

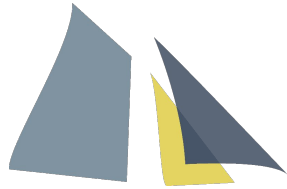


Sales Development

SALON
MERCATO
PARTNERS

DIGITAL EDITION

My experience in sales development



MERCATO
PARTNERS



Adobe

ORACLE

Maritz CX



Our Portfolio

TRAVERSE - GROWTH



PRELUDE - VENTURE



Venture & Growth stages

Product

- Product starting to get pulled into the market
- Sales are mostly grassroots and localized
- Customer feedback is positive
- Revenue and contracts are starting to pick up
- Closed loop feedback system in place

Customer

- Customers are successful and happy (repeat buyers)
- The cost of acquisition is competitive for your market
- Churn is low
- Target customer is well defined
- Specific channels are starting to convert better



Sales

- People – hiring, onboarding, and retention at scale
- Processes – improving & automating process
- Systems – sales tech stack is integrated and adopted
- Reporting – measure, manage, and monitor performance with a customer focus

When does it make sense to build out an SDR function?

Primary
purpose

Improve efficiency and velocity of sales

Secondary
purposes

Lead
qualification

Move leads
through the
pipeline

Provide
specialized
sales support

When does it make sense to build out an SDR function?

When your org is scaling

You should have established sales processes to replicate and scale and capital (which may have just been raised)

To increase pipeline volume

Build out SDRs to offload pipeline development from others with more pressing responsibilities.

Shortly after hiring AEs

You should start thinking about hiring SDRs. You don't want to wait too long after hiring AEs to then hire SDRs

What are the different types of SDRs?

Research

Researching and
enriching leads



Outbound

Generating leads via
outreach



Inbound

Handling inbound leads



What's the career path of an SDR?

- **SDR 1** - Researching and enriching leads
- **SDR 2** - Inbound lead development rep
- **SDR 3** - Outbound development rep
- **SDR 4** - Senior rep, handling enterprise outbound
- **SDR 5** - Sales development team lead or manager



**Provide an off ramp
for high-performing
SDRs to other
functions**

Move SDRs on from stage 1 after checking three boxes:

- ✓ Tenure
- ✓ Certification
- ✓ Two consecutive quarters of quota attainment

What are the first steps to establish the SDR function?



Start with the desired outcome (hint...need pipeline?)



Make sure you're ready to scale (budget, mindset, org design)



Optimize your sales processes



Make your first hires (know who you are looking for)

Note: Sales Development can be quicker to ramp than marketing

Understand what makes a good SDR in your organization and hire traits over credentials

What to look for in a sales development rep



- Personality traits that play over the phone
humility, likeability, credibility and trustworthiness are all necessary on the phones
- Be open to diverse profiles
Your best hire could be super smart and driven with a non-traditional background
- Look for drive
A drive for success, high IQ, and a competitive nature form a high performing personality

When do you need inbound Vs outbound reps?

Outbound Reps: Outbound Sales Development

- Pipeline coverage ratio is below 3x quota
- Sales team attainment below <70%
- Quota assignment and revenue goal are not aligned
- Target accounts are fixed
- ABM strategy
- Customer event qualification

Inbound Reps: Inbound Sales Development

- Product lead growth - try before you buy option
- Demand generation is working
- Marketing team is established
- Raw leads are being sent to the sales team

How many SDRs do you need?

Outbound

Staff SDRs based on the size of your sales team

3:1 AEs to SDRs is optimal for most orgs

Inbound

Staff LDRs based on lead volume to manage

100 monthly leads
per LDR

20 monthly meetings
per LDR

Constantly evaluate your sales development function to drive the cost of sales down

Who should manage SDRs?

Default to sales for managing SDRs



If marketing is responsible for the majority of demand generation...

Marketing may manage SDRs,
but they'll need support on necessary training
and management areas



What are the metrics for monitoring and comping SDRs?

