The Collected Interviews

Top Sales Management Secrets of Mark Roberge

By Mark Roberge, Zorian Rotenberg & Mike Baker

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Meet the Authors

Mark Roberge

Mark is Chief Revenue Officer of the HubSpot Inbound Sales Division. Prior to this role, Mark served as HubSpot's SVP of Worldwide Sales and Services from 2007 to 2013, during which time he increased revenue over 6,000% and expanded the team from 1 to 450 employees. These results placed HubSpot #33 on the 2011 INC 500 Fastest Growing Companies list. Mark was also awarded the 2010 Salesperson of the Year at the MIT Sales Conference. Prior to HubSpot, Mark founded and/or held executive positions at start-ups in the social media and mobile sector. Mark started his career as a Technology Consultant with Accenture.

Mark holds an MBA from the MIT Sloan School of Management where he was a semi-finalist in the 2005 MIT $50K Business Plan competition and was awarded the Patrick McGovern award for his contributions to entrepreneurship at MIT. He holds a bachelor's degree in Mechanical Engineering from Lehigh University. Mark has been featured in the Wall Street Journal, Forbes Magazine, Inc Magazine, BostonGlobe, TechCrunch, Harvard Business Review, and other major publications for his entrepreneurial ventures.

"To succeed as a sales manager, you must think big, make bold decisions, and constantly challenge the norm."

Meet the Authors

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Zorian is a VP of Sales and Marketing at InsightSquared. He has been on management teams of several high-growth global software companies, ranging between $8 Million to $100 Million in sales, all growing over 100% annually. He was also the CEO of StarWind Software, a global software company with customers in over 50 countries. Zorian has been a speaker at a number of industry conferences and online events including the American Association of Inside Sales Professionals (AA-ISP), Inside Sales Summit, Chief Sales Officer (CSO) Insights, Mass Technology Leadership Council, The Conference Board, Heartland Technology Group, and B2BCamp among others. He has written for and contributed to The WSJ Accelerators Blog, Top Sales World, Salesforce.com blog, Revenue Marketing Podcast, DemandGen Marketing Report, OpenView Labs blog, and iMedia among others. Zorian has a degree in Finance and minors in Applied Mathematics and in Computer Science from Lehigh University and earned his MBA from Harvard Business School.

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Mike is a content writer and journalist who enjoys diving into complex issues and exploring the world of data-driven business intelligence. Before coming to InsightSquared, Mike earned an English degree from Oberlin College and wrote for several newspapers, websites and marketing firms around the country.

Foreword

Sales has undergone significant changes in the last several years: It has become more consultative, more analytical, and more closely tied to Marketing. One of the leaders of this charge is Mark Roberge. Over the course of his tenure at HubSpot, Mark has increased revenue over 6,000% and expanded the Sales team from 1 to 200 employees. Behind all this growth is a unique sales philosophy, a steadfast devotion to analytics, and a carefully created coaching strategy.

Sales Managers and VPs across the country have turned to Mark's guidance and insights. And now Mark is ready to share his secrets with you. InsightSquared recently sat down with Mark for a long interview to discuss his thoughts on everything from his mission as a Sales executive to his tips for hiring high-performing reps and aligning Sales and Marketing. In this exclusive 6-part interview, Mark covers a wide range of topics, answering nearly 50 questions that should be at the top of mind for anyone interested in metrics-backed sales management.

Sales Philosophy

Introduction

In the first chapter of this eBook, Mark discusses his **Sales philosophy**.

Behind any successful Sales Executive is a strong and consistent philosophy. In this chapter, Mark shares some of the core tenets of his own philosophy that have shaped the way he leads his team and devises his strategy, including:

- His mission as a Sales Executive
- His biggest mistake
- His technique for building a collaborative Sales culture

How do you approach sales management?

A: I turn to science and data whenever possible and make sure all my decisions are supported by data. This data-centric approach has also helped me be a more entrepreneurial leader – **think big, make bold decisions, and constantly challenge the norm**.

