SCALEUP

SALES HANDBOOK | 2020

INSIGHT
PARTNERS

Predictability and repeatability are the basis of scale and the mantra for a strong Sales team. The sales leaders in Insight's portfolio have been in the trenches, building and scaling Sales teams that deliver ScaleUp growth and an enterprise trajectory.

Hiring, training, and incentivizing the right people is critical, forecasting accurately is paramount, and knowing how to quarterback the really BIG deals is what will set your Sales team up for success. **With Insight you can access the best ScaleUp resources from the experts leading the field.**

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EFFECTIVE PLANNING: HOW TO ACHIEVE GO-TO-MARKET GROWTH

AN INSIGHT COLLEAGUE RECENTLY GOT MARRIED AND THE OCCASION REMINDED ME OF REMINDED ME OF ALL THE PLANNING THAT GOES INTO A WEDDING.

Beyond the obvious importance of finding the right partner, a wedding requires an intense amount of planning. You start with the end goal in mind – actually holding your wedding – and work backwards to determine what needs to happen between the present time and the wedding date. A location must be picked, a venue booked, the menu decided, guests invited, travel planned, and a myriad of other critical tasks – not least of which is trying to work with different families and friends.

Imagine waking up today and deciding that you'll get married next week at a beach resort in the Bahamas or at St. Patrick's Cathedral in New York City at 5:15 pm with a few hundred of your closest friends in attendance. It simply wouldn't happen because those venues are fully booked for the next 12 months, if not longer. If your plan was to get married a week from now at those locations, you would need to have planned for that a year ago.

The same goes for the planning needed to ensure you can hit your sales targets a year from now. To do this, you work backwards to determine how many sellers will be needed given your goals, including their estimated performance and quotas. Sales capacity is one of the most critical elements of planning to succeed.

Here's a typical example of poor planning: we often speak to sales leaders who share that they need to grow new business sales by 25+% next year. They know they need more headcount, so they plan to hire five additional

sales reps and assign each full quota with minimal ramp time. BOOM! It's assumed that the existing headcount plus the new headcount will yield their targets.

This is a very risky assumption since there are many dependencies, and we recommend a more detailed plan by taking the following into consideration:

1. Hire early

Depending on your vertical market, and geographic location, it takes between 3 and 6 months to hire quality people. Recruiting always takes longer than we think. In a tight labor market, strong talent is even harder to find quickly. Since most good sellers are waiting for their final commission checks and awards for the current year, they may not be looking to start recruiting until after Q4 and potentially into Q1. Realistically, you may not get anyone to start until March or April. If you want to have reps on board and productive for the next Fiscal year, you needed to start the hiring process in Q3, or you'll have to temper your Q1/Q2 bookings expectations.

2. Avoid aggressive ramp time estimates

THE AVERAGE RAMP TIME FOR A REP TO GET TO FULL PRODUCTIVITY IS 4 TO 12 MONTHS

A common mistake made by all optimistic sales leaders is their assumption that they can ramp reps to full productivity quicker than reality. We will hear that companies have new training processes, content or tools in place, and the team has been asked to improve ramp times. While there may be exceptions, the average ramp time for a rep to get to full productivity is 4 to 12 months (depending, of course on target buyer segment). You should always be building better onboarding, but until you've proven that the new program actually decreases ramp time, build your ramp expectations in one of three ways:

- Sales Cycle Based – Take your sales cycle and add 90 days for new sellers to source qualified opportunities
- Historical Analysis – Use actual data about how long it's historically taken to get reps to full productivity. Adjust slightly for new tools and trainings.
- Training Heavy Model – Take your training period and add sales cycle duration with a modest adjustment for experience

Be cautious about placing overly aggressive ramping requirements on your reps. If for various reasons reps don't ramp at the pace you need them to, you'll find yourself with demotivated reps, or reps that check out before they can fully ramp. And you run the risk of missing company goals.

3. Account for rep attrition

Today you have 10 reps in territory and 5 new ones ramping up (yes, you hired early and made realistic ramp assumptions). You've done the math and, assuming various levels of productivity, your sales capacity model suggests you are on track to hit your targets. Fantastic planning, but one critical data point is that there's always attrition from the team. Regardless of why reps leave, you need to account for up to 20% turnover. This means that you should build some slack into the model to ensure you hedge for team member fluctuation.

YOU CAN DO THIS THROUGH OVER-ALLOCATION OF QUOTA (WE RECOMMEND NO MORE THAN 15%), OVER-HIRING, AND DEPLOYING MORE PRODUCTIVITY ENHANCING TOOLS LIKE SALESLOFT.

