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ADVISORS

Achieving explosive growth
while maintaining a culture
of greatness.

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Q&A with Jeff Morton & Luke Wilson, founders of Auxo Advisors.

As the fourth in our multi-article series on how Auxo provides critical insights to help companies identify opportunity, capture growth, and create value, the following is a deeper dive into the areas that represent our collective wheelhouse.

In mid-September, Jeff and Luke sat down for an eye-opening discussion surrounding key corporate pillars of excellence – Revenue Growth, Operational Efficiency, Technology Enablement, and Human Capital – and how Auxo assists its clients in optimizing all four to create measurable value. The following are excerpts from that interview.

What types of firms does Auxo Advisors work with?

Jeff: Services and technology businesses, among others, that have a strong desire to move from good to great. Our counsel on both strategy and execution helps them be more thoughtful about value creation and building a great business. It's no accident that our four pillars coincide with what today's businesses contend with on a daily basis.

Luke: They're the types of businesses that may have foregone investments in key growth areas historically. So, with our expertise, insights and help, they can move the needle quickly. We've been there, done that – and we're eager to share what we've learned.

REVENUE GROWTH

What are your initial steps when helping clients plan for revenue growth?

Jeff: We always look at financial performance over time. We look at addressable markets, competitors, even competition for budget dollars.

Luke: Opportunities for growth – maybe bringing new products to market, maybe advising on pricing strategy, and of course exploratory interviews with the leadership team to really understand and align our services with each client’s aspirations and realities.

Typically, what are the common challenges companies face?

Luke: Access to the right data. A recent client has been in business for quite a while, but historically hasn’t had great visibility into their margins by product. We worked with them to identify the right products that have the best margins and margin potential, and then developed a strategy to sell more of those specifically.

Jeff: Can you believe tracking hours is still a major speedbump for professional services companies? In order to have a really good sense of which services are working and not working from a margin and profitability perspective, you’ve got to track your people’s hours. Mundane, but true. This issue has been greatly simplified with our approach to proper tech enablement.

What methodologies do you implement to monitor a client’s progress?

Luke: If the objective of a business is to increase recurring revenue because it makes the firm more valuable and will fetch a higher multiple at sale, then we closely track recurring revenue and the factors that lead to recurring revenue. Knowledge is everything. Having the data, and utilizing the data, is critical. Dashboards in your customer relationship management system (CRM) and using business intelligence tools to create those dashboards are a big part of that.

Jeff: Building on that, we’ll conduct regular performance reviews to analyze key financial metrics, such as overall revenue growth and profit margins. We’ll go deep and focus on sales-related KPIs like new qualified leads, average deal size, sales cycle length, conversion rates, and customer acquisition cost. We’ll also look at benchmarking against industry standards to identify gaps and opportunities. Additionally, we look at customer satisfaction through a Net Promoter Score (NPS), which gives us insight into how customers feel about the products and services and their likelihood to recommend them. Together, these methodologies provide a comprehensive view of a client’s success and areas where we can drive further value.

OPERATIONAL EFFICIENCY

Can you elaborate on the importance of operational efficiency as a key pillar of corporate excellence?

Jeff: We see lots of senior to mid-level people at or near the top of the pyramid involved in generating new business, doing the high-level work. The reality: most professional services firms need a good, healthy balance of more junior staff as well. For example, really bright kids fresh out of college, with degrees in the area of expertise that your business is in to complement the work of the senior and mid-level folks. The mix is important.

Luke: It's quite common for a company's founders to perform mundane day-to-day coding or demos, as examples – not the best use of their time. For a recent tech client, we helped build out a solutions consulting/engineering team that can plug in lower-cost resources. Really good people who can perform 30- and 45-minute demos all day long at a much lower price point relative to more experienced, seasoned people.

How do you learn more about your clients, so you can best serve them?

Luke: Between interviews, demos, data analysis, competitive reviews, and ride-alongs we participate in, we work hard to get a good handle on what drives our clients. It's a proven strategy. Sincere and frequent client engagement can teach you amazing things.

Jeff: We make it a point to attend client meetings and conferences – we see firsthand what their customers are saying in a larger group setting. The pain points, the challenges. This always informs our advice and solutions around product strategies, enhancements around pricing, and a host of operational issues.

How do you help companies balance growth and efficiency?

Luke: We just wrapped up some preliminary reviews and analysis on a client that's dedicating time and resources to a market segment that is quite cost sensitive and that may likely not produce sustainable growth. Jeff and I have several examples where we might suggest shutting down seemingly smart strategies and reallocating resources to higher growth opportunities. Sometimes growth requires you to do something new, but sometimes it requires you to stop doing something that is no longer working.

Jeff: It's really about opening a client's eyes to realities. Sometimes you're just too close to your own situation to be objective. Some qualified outsider has to come in and provide some perspective, some altitude. That someone is us.