What's your mission as a Sales Executive?

A: To achieve predictable, scalable revenue growth, which I accomplish by using five tactics:
1) **Hiring** the same type of successful sales person.
    a. I use 14 criteria to rate each applicant during an interview.
    b. And then, down the road, I perform a regression analysis to see how they performed after they were hired so I can fine tune the characteristics I'm looking for.
2) **Training** each sales rep in the same way.
    a. All of my new reps go through training during the first month on the job, which consists of designing a website and getting 100 Twitter followers. At the end of that month, each new hire takes 3 examinations and gets an assessment grade from a trainer, which correlates extremely highly to the ultimate success of that rep.
3) Providing each salesperson with the **same quantity and quality of leads**.
4) Having the salespeople work the leads using the **same process**.
5) **Developing leaders** to execute and perfect the process.

How do you get the most from your reps?

A: If you want to get the best performance from your sales reps, you need to understand **the four types of goals** that drive them:

1. Performance
2. Professional
3. Financial
4. Personal

Knowing how these goals motivate your reps will help you coach them and better identify the right incentives to compel them to work more effectively and efficiently.

What are some of the biggest mistakes you made setting up your sales team?

A: I made a lot of mistakes, but the biggest one was around hiring. When we started to scale really aggressively, **I obsessed over hitting the hiring target and I dropped the bar a little in terms of quality**, which really hurt us. The cost of a bad hire is enormous in terms of both current investment and cultural impact. We work really hard to maintain the right culture, so bringing someone on board who goes against that is very problematic.

So now, even though we're continuing to scale quickly, I am willing to miss my hiring target if it means maintaining the same bar for quality.

Another mistake I made was having **a preoccupation with hiring salespeople with a lot of prior experience**. I've learned that it is better to find the right candidate across a variety of criteria – most importantly coachability – than it is to pick the one with the most experience.

How have you worked to create a collaborative sales culture?

A: At many sales organizations, the sales culture is really cutthroat: Fighting over leads, fighting over territory. Even though there's a lot of money at stake and sales can be inherently competitive, we know that no one wants to work in an environment like that, so we've worked really hard to avoid it, but we're always working to get better too.

One of the biggest ways we've worked to combat this is by **using team contests as a motivation factor.** Throughout the industry, it's popular to run sales competitions with individual winners, like whoever gets the most sales this month wins $5000. But having individual winners can often contribute to that cutthroat culture, so for the first 2 or 3 years, **we never ran a sales contest that had an individual winner**. It was always team winners. It's a little thing, but it makes a huge difference.

We also foster collaboration by really asking our reps to develop and teach each other. We encourage our salespeople, as a part of their own leadership development, to come and give presentations to management and the rest of the team. And that emphasis went beyond just the training room and found its way onto the floor.

And finally, it's about who you hire. **We have a 'no jerks' policy**. We've passed on plenty of good salespeople who we thought might stir it up a little bit – they might end up being a top performer, but they would likely have a larger negative impact.

On Building a High-Performance Sales Team

Introduction

No matter how good you are as a manger or how stellar your product, you won't reach your goals if you don't have the right team. This means you must to pay careful attention to how and who you hire. What characteristics correlate with success for a rep? How can you find the best reps? In this chapter, Mark shares some of his favorite advice about hiring, including:

- The 5 core characteristics of a good rep
- Where to find the best candidates
- Essential interviewing tips

What are the attributes you look for when you hire a new salesperson?

A: When we started hiring, we wrote down a set of attributes that we thought would be important and we looked for them during interviews. Then over time, we collected more data and measured **which of those attributes that we looked for actually correlated with success**. We conducted over 1,000 interviews and hired more than 60 people before we did our first analysis. So we graded all our sales reps on 14 different attributes [shown in the figure below] and then ran a regression analysis of how high or low scores in particular areas correlated with success. What we found helped us redesign our sales interview by giving us a new score sheet to help us identify the best candidates.