4. Mitigate income stress on reps

Starting in a new sales role is difficult. A seller needs to learn about the company and its products, adapt to the culture, learn the internal processes and systems, and transition from any former sales methodology to your company's way of selling. It takes time to adjust let alone to start closing sales. Depending on sales cycle length, the complexity of the sale and the ASP of the deal, a rep will likely not make any commission money for a few weeks, or months. Those reps will need a bridge on their variable incentive to ensure that they can ramp successfully and aren't constantly worried about how they'll make ends meet. Best practice is for companies to provide 3-6 month draws for new reps to ensure that they can earn part of their variable incentive while they start to ramp and close actual sales. You want your reps hungry, not starving.

5. Plan differently for new markets

Existing market expansion is relatively straightforward, whereas new market expansion is much more complicated. Your company needs to establish its brand, build a reputation and develop tailored training and content to support the Sales teams. Those fundamentals need to be in

place well before the launch of a new market or product. As a result, you'll need to plan for a much longer ramp period to account for all these things. Additionally, finding talent may be more difficult since your company has no track record of success and you're asking local talent to take a leap of faith in your company. This will also require different compensation structures to allow reps to seed the market and cultivate it over time.

The upside to these new markets may be significant which is why detailed planning is critical.

6. Include cross-functional dependencies

While recruiting and ramping reps is the Sales team's focus, many other company teams need to be included in the planning process. The marketing team needs to be ready to drive more leads and potentially support new markets. Sales operations needs to be able to scale to support and manage an expanded team. Within sales, you'll potentially need additional managers. All of these things need to be factored into the planning process.

If you're reading this in mid or late Q4 and you haven't already addressed some of these things for 2020, it's time to start. You can still have your dream wedding.

Insight's Sales Center of Excellence has seen many companies in this situation and there are ways to address it – although, fair warning, you may

need to temper your expectations or change some of your strategies. For example, if you don't yet have reps in the pipeline but have major hiring needs, look at outsourcing a portion of your sales process. If you haven't planned for realistic ramp time or rep attrition, take another look at your quota allocation specifically for tenured reps; we find that many companies underestimate the amount of productivity a tenured rep can generate compared to new hires. You can also modify spend on non-core items to cover the cost of non-recoverable draws and productivity tools. There are many ways to work through insufficient planning and get you to your end goal.

Weddings are for celebration. Advanced and comprehensive wedding planning can ensure that your special occasion meets your expectations and unfolds effortlessly. Similarly, comprehensive sales planning sets your company up for an amazing year of successes and revenue growth.

2

EFFICIENT HIRING: LOOKING TO IMPROVE SALES REP PERFORMANCE? START WITH HIRING AND ONBOARDING

INSIGHT'S SALES CENTER OF EXCELLENCE FREQUENTLY GETS ASKED **"HOW DO I INCREASE SALES REP PERFORMANCE?"** WHEN COMPANIES THINK ABOUT THIS TOPIC, THEY TYPICALLY LOOK TO REP ACTIVITY AND PIPELINE REPORTING TO GAUGE WHOSE PERFORMANCE MIGHT FALL SHORT – THIS DATA IS A GOOD STARTING POINT TO UNDERSTAND EXISTING REP PERFORMANCE. HOWEVER, THE BEST WAY TO ENSURE REPS PERFORM IS TO CREATE AN EFFECTIVE HIRING AND ONBOARDING PROCESS TO SET NEW REPS UP FOR SUCCESS FROM THE START.

Hiring: Use a Structured Process

Sales hiring is something that leaders are under pressure to do in a short amount of time. As companies ScaleUp, the Sales team will need additional quota-carrying reps to achieve new targets. To confirm fit and fast track the hiring process quickly, we typically see organizations rely on referrals, the reputation of "company logos" on reps' resumes or anecdotal stories in behavioral interviews. Inevitably this leads to a mixed cohort of reps that includes more "B" performers than companies would like.

A STRUCTURED AND REPEATABLE HIRING AND ONBOARDING PROCESS WILL TAKE THE GUESSWORK OUT OF BRINGING IN NEW TALENT, IMPROVING THE EFFECTIVENESS OF YOUR ORGANIZATION AND YOUR ABILITY TO ACHIEVE SALES TARGETS.

At Insight, we believe it's important to set up a robust, structured process to evaluate talent. We recommend that you assess sales candidates in three ways:

Utilize a multi-measure pre-hire assessment. After you receive candidate applications, use an online pre-hire assessment with both cognitive and behavioral elements to screen for candidates that have a low likelihood of success. This improves the quality of those candidates that progress to the in-person interview stage, and improves recruiting efficiency. There is a temptation to fast track referrals to an interview and to skip this step, but to remove bias in your recruiting and maintain quality, referrals should take the pre-hire assessment like everyone else.

