

VALUE ROOM DIAGNOSTIC · NORTHFIELD SOFTWARE (FICTIONAL) · SIX WEEKS AFTER THE READ · 45 REPS AND 6 MANAGERS SURVEYED  
· EIGHT TESTS ON CRM AND BILLING · PAGE 1 OF 2

\$4.65M a year of economic profit, ranked.  
Number two belongs to Finance.

|                                                                                                                     |                                                                                                                                               |                                                                                                            |
|---------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| <div>ECONOMIC PROFIT A YEAR</div> <div>\$4.65M</div> <div>2.6% of ARR from eight decisions, no new headcount.</div> | <div>SELLING TIME</div> <div>35% → 41.5%</div> <div>Share of installed hours spent selling, after the three decisions that return time.</div> | <div>STOP FUNDING</div> <div>2</div> <div>Plan items costing \$720K that return less than they cost.</div> |
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1 Eight accounts, one unit

Economic profit a year at stake in each account. Capacity is the account the other seven are paid in, so it is never added twice.

|                                                                                                                                                                  |                                                                                                                                                  |                                                                                                                                                     |                                                                                                                                  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| <div>ORGANIZATION</div> <div>Management quality</div> <div>Survey: weakest three managers 1.4 points below the strongest</div> <div>\$585K</div>                 | <div>ORGANIZATION</div> <div>Compensation design</div> <div>Quarter-end accelerator drives a 7.2-point pressure discount</div> <div>\$319K</div> | <div>ORGANIZATION</div> <div>Process friction</div> <div>6.5 hours a week per rep in internal process; 1.4 in one approval</div> <div>\$809K</div>  | <div>ORGANIZATION</div> <div>People and experience</div> <div>Hiring plan favours volume over experience</div> <div>\$575K</div> |
| <div>PROCESS</div> <div>The bowtie forecast</div> <div>Expansion hour worth 2.3 times a new-logo hour; 91% of selling hours on new logos</div> <div>\$642K</div> | <div>PROCESS</div> <div>SaaS economics</div> <div>Deep-discount deals churn twice as often in the first term</div> <div>\$86K</div>              | <div>PROCESS</div> <div>Pipeline management</div> <div>Judgment fails the base rate in 3 teams; dead deals carried 5 weeks</div> <div>\$1.64M</div> | <div>PROCESS</div> <div>Capacity</div> <div>35% of installed hours go to selling</div> <div>the unit</div>                       |

2 Where the layers meet

The Read graded each team's forecast calls against its own history. The survey scored each team's manager.

Measured apart, the two methods point at the same three teams: Enterprise West, Mid-Market North and Public Sector.



Six teams is a small sample; the point is agreement between independent measures, not a regression. Process layer: eight tests run; five findings, three clean (CLTV Reality, Consumption Gap, Released Hour).

4 Do these first, in this order

Ranked by economic profit a year: gross profit added, minus running cost, minus a 12% charge on money spent up front. Low and high cases in brackets.

| #                   | DECISION                                                  | OWNER                      | LAYER        | EP A YEAR | RANGE             | RUNNING TOTAL |
|---------------------|-----------------------------------------------------------|----------------------------|--------------|-----------|-------------------|---------------|
| 1                   | Close out stalled deals at three weeks                    | Sales leadership           | Process      | \$1.26M   | \$846K to \$1.68M | \$1.26M       |
| 2                   | Drop the second deal-desk approval <b>OUTSIDE SALES</b>   | Finance and Legal          | Organization | \$809K    | \$565K to \$1.01M | \$2.07M       |
| 3                   | Move 1,200 hours to expansion                             | Sales and Customer Success | Process      | \$642K    | \$385K to \$835K  | \$2.71M       |
| 4                   | Develop the three managers whose teams miss               | CRO                        | Organization | \$585K    | \$164K to \$1.04M | \$3.30M       |
| 5                   | Hire four experienced AEs instead of six junior           | CRO and People             | Organization | \$575K    | \$347K to \$756K  | \$3.87M       |
| 6                   | Run three teams' forecast from the base rate              | Sales leadership           | Process      | \$373K    | \$250K to \$497K  | \$4.25M       |
| 7                   | Swap the quarter-end accelerator for a discount guardrail | CRO and Finance            | Organization | \$319K    | \$180K to \$424K  | \$4.57M       |
| 8                   | CS sign-off on deals discounted over 20%                  | Customer Success           | Process      | \$86K     | \$33K to \$140K   | \$4.65M       |
| All eight decisions |                                                           |                            |              | \$4.65M   |                   | 2.6% of ARR   |