DEFINE, SCORE, AND ANALYZE CRITERIA

Avg Quota Attainment %		PPR		LTV	
Attribute	**Correlation**	**Attribute**	**Correlation**	**Attribute**	**Correlation**
Prep/HubSpot Knowledge	0.39	Prep/HubSpot Knowledge	0.39	Adaptability	0.29
Internet Mkt Exp	0.38	Adaptability	0.37	Intelligence	0.28
Brevity	0.36	Internet Mkt Exp	0.35	Initiative/Passion	0.25
Adaptability	0.33	Intelligence	0.32	Prep/HubSpot Knowledge	0.22
Prior Success	0.31	Initiative/Passion	0.27	Technical Aptitude	0.18
Initiative/Passion	0.24	Prior Success	0.24	Internet Mkt Exp	0.15
Needs Identification	0.19	Brevity	0.19	Rapport Building	0.15
Rapport Building	0.15	Rapport Building	0.15	Voice Quality	0.14
Voice Quality	0.11	Voice Quality	0.06	Needs Identification	0.12
Intelligence	0.10	Technical Aptitude	0.04	Prior Success	0.12
Convincing	0.05	Needs Identification	-0.01	Objection Handling	0.04
Technical Aptitude	0.05	Convincing	-0.05	Brevity	0.02
Objection Handling	-0.06	Objection Handling	-0.05	Convincing	-0.02
Closing Ability	-0.14	Closing Ability	-0.15	Closing Ability	-0.07

Source: HubSpot Presentation

After all the analysis, we found **5 common core characteristics that predict success in most sales environments**:

1) Coachability
2) Curiosity
3) Prior Success
4) Intelligence
5) Passion

Interestingly, we discovered **that coachability is the most important** of the 5 predictors of success at HubSpot. But the question is how you measure them.

How Do You Define and Measure these attributes?

A: The way we measure coachability is by always including a role play in an interview. After the role play, I ask the candidate to self-assess, which is a great starting point. If they say something like "Well, I feel like I handled this situation well, but I wish I could've done this other one a little bit better," I know that they are self-reflective and that they really analyzed the situation. That's a great starting point. And then I'll give them one piece of positive feedback and one piece of negative feedback, which initiates a dialogue that can be really telling. Are they taking notes and asking follow-up questions to clarify what I mean? This effort tells me a lot. You can tell how quickly they learn what you tell them and how receptive to feedback they are.

- **Coachability** is definitely the #1 predictor of success, but the other 4 are also really important.
- **Curiosity** is another essential trait. A rep who naturally asks great questions, listens well and is always trying to dig deeper is someone who won't rest on their laurels and will make sure that they are always improving.
- **Prior Success** also correlates really well with success here. It doesn't necessarily have to be prior success in our exact space, but prior success in some sales capacity is a really good indicator of high performance. If they were one of the top performers among hundreds of other reps at their prior job, they'll succeed in any environment.
- I measure **intelligence** by how quickly someone can internalize new concepts and repeat them back to me during an interview.
- I also look for a rep that has **passion** in what they do. We have a sales rep who is a Sloan MBA and she is super-smart, but she has no experience in sales. Yet she has passion. She loves working with people, loves selling. And she is OK hearing, "No" hundreds of times per week, which is hard for a lot of people.

As a final, more general point: when we hire, we look for salespeople to transform into "**trusted advisors**" because in the world of SaaS, people can buy on their own without talking to a sales rep and, according to Corporate Executive Board (authors of the Challenger Sale), 57% of the buying process is over before the buyer talks to a sales rep. Today, reps must be trusted advisors and consultants rather than aggressive salespeople. So we always look for people who can really embrace that consultative aspect of modern sales.

From your analysis, what didn't correlate well with success?

A: We were surprised, but many of the attributes we initially thought would predict success – closing skills, objection handling and, most surprisingly, experience – didn't really correlate. Remember, this is for HubSpot, and experience can correlate well with success in other contexts.