Add data to behavioral interviews. Behavioral interviews may feel very qualitative, but it's possible to make them quantitative and measurable through a scoring rubric. A scoring rubric should ask interviewers to grade the candidate from 1-5 on the key areas that your team determines are necessary for job success. Examples of key rubric categories include coachability, industry knowledge, curiosity, and values alignment. We also recommend recruits interview with individuals across various functional teams, not just Sales. This ensures that teams who regularly interact with Sales can provide input on people they will work with; it also ensures that your scores have diversity of perspective. To take it a step further, we've seen companies utilize a survey tool (e.g., Qualtrics) to gather scores and written feedback on each rubric area. The best practice is to hold a meeting with all interviewers where they discuss their scores and provide additional context on the candidate. The candidate's strengths and development areas should quickly become clear.

Create a case interview round. A case interview will give you an understanding of how the candidate will perform in your sales environment. It's also an opportunity to further evaluate the candidate's ability to solve problems. We've seen sales case interviews structured in two formats. One format is an in-person case where the interviewer provides a client scenario and asks the candidate to walk through their approach to the situation; it's a chance to role play typical client conversations. This provides a sense of the candidate's selling abilities and ability to think on their feet. A second format is a written case – typically done at home in a specific timeframe. In this example, you would give the candidate a written prompt and ask them to prepare slides and present their approach. The first format of live role playing is more common in sales interviews, whereas the second format is more common in interviews for sales operations candidates so that you can test analytics and problem solving more thoroughly. It's the final step in the selection process and, as above, includes a case scoring rubric to grade the candidate on areas that are required to be successful in the role.

Hiring Takeaways

TO SELECT THE BEST CANDIDATES, COMPANIES SHOULD EVALUATE MULTIPLE ASPECTS OF THE CANDIDATE'S SKILLSET

To select the best candidates, companies should evaluate multiple aspects of the candidate's skillset. A behavioral interview or a pre-hire assessment standalone is not enough to truly understand the candidate's full potential. With multiple evaluation vectors, you will be able to weigh the candidate's scores across the various assessment areas and ensure that the candidate is scoring strongly in the areas that are critical to be successful in the role.

Onboarding: Monitor New Hire Performance by Training Module

Once hired, a new cohort of reps needs to be trained. Most ScaleUp companies that Insight engages with have not yet built a dedicated Sales Enablement or Training organization. Leaders turn to the current sales force and ask reps to do "ride-alongs" with new hires. This is hard to scale; top sales reps won't always have bandwidth for new hires to shadow them on activities. Furthermore, it's inefficient to expect new hires to figure it out on their own by copying the behaviors of more seasoned reps. Poor training greatly affects rep productivity, resulting in longer rep ramp time, lower win rates, and longer sales cycles.

To combat this, sales leaders, working with sales operations, should implement a basic training program that covers the market, product, product demos, value proposition, competitors, objection handling, territories, target customers, CRM, sales process and sales reporting. As part of onboarding, HR should cover other topics like company vision, mission and culture, as well as an introduction to founders/ the senior team, and other functional areas.

We recommend using quantitative measures to track a rep's knowledge of each of the basic training modules. The following two suggestions to help you track the efficacy of your training and the rep's ramp time.

Embed knowledge assessments or quizzes into onboarding. Like the hiring process, we recommend assessments after specific sales stages or product training sections. Creating an assessment for onboarding doesn't have to be complex. You can utilize easy-to-configure survey tools to send quizzes that are a mix of multiple choice and open-ended questions. The rep's manager should review the results of each quiz and decide whether the new hire is ready to move on to the next section of training. When new hires score low, they should get feedback and repeat the section. Using assessments, the manager can quickly diagnose the cause of any challenges in onboarding and provide additional coaching.

Benchmark onboarding scores to actual performance to continuously improve your onboarding program. As you begin to collect data on onboarding scores, you will be able to benchmark a target score that correlates with rep success. Subsequent reps need to achieve this score before being able to move on to additional training topics. Benchmarking scores on training exams ensure that all reps have a baseline level of knowledge. Insight has found assessments to be particularly useful for companies with complex products or industries: these make it easy to understand if the rep is prepared to talk to clients about new technology concepts or products. Moreover, it also provides an opportunity to continually improve onboarding and training materials as you compare scores to actual sales results. Conversely, if newly onboarded reps are struggling to achieve their ramp-up targets, it's an indication that you should evaluate the effectiveness of your onboarding program and adapt it.

Onboarding Takeaways

This simple implementation of assessments in onboarding ensures leadership accurately understands the performance of new hires. It also identifies coaching opportunities as reps ramp up. These activities will accelerate rep time to productivity, and ultimately revenue.

