markets by 20% within six months.

By taking proactive, data-enabled actions to identify and prioritize leads, companies can ensure that sales teams spend their time on the most attractive leads and opportunities, improving win rates and efficiency.

Sales Velocity & Discipline: Maximizing Pipeline Potential

Identifying opportunities is merely the initial step in generating sales. The challenge lies in translating intention into action. Sales velocity measures how efficiently opportunities convert to wins. Commercially excellent companies achieve conversion momentum through several critical elements: disciplined sales execution, streamlined quote response, sales coaching, and a culture of performance.

Disciplined execution is the cornerstone of maximizing sales velocity. This involves aligning team roles with strategic priorities, standardizing processes to ensure consistency, and embedding analytics to monitor progress and eliminate bottlenecks. For instance, CRM systems can automate lead tracking and highlight stages where deals stall, enabling teams to address issues proactively.

Key components of disciplined execution include:

- **Develop an offering-specific playbook to drive effectiveness:** Each product or service requires a unique selling approach. Companies should develop a playbook that includes customer engagement strategies, competitive positioning, and value propositions tailored to specific offerings and customer segments. These playbooks serve as a guide for sales teams, ensuring consistency in messaging and alignment with customer needs.

EXHIBIT 6

Offering-specific playbook drives sales effectiveness

An HVAC OEM developed tailored value propositions tied to lifecycle events and crafted playbook with value propositions and supporting materials for sales team.

Playbook | Example: HVAC OEM defined sales playbooks with 4 core chapters

Commercial ambition and overview of initiatives



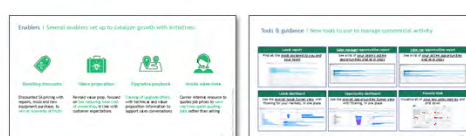
Value proposition by customer segment at moments of truth



Changes to roles & responsibilities in the GTM model



Tactical 'how to' guidance and supporting materials



- **Establish & follow a defined commercial process:** Organizations should establish a structured, repeatable sales process with clear accountability at each stage. This includes disciplined account planning, opportunity qualification, and pipeline management. Standardized workflows help sellers stay focused, minimize deal slippage, and improve conversion rates.
- **Create tailored quote process & capabilities that match the need of particular customer/offer combinations:** Speed and accuracy in responding to customer inquiries are critical to winning deals. Companies should invest in automated RFQ tools and AI-driven pricing models that allow for rapid, data-informed quoting. Additionally, empowering customer-facing teams with predefined pricing and allocation rules can enhance responsiveness and increase close rates.

A commercial equipment company reduced the quote time by 50% and doubled the win-rate on simple parts and repair opportunities by creating a dedicated team that only handled these types of smaller, urgent orders.

- **Institute active coaching & sales funnel management:** A disciplined cadence of sales meetings, performance reviews, coaching sessions and the right tools ensure alignment with business objectives. Frontline sales managers should have access to real-time data and insights that help them identify roadblocks and support their teams in overcoming challenges.

The role of frontline sales managers cannot be overstated. Strong managers provide coaching and mentoring that can elevate team performance by up to 40%. Structured coaching programs and peer learning forums not only enhance individual seller confidence but also ensure alignment with broader strategic goals. Coaching creates an environment of continuous improvement, driving both individual and team success.

A commercial building products company was able to increase the pace with which opportunities were executed, and raise win-rates, by establishing sales funnel dashboards and weekly sales meetings to track opportunities and hold individual sellers accountable for progressing leads through the pipeline.

- **Implement a performance-driven incentive program:** Incentive structures must be carefully designed to reward behaviors that drive both growth and profitability. Sales compensation plans should align with strategic goals, balancing volume targets with margin protection to encourage high value selling.

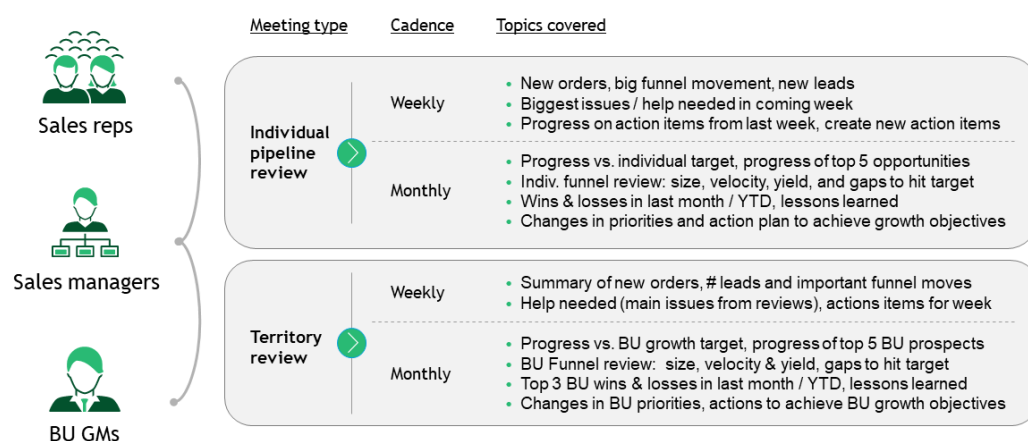
By driving discipline in execution and coaching, organizations can increase conversion rates, reduce sales cycle times, and improve overall sales effectiveness.

EXHIBIT 7

Instituting active funnel management to drive sales discipline

By implementing weekly and monthly reviews at different levels, organizations can improve funnel visibility, identify execution gaps, and drive accountability.