Outreach activity metrics for Outbound SDRS

- Outbound calls: 10-20 calls/day benchmark
- Outbound emails: ~50/day benchmark
- Number of opportunities created

Inbound activity metrics for inbound LDRs

- Response time: best in class is 2 minutes, most end up around 5 min.
- Persistence: 8-12 touches before abandonment
- Win rate from opportunity to booking

Sales outcomes to monitor for both:

- Meetings (set and held)
- Conversion rates throughout pipeline
- Pipeline created
- Opportunities created

How do you design compensation?

✓ **Do:** Design compensation to help meet your desired business outcomes

✗ **Avoid:** Compensation based on closed deals



Option 1: Compensation based on meetings scheduled

If you have a fairly high conversion rate on meetings to opportunities, you might base compensation on meetings scheduled.

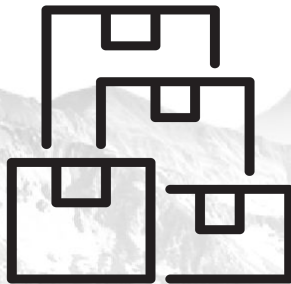
Option 2: Compensation based on opportunities created

If you need pipeline because your coverage ratio is off, then comp based on opportunities created.

Should SDRs optimize for quality or quantity?

Optimize for QUANTITY if...

1. You don't have many leads coming in
2. The conversion rate on leads is high and scalable
3. Your target market allows for a high quantity of outreach



Optimize for QUALITY if...

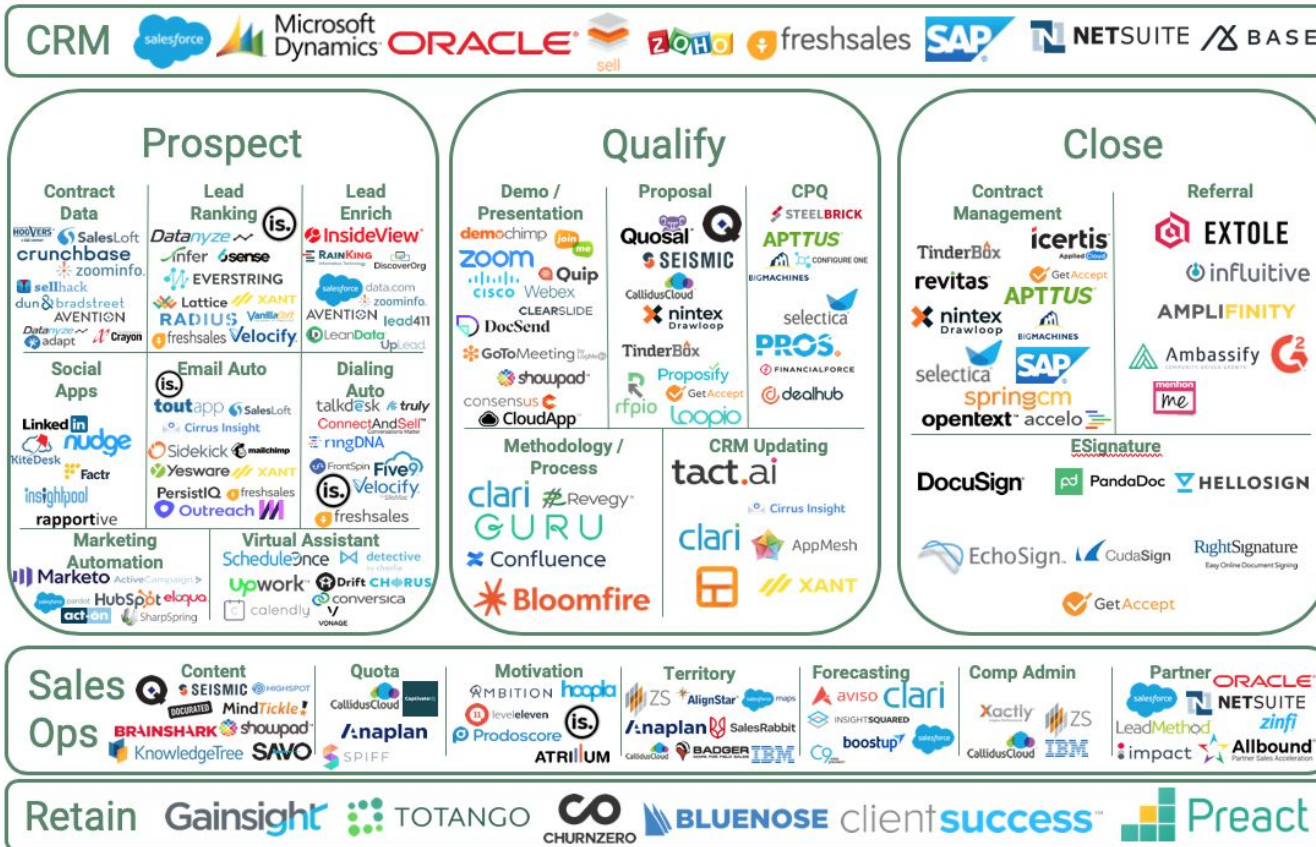
1. You aren't closing on pipeline at the bottom of the funnel
2. You have a limited number of firms in your TAM