Structured Processes and Assessments Are an Ally in Successful Sales Hiring and Onboarding

ScaleUp organizations seeking to create strong sales organizations, build rigorous and quantifiable hiring and onboarding processes to avoid recruiting biases or are pressured to fill and ramp positions quickly. Similarly, formal assessments and scoring rubrics are powerful tools for onboarding reps. These do not have to be overly complicated; you can start with a simple survey tool, a handful of success metrics, and continue to iterate over time.

3

SMART INCENTIVES: ROLLING OUT SALES COMPENSATION PLANS – ARE YOU READY?

AS YOU WRAP-UP PLANNING FOR THE NEW FISCAL YEAR, HERE ARE 3 THINGS TO CONSIDER TO ENSURE YOU HAVE A SUCCESSFUL SALES COMPENSATION PLAN LAUNCH.

Communication

As a sales person, the only thing worse than not knowing what you are supposed to be selling is not knowing what commission you earned after making a sale. Whether sales leaders are rolling out new plans, minor changes to current plans, or not making any changes, it is imperative that you invest the time to effectively communicate the compensation plans to your teams.

A few things to consider:

- Leverage front line sales leaders to help communicate the compensation plans to your field teams
- Reinforce what has changed and WHY it has changed – tie any changes to the company strategy
- Provide clear documentation on the compensation plans and any policies
- Allow for a Q&A session as part of the rollout

THE SINGLE BIGGEST PROBLEM IN COMMUNICATION IS THE ILLUSION THAT IT HAS TAKEN PLACE.

– GEORGE BERNARD SHAW

Administration

Depending on the size of your Sales team and the number of compensation plans, you may be using different tools to track and report on quota performance. It may be Excel, an off the shelf solution (Xactly, Callidus), or perhaps a home-grown solution. Regardless of what you are using, consider the following:

- Ensure you can measure and track all the inputs for your compensation plans (e.g., bookings, units, profitability, renewals, etc.)
- Consider timing on calculating your commission payouts; consider the time to close out financial results for a month, dependencies on other functions
- Do your reps have visibility into their performance on a daily, weekly, monthly, quarterly basis?

Diagnose

Don't fall trap to the "set it and forget it" mentality. While you shouldn't pivot and change your compensation plans every time there is "noise" in the system, it is important to leverage data insights to assess the efficacy of your compensation plans and to validate that you're incentivizing the behavior that you believe will yield what you want to accomplish. Depending on your company's sales cycle, solution type, and customer size, the desired results of your compensation plan may be quickly revealed, or they may take time to marinate.

STRONG OR POOR PERFORMANCE MAY BE A RESULT OF THINGS OTHER THAN THE COMPENSATION PLAN

We suggest the following:

- Perform analysis regularly (minimum monthly) to assess performance across your reps.
- Strong or poor performance may be a result of things other than the compensation plan (e.g., product, pricing, competitors). Leverage your data to determine the root cause of any potential gaps.
- Build a process so that Sales, Sales Operations, Finance, and HR can review and align on all final payouts and review any outliers.
- Be prepared to make changes when necessary; and remember to communicate to your field teams if you do make any changes.

Start strong to finish strong

Rolling out your sales compensation plans effectively can be the difference between a strong start to the year or a bumpy start. Having your entire sales organization aligned and focused will ultimately help yield stronger results for your teams. Good luck in the new year!

4

ACCURATE FORECASTING: HOW TO DESIGN A SALES FORECASTING CADENCE THAT DRIVES RESULTS

Forecasting takes time; nearly three hours per seller per week according to a SiriusDecisions survey. While this may not seem like a lot of hours for a single person, for a team of six people, it equates to nine hours of reps' time and 7.5 hours of management's time. Each week this sums to nearly 17 hours solely dedicated to forecasting!

Weekly Forecasting Processes	Duration	Reps (6)	Manager (1)
1:1 pipeline review	1 hour	6 hours	6 hours
Forecast call	1 hour	6 hours	1 hour
Other	0.5 hour	3 hours	0.5 hour
Total	**2.5 hours**	**9 hours**	**7.5 hours**

And yet, even with a signficant amount of time spent on forecasting, many Sales teams still miss their numbers.

Why is it that some Sales teams consistently make their numbers while others do not?

HIGH-PERFORMING TEAMS HAVE A DISCIPLINED AND WELL ORCHESTRATED SALES FORECAST CADENCE

High-performing teams have **a disciplined and well-orchestrated sales forecast cadence.**

What is a disciplined and well-orchestrated sales forecast cadence? It refers to a structured series of one-on-one and team meetings that together drive sales organizations to deliver their numbers and achieve organizational goals. Every sales organization has a forecasting process, but few do it right.

