



APRIL 2026 · INDUSTRY REPORT

# Anatomy of industrial growth

Findings from 379 audits in the industrial sector. Six years of data. Twelve European sectors. One conclusion.



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## An uncomfortable finding: four departments, four reports, zero governance

At a heating and cooling manufacturer in northern Spain, the marketing director presented the board with a report showing 340 leads generated in the quarter. The sales director presented a pipeline of 12 million. The operations director confirmed deliveries at 94% fulfilment. After-sales reported high satisfaction. All four reports were accurate. The company had not grown in two years.

This scene repeated itself, with minimal variations, in **9 out of 10** companies among the 379 we analysed between 2020 and 2026 across twelve European industrial sectors. This is not an anecdote. It is a structural pattern: each department measures its own activity. Nobody measures whether the growth system works as a whole.

The board receives positive signals from every area while, at the same time, revenue stagnates or margins erode. The disconnect between the parts and the whole is not perceived as an architectural problem. It is perceived as a mystery. Or, worse, as a market problem.

Industrial B2B buyers spend only **17%** of the total decision cycle interacting with suppliers. When evaluating several simultaneously, each supplier receives roughly **5%** of that time (Gartner, 2020). A manufacturer that manages that 5% with four uncoordinated departments is competing at a disadvantage that no superior product can offset.

External figures confirm the cost. Brixon Group (2025) estimates that misalignment between marketing and sales generates losses of **10% to 15%** of annual revenue in industrial companies. These are not costs that appear on a P&L line. They are opportunities that evaporate between departments: leads that sales never works, clients who do not reorder because nobody contacts them after delivery, projects lost because the technical team enters too late.

PwC adds another metric: **350 hours per worker per year** lost in organisations with operational silos. In a manufacturer with 200 employees, that amounts to 70,000 hours a year spent compensating for a lack of coordination. The equivalent of 35 full-time employees. None of them are budgeted for.

The most serious consequence is not inefficiency. It is invisibility. The board cannot correct a problem it cannot see. And it cannot see it because there is no instrument equivalent to a financial audit for the commercial side of the business. The manufacturing side has been audited for a century. The revenue-generating side, never.

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## The asymmetry: value accumulates where management invests least

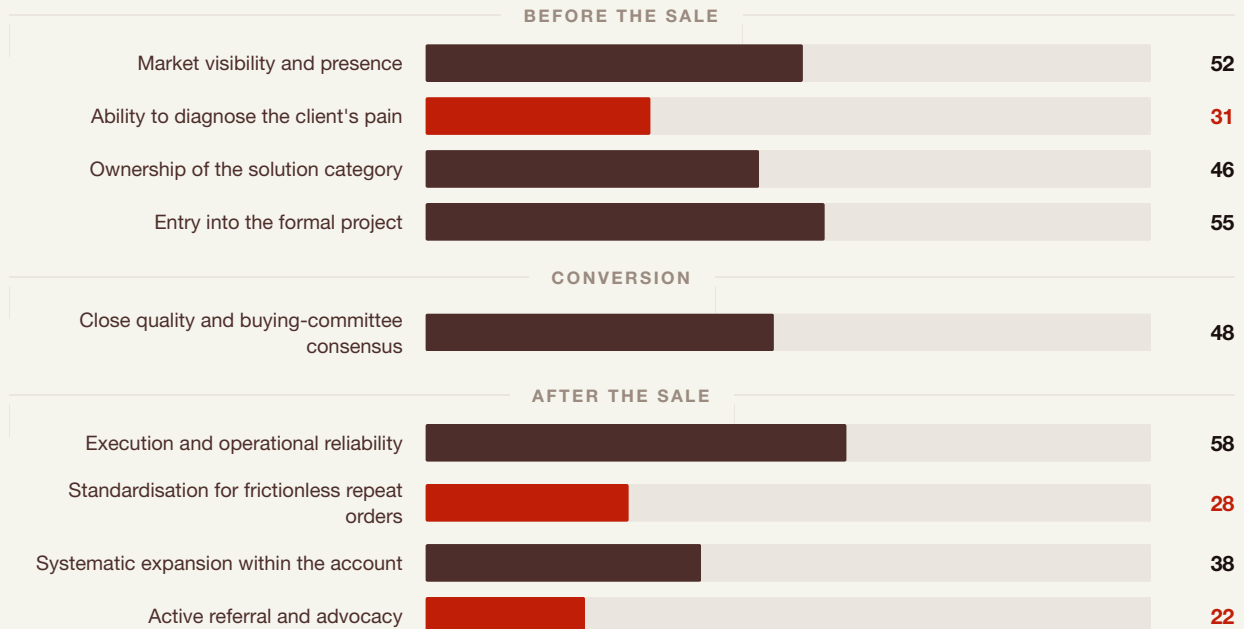
The industrial commercial model devotes most of its energy to winning the first order. The data show that most of the capturable margin is generated after that first order. The disproportion between executive attention and actual economic value is the study's second finding.