Note: With individual SDRs, activity (quantity) typically has a strong correlation with performance

What's the tech stack?

Sales Technology Landscape



Important pieces to get right and common pitfalls?

Do:



Get the process right before scaling



Design the SDR role to get desired sales and business outcomes



Measure, monitor, and take action

Don't:



Automate broken processes



Hire for talent not experience (Vasion)



Be rigid and stick with a bad plan

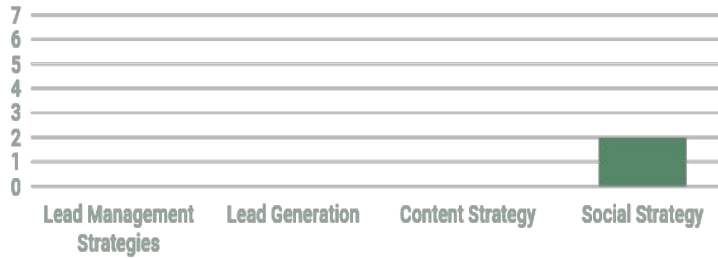


Questions



Why isn't revenue the only metric?

Pipeline
Gen



Score

2.0

Sales
Team



Score

3.0

Revenue
Ops



Score

n/a

Total



2.5

Out of 7

Revenue Operations

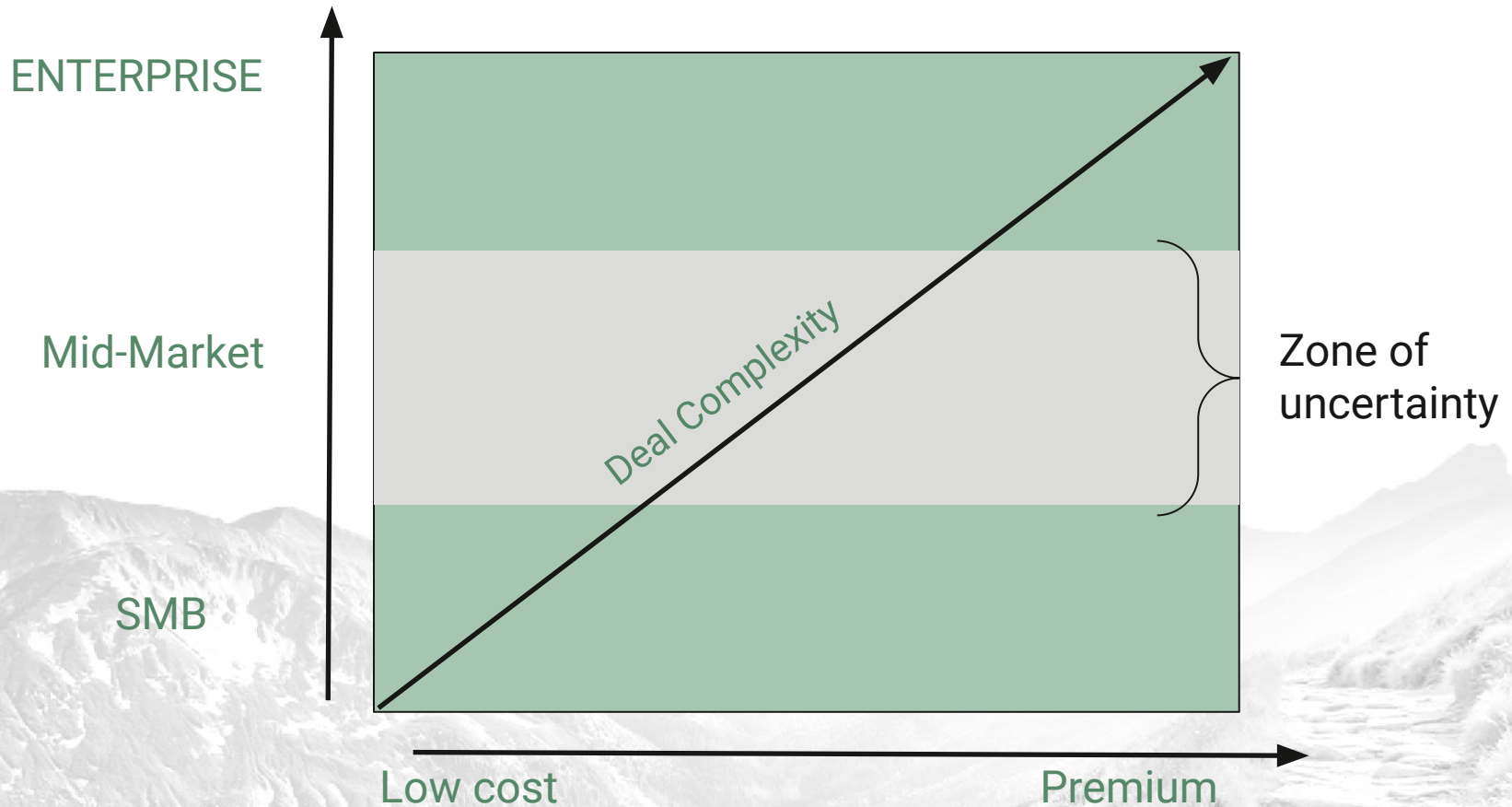
Sales development delivery



- CONFIDENTIAL -

How complicated are your deals?

How many stages to close? How many decision makers?



FUNNEL PERFORMANCE

marketing and sales volume and conversion performance
(quantity & quality)

	April 21	June 21	July 21	Conversion Rate	Target	% to Target
Prospects	9,300	10,200	19,500			
MQLs	932	658	1590			
SALs	746	398	1144			
SQOs	101	71	172			
Won	9	1	10			
Lost	39	7	46			
Active	53	63	116			

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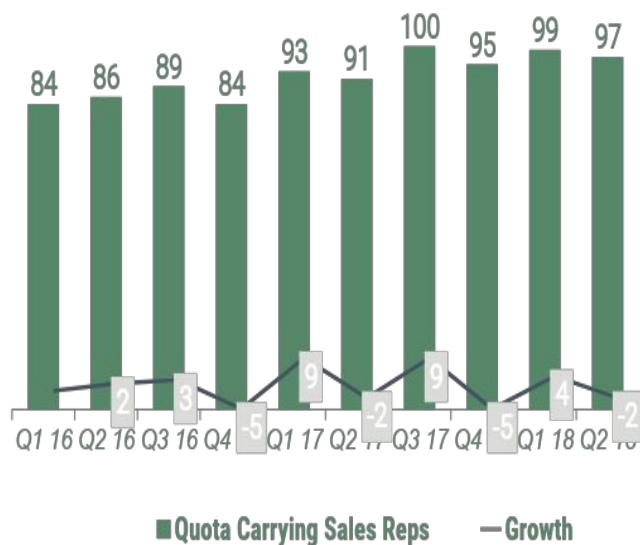
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SALES CAPACITY