Three Key Elements

Onsite's Sales Center of Excellence advises Insight's portfolio companies to implement **three key meeting elements** when it comes to forecasting:

1. **Scheduled and structured.** There must be a structured series of meetings that are scheduled well in advance (over the course of the year, quarter, month, and week). These meetings must be timed in a way to provide visibility on how the team is tracking against KPIs. This gives sales leaders transparency to proactively manage their business and take corrective action with their reps before it's too late.

2. **Defined agenda and objectives.** Each meeting has a clearly defined agenda with attainable objectives, owners/attendees, an explicit set of questions (to address problematic accounts, opportunities, pipeline, or reps), and follow up activities. Everyone understands what is expected of them before and after the meeting. This level of discipline and consistency instills accountability to ensure progress and results from your team.

3. **Standardized KPIs and tools.** Each meeting is supported by a set of standard KPIs, dashboards, and tools. All reps should use the same dashboard for pipeline reviews. Similarly, a "closing plan" template should be provided for top deal reviews. By standardizing how you interact with each other in these meetings, you avoid wasting time using different tools, but more importantly, you can compare performance across reps.

What a Best-In-Class Forecast Cadence Looks Like

With these elements in mind, below is a forecast cadence developed from best practices across Insight's portfolio companies. If you employ this cadence, along with the three key meeting elements listed above, your sales organization will hum like a well-oiled machine. Feel free to use this as a starting point and adapt it to the needs of your business.

Week #	1	2	3	4	5	6	7	8	9	10	11	12	13
	CQ commit	CQ commit	CQ commit	CQ commit	CQ commit	CQ commit	CQ commit	CQ commit	CQ commit	CQ commit	CQ commit	CQ commit	CQ commit
	Pushed deals review												
		CQ pipe review		CQ pipe review		CQ pipe review		CQ pipe review			CQ pipe review		
			CQ top deals review				CQ top deals review			CQ top deals review			
					NQ pipe/ top deals review				NQ pipe/ top deals review				
												NQ commit	
	1:1 pipe review	1:1 pipe review	1:1 pipe review	1:1 pipe review	1:1 pipe review	1:1 pipe review	1:1 pipe review	1:1 pipe review	1:1 pipe review	1:1 pipe review	1:1 pipe review	1:1 pipe review	1:1 pipe review

Effective execution of any cadence hinges on rigorous 1:1 pipeline inspection between manager and reps.

Download the interactive forecast cadence PDF for integration with your own sales process.

5

ENTERPRISE SCALING: HOW TO DEAL WITH A BIG DEAL

A LARGE DEAL IN THE PIPELINE CAN SWING THE MONTHLY FINANCIALS FOR A COMPANY, AND MORE OFTEN THAN NOT, THEY COME AS A SURPRISE. IT'S DIFFICULT FOR COMPANIES TO GET A GOOD HANDLE ON WHETHER A SPECIFIC DEAL MIGHT HIT THIS MONTH, NEXT MONTH, OR EVEN NEXT QUARTER. SIMPLY ASKING YOUR SALES LEADER FOR THEIR IMPRESSION WON'T GIVE YOU SUFFICIENT CONFIDENCE TO MAKE A CALL.

Onsite's Sales Center of Excellence receives many questions from our portfolio companies on how to build a process to review these large deals and gain better visibility into their likelihood and timing of closing. We have consulted with a sales consulting firm and several of our portfolio companies to understand how they approach this situation. What we have learned is that **while there is no single process for big deal reviews, there is a consistent theme – Executive Engagement.** Each of the companies that we spoke to had established a cadence for deal reviews with the executive team and had standard documents that were required for review

and approval. These review sessions gave the executives a much more comprehensive view of the current deal status and allowed them to engage in the deal discussions.

Here is one particularly detailed approach to deal review:

Deals Covered
An ARR threshold is set to capture the top 20% of deals. There is also a threshold for small deals that would result in low/negative margin. In addition, any deal with significant T&C issues are required to be reviewed. There are no exceptions.

Concept
The Deal Review Board is made up of the top executives in the company (direct reports to the CEO). These executives meet weekly on Fridays to review any deals that need decisions that week. They review that deal's account plan, opportunity worksheet and review the steps for the client to make the decision. During the call they make recommendations on the engagements and the solution being offered and make the final decision on whether to move forward.

Go/No-Go Decision
In situations where there are significant resources required to respond to an RFP or to engage with a prospect, the business leader and sales leader reviews the opportunity and determines if they will invest the resources. This process occurs before any significant engagement and is intended to avoid wasting resources where it appears that there is limited chance of winning based on competitive positioning or lack of prospect budget.