But for us, **experience didn't matter as much**. I did a lot of experiments with experience level – like was it better to have 15 years of experience or no sales experience – and there was a strong correlation between success at HubSpot and less prior experience. In fact, we've found that 2 to 5 years of experience is ideal – as people have more experience, they become less moldable, which is important in our space because most reps have never sold something like our product before.

So, more than specific experience, I look for past success. For example, we have a rep who never sold software before but had been a top performer at a Pharmaceutical company, and he's a top performer here. I'd much rather take someone who performed really well in another industry who hasn't sold anything like our product, than someone who's average, but knows our industry.

Rep experience doesn't matter so much?

A: As it turns out, no, not for us. Finding someone with a ton of experience is much less important than finding someone with **high potential**. And this potential goes back to the attributes we determined did correlate with success: coachability, curiosity, prior success, intelligence and passion.

So it really comes down to accurately identifying this potential, which really depends on your specific context: Who are you selling to? What kind of product are you selling? What types of problems are you solving? All of these things determine what the right sales rep is for your company.

So for us, I've found that prior experience in our specific space doesn't necessarily correlate to success at HubSpot. I've hired people who had performed well in a similar context but who didn't do well with us. I've also hired people from totally different contexts who came in and did really well with us. So instead of looking for experience in our space, I look for people with the traits that we've determined predict success at HubSpot. To do this, we carried out a regression analysis a couple of years ago.

Where do you find good candidates?

A: You can't find great candidates on job sites, but sometimes good recruiters can help. The best sources of great candidates, though, are **your company**, your **sales team**, your own network, local sales **networking events**, passive recruiting on **LinkedIn** and **networking** with salespeople and asking them for referrals.

What interviewing tips do you have?

A: Because finding the right reps is so important and because, like I said, there is a huge cost of a bad hire, we take interviews really seriously. These are my 3 favorite interview tips:

1. Have the candidate perform in several **role plays** throughout the interview process. Make sure these role plays are as specific to your company and context as possible, and have the candidate prepare for these exercises in advance.

2. Because we've found that coachability is so important, I think it's essential to **coach the candidate** throughout the interview process to gauge their ability to respond to coaching. So, for example, conduct a role play, give the candidate feedback and then do another and see how they incorporate the comments you gave them. How the candidate responds and adapts to coaching during an interview is a huge predictor of their potential, in my opinion.

3. For sales roles that involve calling prospects, conduct at least one of the **role plays on the phone**.

How do you onboard your new salespeople?

A: Well it goes back to that first month training program that I talked about a little earlier. **For their first month on the job, our reps don't sell anything** – they learn about the pain of our potential customers by starting a website and driving traffic to it. It's a little unorthodox, but we really believe it's incredibly important to teach our new reps, on a fundamental level, how to do their target persona's job, and train them as consultants and experts who can solve our customers' pains.

This connects with one of my primary philosophies, which is to hire and train reps not to "Always Be Closing" but to "Always Be Helping."

On Sales Management, Coaching and Training

Introduction

Coaching is what elevates a good sales team to a great one. But coaching is hard. What can you do to avoid overwhelming your reps? What are the most important skills to work on? How do you correctly diagnose a rep's main shortcoming? In this chapter, Mark shares his best practices for effective, metrics-backed sales coaching, training and managing, including:

- The importance of focusing on coaching one skill at a time
- A system for accurately evaluating reps
- Tips for incentivizing your reps to improve

How important is coaching to a sales team's success?

A: Sales management is all about coaching.

I wanted to be a professor because I love to teach people and watch them develop, and this carries over into the way I approach sales management. I have an expectation that everyone on my team will improve each month, and this requires managers to make time for coaching. **I expect my managers to maximize the time they coach** – this is the most important part of their job, in my mind.

But making time for coaching isn't enough – you must also coach the right way, which to me means being specific and not trying to do too much at once. In other words, **focus on only one skill set at a time** and don't overwhelm your reps. Focus on this one skill until it improves – you can't set a specific time for this improvement, it has to happen organically. A sales manager must allow people to grow up slowly and at a realistic pace.