TECHNOLOGY ENABLEMENT

How are you helping to integrate new technologies into client operations?

Luke: A smart way to scale a business is through leveraging technology, especially in a service business where if you can tech-enable your services, there are enormous efficiencies and margins to be gained. Clients are looking to use technology to drive efficiencies and capture (and ultimately monetize) the data they've gathered. Many companies are able to build new products around their captured data as a result of tech-enabling their services.

Jeff: You can't underestimate the importance of implementing and executing. For example, you go out, fire up a new piece of customer relationship management or sales enablement technology or software and then you don't implement it. Not good. The most important thing is the implementation and execution of the deployment of those new technologies. Obvious, maybe. But still critical.

What are some of your clients' barriers to technology implementation?

Jeff: I'd say cost, fear of making expensive mistakes, and of course the learning curve required for a

significant hardware/software shift. What we've learned: to properly tech-enable your business, you must hire the right people. Or if you outsource it to a third-party firm, make sure it's the absolute right firm. Otherwise, you'll spend hundreds of thousands or millions of dollars developing technology to help your business, and it ultimately may not get you anywhere.

Luke: One of the biggest challenges clients face when adopting new technology is change management. It's not just about introducing new tools; it's about making sure the whole organization embraces and integrates them. Often clients struggle with getting users on board, which can slow down the time it takes to see benefits and impact their return on investment. Inconsistent use often comes from resistance to change or a lack of proper training. To address this, it's essential to clearly explain why the new technology matters and how it benefits each user personally. When people understand the value, they're more likely to engage with the new tools and integrate them into their daily work.

HUMAN CAPITAL

How critical is employee performance evaluation and measurement?

Luke: We recommend and design incentive plans that drive desired behavior – to align outcomes with business objectives. For example, we might incentivize and perhaps pay more on certain products than on others. This drives behavior, which leads to the right marketing efforts, the right sales campaigns, the qualified leads, and ultimately the sales, the revenue for the products we want to prioritize. Along the way you've got dashboards to track the qualified leads, conversion rates, the revenue that comes through. And for later in the customer lifecycle, you might incentivize relevant employees to boost the health of those client accounts – and drive retention as well as expansion.

Jeff: And then you can get into how much of a pipeline is needed at the top of the funnel to achieve your sales goals each month. You can actually get so specific to say we need a certain number of calls or other touchpoints per rep. And a percentage of each of those calls tends to lead to an introductory meeting – in-person or virtually – and a percentage of each of those meetings tends to lead to a client requesting a demo or a draft agreement. Get to the draft agreement stage, and the likelihood that they'll sign on becomes even higher, 70 or 80%. So, tracking all of those metrics, sales leaders need to be able to see that level of specificity as it relates to each of their team members and how they're performing.

How do you advise clients on keeping good people, and dismissing others?

Jeff: One of the things we see founder-led businesses doing all too often is waiting too long before they let go of underperforming talent. And, frequently, a company may not have good documentation, or any, around an employee's poor performance. Next thing you know, lawyers are advising to keep that person on for another three or six months so that you can start the paper trail. Inevitably, once that person is let go, there's a big sigh of relief from all the co-workers. Smaller to mid-sized firms are not going to adopt that model. But making sure you're not allowing these issues to fester is just as important, if not more important, from a culture standpoint.

Luke: Keeping top talent really comes down to creating a culture of accountability and recognition. One

effective approach is implementing a pay-for-performance model. This means setting clear, data-driven goals that align with the company's objectives. When employees know that their efforts directly impact their compensation, it motivates them to excel. Moreover, regularly reviewing performance metrics and providing feedback helps ensure that employees understand how their contributions are valued. Additionally, by offering upside for those who consistently meet or exceed their targets helps foster a more engaged and productive workforce – and, culturally, a team that strives for greatness.

Go Broad: Read the prior articles in this multi-article series focused on the value creation journey and strategies for private and portfolio companies navigating today's evolving economic landscape.

Call us for an initial conversation

As we wrap up this discussion on company value creation, we'd like to leave readers with this thought:

What is the one challenge you believe is most often overlooked in the pursuit of value, and how can addressing it transform not just your organization, but your industry?

To dive deeper into this, we invite you to connect with us for an initial strategy discussion where we can explore your unique pain points and greatest opportunities, and co-create actionable solutions that drive real impact.

About Auxo Advisors

Auxo Advisors is a boutique growth advisor and operating partner with a deep global network and commitment to integrity, excellence, and results. We are experts in sales and marketing, and create value for our clients through the development and execution of tailored go-to-market strategies. Our mission is to partner with an exclusive group of clients to help them understand and implement significant, customized, and enduring improvements to their businesses that accelerate growth and propel them toward achieving their core purpose and value proposition.

For more information, contact us at info@auxoadvisors.com or visit www.auxoadvisors.com.