Deal Structuring/Solution Design
Discussions with the prospect have progressed to the point of offering a solution with preliminary pricing. The Sales team presents the various documents and the strategy to win the specific deal. The Deal Review team provides insights and potentially offers up suggestions for networking or references that might help drive the deal forward. On average they spend 15-20 minutes reviewing a deal at this stage and encourage the Sales team to bring the deals back regularly for updates.

Negotiation/Closing
The deal is beginning negotiation and there are now only 2 competitors being considered. The Sales team returns to the Deal Review and presents updates on the negotiation and a request for final pricing. The Deal Review team provides final pricing approval and reviews any final customizations to the offering or changes to T&Cs. This is a more detailed review and takes 30-45 minutes depending on the size and scope of deal.

Variations

The largest variations come from the types of material required. Most require an account plan and a prospect decision process guide. Some companies also require business cases, formal call plans, and documented approvals from product teams (where product changes are needed). We have also seen some companies require the use of this process for large renewals and expansions. Consider your specific company's needs and adjust the requirements accordingly. You don't want to make the process too onerous, nor do you want it to become so loose that you miss the key information.

BEST PRACTICE:
SET A THRESHOLD WHERE THE TOP 15-20% OF ALL DEALS WOULD BE REVIEWED AT THE DEAL REVIEW CALL

We recommend the creation of a deal review process for deals that are materially more than your average deal. Best practice would be to set a threshold where the top 15-20% of all deals would be reviewed at the Deal Review call. These calls should be held regularly and everyone should be accountable for bringing deals to them; there should be no exceptions made as that will eventually undermine the process. The actual process itself can be modified to fit the needs and the workflows of your specific company, but having a standard review process is key to reducing surprises in the forecasting process.

In each company that we spoke with, the impact of installing a deal review process was significant.

- WIN RATES INCREASED AS SALES PEOPLE HAD MORE SUPPORT AND DIRECT ENGAGEMENT FROM THE SENIOR LEADERSHIP TEAM
- DISCOUNTING BECAME MORE CONSISTENT AND CONTROLLED
- VISIBILITY INTO TIMING IMPROVED SIGNIFICANTLY
- IN SOME CASES, SIZE AND SCOPE OF DEALS INCREASED AS THE TEAM EXPANDED THE CLIENT RELATIONSHIP

But most importantly, those companies that implemented the process had a much higher degree of confidence in their forecasting capabilities. Are we focusing on the right KPIs? This is a common question from portfolio companies seeking to calibrate the best methods to measure sales effectiveness.

6

MEASURING TO MANAGE: THE KPI FRAMEWORK OF A HIGH-PERFORMING SALES ORGANIZATION

ARE WE FOCUSING ON THE RIGHT KPIS? THIS IS A COMMON QUESTION FROM PORTFOLIO COMPANIES SEEKING TO CALIBRATE THE BEST METHODS TO MEASURE SALES EFFECTIVENESS.

Sales leaders grapple with identifying KPIs that are insightful, reliable, and appropriate for their sales motion. The wrong KPIs can lead to unpredictability and inconsistency in meeting revenue targets and the plethora of KPI flavors-of-the-week, make it difficult to discern which will be best at delivering prescriptive insights for growing organizations.

In this article, we explore three common headaches we see in measuring KPIs and a simplified best practice framework to help you determine useful sales metrics.

Three Common KPI Headaches

#1

Only Focusing on Outcomes

Many sales organizations measure sellers on non-manageable, outcome-based metrics. However, according to a Harvard Business Review study, only 14% of sales metrics are manageable. Manageable metrics are the controllable tactical activities within a seller's locus of control. Metrics like the number of calls, the number of emails, the number of qualified leads are manageable; metrics like the number of closed deals or ASP are outcomes metrics, and not manageable to the same degree.

While bottom-line metrics are paramount, manageable metrics are the inputs that generate desired outputs.

#2

Lack of Attention to Future Pipeline

Sales organizations are always focused on closing the current quarter, and metrics incentivize them to do so. They focus on the immediate short-term goal and put off thinking about out-quarter progress. However, a lack of attention to future quarter KPIs could mean inadequate pipeline coverage to meet targets in subsequent quarters.

Keeping a close eye on out-quarter progress helps you stay ahead of potential pipeline coverage issues giving you enough time to implement corrective actions.

#3

Tracking a Disjointed Set of KPIs

Because there is no shortage of sales KPIs, often sales organizations become overwhelmed and implement metrics that are not mutually supportive and cohesive. While you **can measure everything, it doesn't mean that you should.**

Reconstructing Your KPI Framework

The sales leader's challenge is to track metrics that sellers can manage, focusing on current performance while ensuring insight into future pipeline. Metrics need to tell a cohesive story about the team's activities in pursuit of near-term and longer-term revenue goals.