But how do you know which skill to zero in on? To do this, we use **metrics-driven sales coaching** so that we can accurately diagnose sales reps' weak points and provide coaching grounded in real metrics.

How do you diagnose the right skill to work on?

A: Well, you need to lean really heavily on the data. Each rep will have a different set of strengths and weaknesses, so it's important to start at the top and use data to precisely identify where each one needs coaching.

Diagnose the Skill Issue: Start at the Top
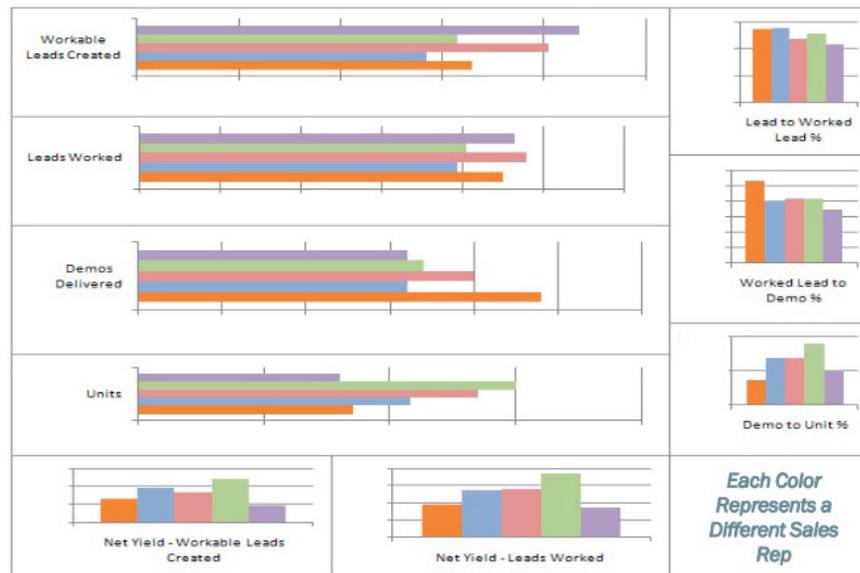
* Data has been altered from actual HubSpot data for the purposes of this presentation

Source: HubSpot Presentation

So, for example, if you use data and notice that one of your reps isn't working enough leads [like the salesperson represented by the blue bar in the second section of the figure above] you need to dig in and identify the root causes for this shortcoming. Is he **over-investing** in unqualified opportunities? Does he have time management issues? Does he have a **fear** of making calls? Does he have a **lack of personal goals** or not enough motivation? This will determine how you co-create a coaching plan to address that shortcoming.

What do you mean by a "lack of personal goals"?

A: A lack of personal goals is a potential diagnosis when you see an activity issue. I think it's really important to connect daily activities for reps with their personal goals because **when you associate your personal goals with your daily activities, you're more motivated**.

One example I give is the diamond ring. Say a rep wants to buy an engagement ring for his girlfriend. As a manager, you can use this information to help that rep improve his activities. It can be hard for reps to get the motivation to keep their activities up, but if you find a way to tie it to their desire to buy an engagement ring, it's easier to keep that drive high. **When you relate the sometimes mundane activity of sales with that high-level personal goal, it's way more psychologically powerful.**

So that's why I say that focusing on personal goals can be a way to help reps improve their activities, if that's the one skill you want to focus on. But activity is just one potential skill that needs to be addressed, and they each have their own specific correction course.

What are some other skills you look to improve?

A: There are a lot. One could be **demos delivered**. If a rep is coming up short in delivering demos (and not just in pure activities), you should dig in and find out why. Is the rep **not prospecting deeply** enough? Is she failing to make a **personal connection** with her leads? Is she **unable to build trust** on a connect?

Another one could be **meetings scheduled**. So what's the cause of that? Is the rep failing to develop a **sense of urgency** with his leads? Is he **getting beyond the surface pain**? Getting beyond the surface pain is tricky. At HubSpot, we tell our reps to get beyond the surface pain with the three levels of "Why":

1. **Identifying a specific pain** that is quantified and implicated

2. **Understanding a prospect's goals**. What happens if they don't hit their goals?