McKinsey (2021) documented that after-sales services in industrial manufacturers generate average EBIT margins of **25%**, compared with approximately 10% on new equipment. Put differently: for every pound of margin a manufacturer earns selling a machine, it can earn 2.5 pounds managing its lifecycle. That ratio holds across all twelve sectors in the study.



### Average score by growth-cycle phase

n = 379 · Scale 0–100 · Source: BARRO Audits 2020–2026



Red bars mark the systematically weakest phases of the industrial cycle, present regardless of sector or company size.

The chart reveals a consistent asymmetry: the phases before the contract receive moderate scores. The phases after it collapse. And it is precisely the post-sale phases that concentrate the differential margin. BCG (2023) confirms this through another lens: the quality of information in the final stages of the process raises the probability of a high-quality deal by **26%**. An excess of poorly structured information reduces it by **153%**.

### **Blind spot 1: the manufacturer arrives when the problem already has an owner**

In most of the 379 companies, the sales team makes contact with the client when the project already exists as a formulated need. The client has already researched options, consulted specifiers, defined criteria. At that point, the manufacturer competes within a framework it did not build. The direct consequence: price competition. KPMG (2022) adds a relevant data point: tailoring the proposal to the full decision-making group increases the probability of consensus by **20%**, but concentrating it on a single contact reduces it by **59%**. Most manufacturers in the study operate with a single-contact model, which lowers their chances of closing before negotiations even begin.

### **Blind spot 2: the first delivery does not become a standard**

A packaging manufacturer in eastern Spain successfully delivered a complete line to a food-industry chain. High satisfaction. Zero significant incidents. Eighteen months later, the same client tendered an identical second line at another plant. The original manufacturer had to compete from scratch, against three competitors, because there was no technical-commercial standard that made repetition simpler than a fresh evaluation. It lost the second line on price.

This pattern appears in **72%** of the companies in the study. Client satisfaction does not generate automatic repeat business. Repeat business requires design: technical standardisation, pre-agreed commercial terms, and an operating model that makes reordering easier than re-evaluating. Without that design, every repeat purchase costs as much as the first.

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## **Five patterns that trap companies which invoice but do not scale**

The two blind spots above manifest in five recurring configurations. They appear across every sector and every company size. Most of the 379 companies exhibit at least three simultaneously.

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## 1. The invisible funnel

### WHAT THE BOARD SEES

The best opportunities of the past year arrived by inertia: a friend of a friend, an old referral, a distributor who pushed. The pipeline has movement, but nobody can explain where it comes from or how to replicate it.

### WHAT'S ACTUALLY HAPPENING

The company does not exist in the conversations where the buyer's criteria are formed. It is not on the shortlist when the project is born. The problem is not the close rate. **It is the rate of non-appearance.**

### P&L IMPACT

High and rising acquisition cost. Long cycles. Dependence on specific individuals. If the salesperson who holds the relationships leaves, the pipeline leaves with them.

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## 2. The toxic yes

### WHAT THE BOARD SEES

The sales team closes deals. Revenue grows. Quarterly targets are met. There are reasons to celebrate.

### WHAT'S ACTUALLY HAPPENING

Deals are closed by granting discounts that are never recovered, accepting ambiguous scopes, and making promises that operations discovers after the fact. **Every exception becomes a precedent.**

### P&L IMPACT

Rising revenue, falling profitability. The erosion takes two or three quarters to become visible. By the time it reaches the board, the root cause is long gone.

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## 3. Sales ahead of operations

### WHAT THE BOARD SEES

A solid pipeline. A growing order book. The operations director asks for more resources. The sales director asks for more flexibility. Both are right and both contradict each other.

### WHAT'S ACTUALLY HAPPENING

The client buys an orderly proposal and experiences a delivery fraught with friction. **It is enough that working with the company takes more effort than expected for the client to decide not to come back.**

### P&L IMPACT

Hidden costs of non-quality. Loss of high-value clients because of the experience, not the product. Reputation deteriorates faster than it is built.

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## 4. The undesigned repeat

### WHAT THE BOARD SEES

Satisfied clients who, nonetheless, open a competitive tender when they need to reorder. The repurchase rate is below what satisfaction would predict.

### WHAT'S ACTUALLY HAPPENING

There is no standard that converts the first purchase into a repurchase lane. **The client does not leave out of dissatisfaction. It leaves because staying is no easier than going.**

### P&L IMPACT

Acquisition cost remains high because every sale is, in practice, a first sale. The compounding effect of the installed base never materialises.

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## 5. The silent installed base

### WHAT THE BOARD SEES

Equipment running at dozens of client sites. After-sales handles incidents. There is no active conversation about expansion in any of those accounts.

### WHAT'S ACTUALLY HAPPENING

Nobody knows precisely what is installed where or who makes renewal decisions. **Expansion opportunities appear by chance or do not appear at all.**

### P&L IMPACT

The asset with the highest margin potential (services on the installed base, 25% EBIT according to McKinsey) operates without commercial governance.