5 What not to fund

|                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Q4 SPIFF and a larger President's Club</b></p> <p>Costs \$420K   Returns \$199K   EP <b>-\$221K</b></p> <p>Motivation is a weak lever for output (0.153 in the research), and last year 70% of SPIFF-window deals were pulled from the next quarter.</p> | <p><b>Enablement platform expansion</b></p> <p>Costs \$300K   Returns \$60K   EP <b>-\$240K</b></p> <p>Enablement did not make motivated sellers more productive in the research, and Northfield already scores 5.4 of 7 on it.</p> |
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WHAT IT MEANS

Two of the top three decisions have nothing to do with forecasting, and the second needs Finance and Legal to sign, not sales. What sales can do alone is worth **\$3.84M** a year; the rest needs other departments at the table.

NEXT STEP

**Investment Allocation Review** prices every request in next year's plan the same way, including the two that fail here. **Implementation and advisory** installs the queue with your team.

EVERY NUMBER TRACED TO WHERE IT CAME FROM · MEASURED FROM YOUR FILES OR SURVEY · RESEARCH (ARBE MARROCHE, 2026, 228 SELLERS) · STATED BY YOU · MODELLED BY US

## 1 Economic profit

EP = gross profit added  
 - cost to run  
 - 12% × money spent up front

Every decision is priced in this one unit, so a management decision and a pipeline decision can be ranked against each other.

## 3 Research levers

Bookings = coefficient × gap (in SD)  
 × one SD of rep output  
 × reps × realization

Coefficients are standardized effects from the research; one SD of rep output is measured from your bookings per rep; realization starts at half and is replaced with your own result after a quarter.

## 2 Hours returned

GP = hours × \$1,028 per selling hour  
 × 0.5 (the next hour)  
 × 78% gross margin

Bookings per selling hour is measured from your own history. Hours count once, in the decision that returns them.

## 4 Ranges and ranking

Low = GP × low factor - costs  
 High = GP × high factor - costs

Each decision carries its own low and high case, set by how much of its chain is measured. The ranges overlap, so the queue is a starting order; the first quarter of results replaces the modelled inputs and refines it.

## 5 Inputs, and where each one comes from

| INPUT                                       | VALUE           | SOURCE         |
|---------------------------------------------|-----------------|----------------|
| Bookings per selling hour                   | \$1,028         | MEASURED       |
| One SD of rep output, bookings a year       | \$411,734       | MEASURED       |
| Average rep, bookings a year                | \$748,722       | MEASURED       |
| Survey: 45 reps, 6 managers, 6 constructs   | 7-point scale   | MEASURED       |
| Expansion bookings per hour on the base     | \$2,400         | MEASURED       |
| Quarter-end extra discount                  | 7.2 points      | MEASURED       |
| Management quality effect on output         | 0.331 SD per SD | RESEARCH       |
| Selling experience effect                   | 0.290 SD per SD | RESEARCH       |
| Process friction effect                     | 0.200 SD per SD | RESEARCH       |
| Motivation effect                           | 0.153 SD per SD | RESEARCH       |
| Gross margin                                | 78%             | STATED BY YOU  |
| Cost of capital                             | 12%             | STATED BY YOU  |
| Share of installed hours spent selling      | 35%             | STATED BY YOU  |
| Value of the next hour vs the average       | 50%             | MODELLED BY US |
| Realization of research effects in year one | 50%             | MODELLED BY US |
| Recovery of trapped hours                   | 45%             | MODELLED BY US |