Consider the following chart:

	Results	Leading Indicators	Activities
Typical Sales Org Adoption	All Teams	Some	Few
KPI Examples	• Closed Won • Commit • Upside • Top Deals • Pipeline	• MQLs • Pipeline Creation • Pipeline Velocity • Out-Quarter Pipeline	• Meetings • Demos • Proof of Concepts
Outlook	Current Quarter	Next Quarter	Subsequent Quarters

WE RECOMMEND CREATING BOTH EXECUTIVE AND SELLER-LEVEL DASHBOARDS

The top performing sales organizations in Insight's portfolio have one thing in common—they drive sellers to focus on results, as well as to focus on leading indicators and activities.

To implement this type of KPI framework, we recommend creating both executive and seller-level dashboards.

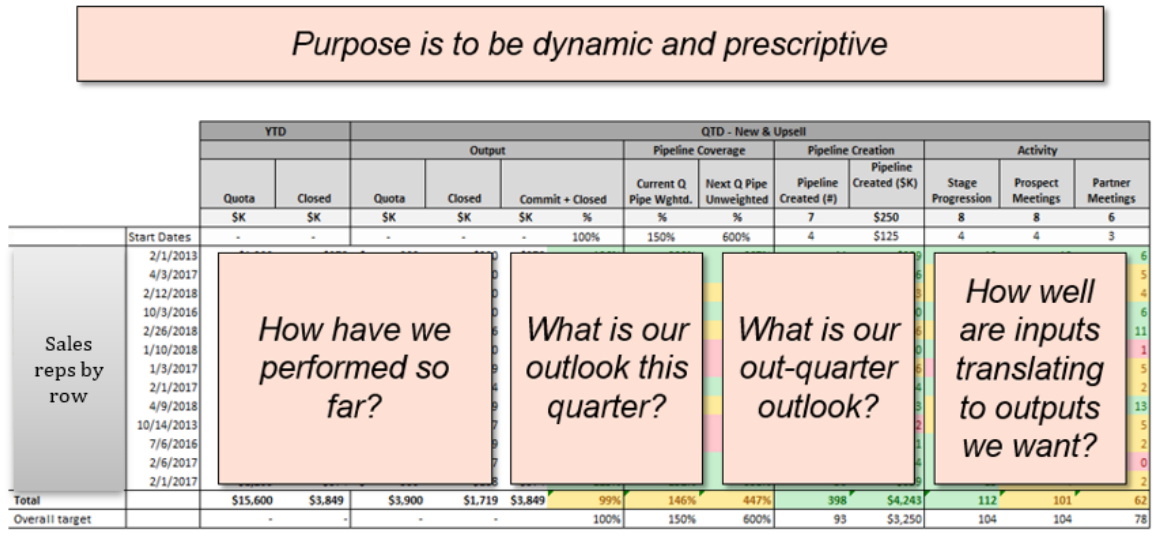
Implementing a Revised KPI Framework

Executive-level Dashboard

		YTD		QTD - New & Upsell										
				Output				Pipeline Coverage		Pipeline Creation		Activity		
		Quota	Closed	Quota	Closed	Commit + Closed		Current Q Pipe Wghtd.	Next Q Pipe Unweighted	Pipeline Created (#)	Pipeline Created ($K)	Stage Progression	Prospect Meetings	Partner Meetings
		$K	$K	$K	$K	$K	%	%	%	7	$250	8	8	6
	Start Dates	-	-	-	-	-	100%	150%	600%	4	$125	4	4	3
Sales reps by row	2/1/2013	$1,200	$378	$ 300	$300	$378	126%	200%	667%	44	$259	10	13	6
	4/3/2017	$1,200	$276	$ 300	$100	$276	92%	117%	602%	13	$456	5	2	5
	2/12/2018	$1,200	$265	$ 300	$50	$265	88%	92%	435%	16	$223	4	6	4
	10/3/2016	$1,200	$319	$ 300	$200	$319	106%	267%	630%	23	$300	15	4	6
	2/26/2018	$1,200	$218	$ 300	$16	$218	73%	425%	267%	9	$246	5	7	11
	1/10/2018	$1,200	$387	$ 300	$140	$387	129%	0%	0%	46	$350	12	10	1
	1/3/2017	$1,200	$352	$ 300	$169	$352	117%	49%	193%	28	$236	3	8	5
	2/1/2017	$1,200	$255	$ 300	$114	$255	85%	152%	783%	35	$634	12	11	2
	4/9/2018	$1,200	$147	$ 300	$59	$147	49%	200%	485%	22	$323	7	8	13
	10/14/2013	$1,200	$343	$ 300	$147	$343	114%	0%	0%	30	$112	4	3	5
	7/6/2016	$1,200	$200	$ 300	$79	$200	67%	92%	167%	55	$311	9	10	2
	2/6/2017	$1,200	$335	$ 300	$237	$335	112%	158%	971%	21	$434	11	15	0
	2/1/2017	$1,200	$374	$ 300	$108	$374	125%	152%	608%	56	$359	15	4	2
Total		$15,600	$3,849	$3,900	$1,719	$3,849	99%	146%	447%	398	$4,243	112	101	62
Overall target		-	-	-	-		100%	150%	600%	93	$3,250	104	104	78

The objective of the executive-level dashboard is to enable a comprehensive inspection conversation between the executive and front-line manager by providing full visibility at the level of sellers and their activities.