Commercial operating approach | **Example: Packaging co defined cadence of pipeline and territory reviews to ensure consistent progress tracking**



Enabling Commercial Excellence with AI and GenAI: Leveraging New Technologies to Empower Your Commercial Organization

The commercial function is entering a new era. Artificial Intelligence (AI) and Generative AI (GenAI) are reshaping how organizations engage with customers, prioritize opportunities, and accelerate sales effectiveness. To fully unlock commercial excellence today, leaders must ask: How are we leveraging AI/GenAI to enable and scale our commercial capabilities?

When thoughtfully applied, AI and GenAI can become force multipliers across every stage of the commercial engine—from targeting and lead generation to quote management, sales enablement, and coaching. Organizations that move decisively are already achieving measurable improvements in sales productivity, win rates, and customer experience.

Innovative ways AI and GenAI are transforming commercial organizations include:

Predictive Targeting and Lead Scoring: Advanced AI models can synthesize large volumes of customer, market, and behavioral data to identify high-potential leads and prioritize accounts. Rather than relying solely on seller intuition, companies can use predictive analytics to systematically focus selling efforts where they are most likely to win. For instance, machine learning algorithms can detect subtle buying signals or forecast purchasing needs based on historical buying patterns and external market triggers.

Dynamic Content and Proposal Generation: GenAI tools can rapidly produce tailored sales materials, proposals, and responses to customer inquiries. This capability not only saves time but also ensures consistency and alignment with value propositions across products, regions, and segments. Organizations that integrate GenAI into their sales processes can reduce time-to-quote, improve proposal quality, and enhance customer responsiveness—key drivers of higher conversion rates.

Sales Coaching and Performance Management: AI-driven insights help sales managers better support and coach their teams. By analyzing CRM data, pipeline velocity, and engagement metrics, AI tools can highlight deal risks, identify coaching opportunities, and recommend next-best actions for sellers. Furthermore, conversational AI can simulate customer interactions, enabling reps to refine their skills in a low-risk environment and accelerate their development.

Personalized Customer Engagement: Through AI, companies can deliver highly personalized, timely interactions with customers. From dynamic pricing recommendations to customized outreach campaigns, AI can orchestrate experiences tailored to individual buyer needs and behaviors. This drives deeper engagement, strengthens loyalty, and maximizes customer lifetime value.

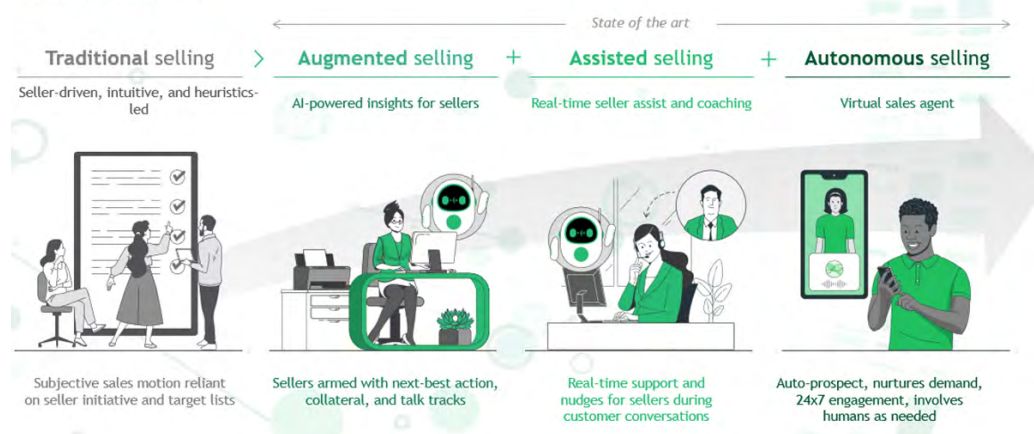
Operational Efficiency and Automation: By automating repetitive, time-consuming tasks such as data entry, account research, and order processing, AI frees up valuable seller time to focus on high-value activities. GenAI can also assist in generating call summaries, updating CRM records, and preparing meeting briefs, ensuring that sales teams operate at peak productivity.

EXHIBIT 8

AI and GenAI Evolving the Commercial Value Chain

Predictive and generative AI provide new use cases to supercharge sellers' effectiveness through assisted and even autonomous selling.

BCG Sales AI | Unlocking the art of the possible with predictive and generative AI



Leaders must move beyond isolated pilots and embed AI and GenAI systematically into their commercial models. Success requires a thoughtful strategy—starting with clear use case prioritization, investment in data infrastructure, change management, and training to build organizational confidence in these new tools. By embracing AI and GenAI, organizations not only boost near-term productivity but also future-proof their commercial capabilities, ensuring they stay competitive in an increasingly data-driven marketplace.

Quick Wins: Funding the Journey to Commercial Excellence

Improving commercial capabilities doesn't have to require lengthy transformations. Quick wins can generate immediate financial impact, funding broader initiatives.

Companies can begin by reorienting seller time to accounts with the greatest potential, implementing a more rigorous pipeline management process to give visibility to high-value leads, or launching targeted upselling campaigns to bundle offerings. These efforts deliver immediate returns while building momentum for longer-term improvements. For example, streamlining quoting and order management processes not only accelerates cash flow but also enhances customer satisfaction, creating a virtuous cycle of operational efficiency and revenue growth.

Commercial excellence provides a platform for sustainable growth

Growth drives top-performance TSR, and commercial excellence is essential for sustainable success. By optimizing commercial investments, targeting the right opportunities, and accelerating sales velocity, companies can unlock transformative results. Leaders committed to these principles will position their organizations for scalable, long-term growth while delivering exceptional returns for stakeholders.

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