3. **Learning why timing is important.** What happens to the prospect if they delay purchase?

The larger point, though, is that you need to **diagnose** the problem they're having, **drill down** until you've found its root cause and then **coach the rep on the one skill** that will help resolve that problem.

Why is it so important to focus on one skill at a time?

A: The biggest mistake new sales managers make is trying to work on too much at once. Almost every new manager makes this mistake. No rep is a rock star on day one, even if they have the potential to be, so a lot of managers see so many ways they can improve their reps that they end up just throwing too much at them, which ultimately overwhelms them.

This is natural, you see a lot of ways to improve a rep and you instinctively want to help them. But you've got to fight this temptation. So the first step to really effective coaching is to take the first hour's worth of feedback and pare it down. **What's the one skill they can improve that will make the biggest difference right now?**

What do you do once you've identified the one skill?

A: After you've identified the one skill you need to work on and used metrics to create a customized plan to address it, you need to **get buy-in from the rep**. Reps respond much better if their managers come in and co-create a plan with them instead of just coming to the meeting and saying "OK, I've looked at the numbers and this is what you're going to work on this month."

Instead, it's more effective to have a conversation like this: "I've done some research about your performance and I have a few theories on where you can improve, but I want to talk to you about it."

And there's two reasons I do this. First, like I said, I get the buy-in, which helps the rep become more invested in the improvement process. And second, sometimes I actually am **swayed by their own interpretation**. I mean, I can go through and identify the skill I think they need to work on, but sometimes I'll go through the whole presentation and they'll say, "Listen, I'm really struggling with my email prospecting." And they nailed it!

So at that point, it's much easier. I have buy-in from the rep and we've identified a problem and then we can co-create a plan for resolving it. "So you need help with your emails? OK, I helped Tom with this a few months ago, so let's schedule 3 meetings this month and we'll work on a way to improve your connects." And then you should **actually schedule those 3 meetings right then and there.**

And this process is a really important part of the way I train all my reps. It's tailoring the training to them while still ensuring that they get the same training in general so that I can more accurately and consistently evaluate them.

How do you go about training them in the same way?

A: Well, the first part is what I talked about earlier: Having all of my reps spend the first month on the job just experiencing our customers' pain. And then – in addition to using the same process to diagnose the one skill they need coaching on – I make sure my reps all have an individual path to success.

Most companies follow the same broken process in terms of training: They hire a rep, give her a sales manual or playbook, and have her shadow a more senior rep.

But this approach has some inherent flaws. Often, the new rep will simply be learning

another sales rep's individual selling style instead of learning based on their own specific characteristics. Most salespeople do one thing very well but are mediocre at the rest, which means they naturally tend to center their teaching on the one skill they excel at—and this doesn't translate to a complete or successful learning experience.

Reps who succeed, succeed differently. One might be great at learning the product and persuade customers that way. Another might use his natural charm to win over customers. But the bottom line is that all reps are different, so your **coaching has to be tailored to the individual rep.**

So, at HubSpot – and this is a really important part of my sales philosophy – we help reps find their own path to success. A big part of this is providing all of our reps with a **consistent sales process** and the same sales playbook (with our target customer, competitors, product information, common objections, etc.).

After that, it's the sales manager's job to coach the reps and encourage them to consistently use their individual skill sets. And once they've been trained the same way, it's easier to create a sustainable process where you give them the same type of leads and expect the same results from them, which makes it easier for us to evaluate our reps.

How do you evaluate a sales rep?