## What these data mean for a board of directors

The five patterns above are not accidents. They are predictable consequences of organisations that perfected production and left growth in the hands of inertia, individual talent, and quarterly pressure.

### **First finding: the biggest cost does not appear in any report**

Take a concrete case from the study. An automotive-components manufacturer with revenue of 82 million euros was growing at 5.8% per year. Its board considered that pace reasonable for the sector. When its full cycle was analysed, three leaks became evident: late entry to projects (competing on price instead of value), absence of a repurchase standard (every repeat order was a new sale), and an installed base with no commercial governance (200 active clients, zero expansion pipeline). Comparable companies in the same sector and of the same size, with those three leaks corrected, were growing at 11–13%. The difference between 5.8% and 12% in an 82-million-euro company equates to **5 million euros per year**. That figure did not appear in any report because nobody was looking for it.

### **Second finding: margin is decided after signing, not before**

The commercial negotiation sets a price. What happens between the signature and the second purchase determines whether that price translates into margin or into cost. A close with an ambiguous scope generates overruns in execution. A delivery without a repeat-order standard forces a fresh investment in acquisition. An installed base without governance leaves the company's most profitable asset operating as a cost centre. The chain is direct: **every poorly governed link after the signature consumes margin that was won before it.**

### **Third finding: when results depend on who manages the account, the problem is not people**

In **78%** of the companies in the study, results per account vary by more than double depending on the assigned salesperson. The usual reading is that some salespeople are better than others. The correct reading is that there is no transferable system. The gap between the best accounts and the average accounts is not closed by hiring more talent. It is closed when the conditions that enable repeat business, expansion, and account governance stop depending on the individual and start depending on the architecture.

### **Longitudinal evidence: three documented cases**

Three companies in the study applied structural corrections over periods of 15 to 24 months. None added commercial budget. All three reassigned priorities:

INDICATOR	CASE A Industrial electrification · 24 months	CASE B Precision machine tools · 15 months	CASE C Renewable-energy equipment · 18 months
Sales growth	<b>+11%</b>	<b>+8%</b>	<b>+14%</b> in recurring revenue
Inefficiency reduction	<b>-18%</b> average discount	<b>-22%</b> pre-sales hours without return	<b>-35%</b> churn on renewals
Commercial quality improvement	<b>+31%</b> opportunities with early entry	<b>+17%</b> qualified close rate	<b>+26%</b> cross-sell on installed base

The common pattern: the improvement did not come from selling more. It came from deciding better. They changed what they measured, how information flowed between departments, and where they focused executive attention.

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## One conclusion and one question

Six years of data and 379 companies lead to a simple conclusion. And from that conclusion follows a question that every industrial board of directors should answer.

### The conclusion

The principal competitive advantage in mature industrial markets is not the product. Nor the price. It is the organisation's ability to see its own growth system as a whole and correct it deliberately.

The companies that demonstrated this ability in the study did not undertake spectacular digital transformations. They did not double their sales force. They did not triple their marketing budget. They did three specific things:

**They stopped measuring activity and started measuring the system.** They replaced four departmental reports with one integrated reading of the full cycle. When marketing, sales, operations, and after-sales share the same metric, decisions change.

**They identified their primary constraint.** Rather than improving everything simultaneously, they concentrated resources on the phase that most limited growth. In most cases, that phase was not the one the board expected. It was not acquisition. It was early entry into the client's pain or designing frictionless repeat business.

**They made growth the board's responsibility, not the sales director's.** When growth governance operates at the same level as financial governance or operational governance, the organisation stops relying on individual heroics and starts functioning as a system.

## The question

The financial side of any industrial company of a certain size has been audited by an independent third party for decades. It is mandatory, it is regulated, and nobody questions its necessity. The side that generates the revenue -- acquisition, conversion, execution, retention, expansion -- has never had an equivalent.

The 379 audits carried out for this study reveal that this absence has a real, measurable, and cumulative cost. It does not appear in the income statement. It appears in the growth that does not happen, in the margin that evaporates after the signature, and in the accounts that do not reorder even though they are satisfied.

The question this report leaves on the table is direct: **if an industrial company governs with rigour how it manufactures, how it pays tax, how it hires, and how it finances its operations, why does it not apply the same discipline to how it grows?**

The data indicate that those which do grow more, with better margins, and with less dependence on chance.

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### METHODOLOGICAL NOTE

This report is based on the longitudinal analysis of 379 industrial B2B companies across 12 European sectors (automation, electrical equipment, construction, logistics, civil engineering, heating and cooling, metals, plastics, packaging, agri-food, automotive, and food processing) between 2020 and 2026. The sample includes companies with revenues ranging from 5 to 800 million euros, with the majority concentrated in the Iberian Peninsula (85%) and additional presence in France, Italy, Portugal, and the United Kingdom. The three longitudinal cases correspond to follow-ups of 15 to 24 months with verified data.



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