ILLUSTRATE SALES TEAM CAPACITY & GROWTH POTENTIAL IN A TERRITORY

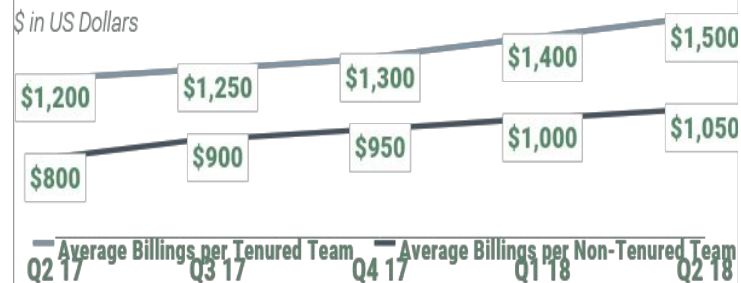
SALES REP COUNT & GROWTH

of Employees



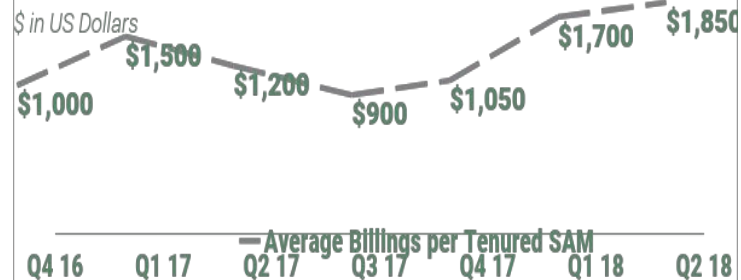
BILLINGS PER TENURE & NON-TENURE TEAM

\$ in US Dollars



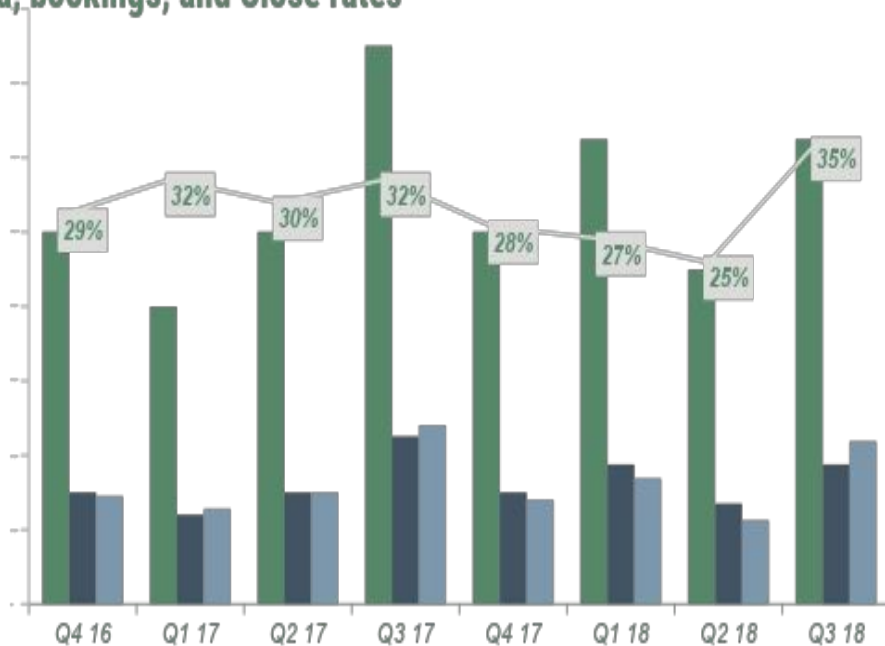
BILLINGS PER TENURE SAM

\$ in US Dollars



PIPELINE COVERAGE

Pipeline, Quota, bookings, and Close rates



- Rolling 90-day pipeline (all stages)
- 2021 quota for revenue org
- Actual bookings for the quarter
- Historical close rates