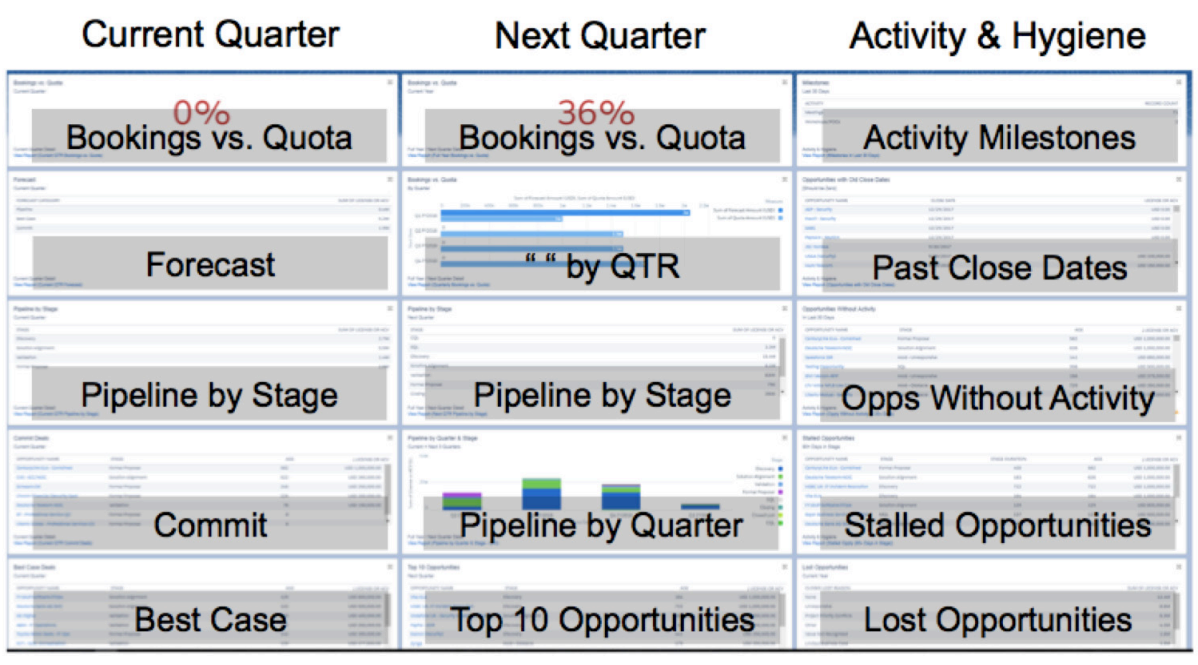
In this example, the left side tracks results, the middle columns track leading indicators, with activities on the right. The purpose of the dashboard is to be both dynamic and prescriptive, making it simple to identify performance, and take corrective action where needed. This can be powered using tools like Excel or Tableau.



SELLER-LEVEL DASHBOARDS SHOULD LIVE IN YOUR CRM TO BE MOST EFFECTIVE

Seller-level Dashboard

The seller-level dashboard provides a single source of truth to drive focused behavior. The dashboard provides front-line managers with the information they need to properly inspect seller activity and progress. It also focuses sellers since it enables them to know exactly where they stand versus their goals, across all relevant KPIs. Because this is rep focused, to be effective this dashboard must live in your CRM, where reps spend most of their time.



The seller-level dashboard is arranged left to right by results, leading indicators, and activities, respectively.

Best practices tip: We recommend making this dashboard dynamic so that sales leaders and frontline managers can quickly and easily toggle between reps or whole teams.

Next Steps

You may ask: **which KPIs should I track?**

We suggest that you categorize your current KPIs into this framework (current Q, next Q, and activities/ hygiene metrics) and determine which metrics fit this construct, and where you have redundancy.

You don't need to track too many KPIs – you just need to track the right KPIs. By using the framework and dashboards described above, and through holding your sellers accountable to manageable, forward-focused metrics, you'll be able to drive more predictable revenue, and consistent quota attainment.