A: Essentially, we look at three criteria to judge the success of a rep:

- Average quota attainment %
- PPR – Productivity Per Rep (i.e. hitting their monthly revenue goal)
- LTV – Life Time Value of the customers they signed up

That last metric, LTV, is interesting because it highlights a unique (and dangerous) aspect of SaaS sales: **sales reps can close deals by selling to the wrong people, applying too much pressure or improperly setting expectations**. Doing these things may make them appear successful, but the consequence of these tactics is that those deals will usually churn fast. So an important metric for success is whether the customers that reps sign up have a long life time. Paying attention to LTV is also useful because it takes into consideration the size of the monthly payment, which can tell you a lot about how well a rep prioritizes larger deals and manages their overall funnel to maximize revenue.

What are some of your favorite rep development tactics?

A: My top 5 favorite tactics for developing reps are:

- **"Black Hat/White Hat" film reviews** where you listen to a recorded call as a team and have one person give positive comments and another give negative feedback.
- **Role playing/modeling** with both reps and managers.
- **Call prep** and **post mortem** discussions to give call-specific feedback.
- **Pipeline reviews** with discussions about specific opportunities, which are a great way to challenge every opportunity in pipeline and ask reps directly why they think a certain deal will close.
- **Daily activity reports** that show reps exactly where they stand in terms of the activities they performed during a day.

What is your promotion philosophy?

A: Promote from within, even if it means making someone a manager who has never managed before. However, there's a theory that says you shouldn't promote your best reps because sometimes they're a little egotistical and they have no empathy. But on the flipside, you don't want to promote your worst reps.

It's a really tough dance. I look for **reps who are somewhere between very good and exceptional.** They should be pretty well-rounded, not exceptional at one skill and mediocre at the rest. Because, **whatever weakness they have will be multiplied by 8** when they get an 8-person team.

So I always want that well-roundedness and someone who has those "soft" leadership skills: listening ability, empathy, building teamwork, managing conflict, coaching ability. Not everyone who's a great rep can be a good coach. Coaching is a skill in itself.

What is your firing philosophy?

A: We try to keep the fuzziness out of it. Fuzziness leads to politics. For us, if you're below 80% of your average for the last 4 months, you go on a performance plan and you have 2 months to get yourself out. There can be extenuating circumstances, of course, but for the most part we try to stick to those rules.

Of course, with that said, we're all human, and there are always some exceptions and extenuating circumstances – disability, medical, death in the family. So we can give people a chance to right the ship.

Do you pay recurring commission?

A: No, we don't, and we've actually thought about that a lot. **We try to pay out as much up front as possible**. We used to pay purely based on acquisition: You sign up a customer, you get $500. That worked early on when we really primarily concerned with getting lots of customers. And we did. But then, two years later, we had a churn issue, so we changed our commission structure to emphasize low churn, which had an immediate effect. After that, though, we saw that salespeople were almost becoming too hesitant about bringing customers on, too focused on keeping churn low, so we tweaked our commission structure again recently, and now it's **aligned with how far in advance they pay for HubSpot**. So if a new customer pays a year in advance, the rep gets the entire commission up front. If they pay six months in advance, we pay the rep 75% upfront and the rest at the six-month anniversary. If they pay monthly, you get half of it now, a quarter in six months, and the last quarter in 12 months.

I've seen models – in insurance, for example – where they pay you just an annuity – whatever you bring in every month they just keep paying you a percentage. But this is dangerous because it can lead to a situation where long-tenured reps feel like they can take the whole month off and still bring in plenty of money from ongoing commissions. So they have no reason to go hunt for new deals. You need to come up with a commission structure that works for your specific company and industry.

How should you think about On-Target Earnings (OTE)?

A: Again, it's very contextual, but it should really be based on **the top-down economics of your business** – what percent of revenue are you going to spend on Sales and Marketing as opposed to research and development and so on. And once you figure out what percentage of the budget your team is going to have – the top-down part of the equation – you can start thinking about how many reps you want to hire.

Now you've got some decisions to make. Are you going after experienced field reps who are going to sell face-to-face? Now you're talking about relatively sophisticated, expensive reps with big expense budgets. They're probably going to cost $200,000 - $300,000. You can look at market rates in your area to see what those reps are going to cost to bring in, which will tell you how many you can hire.

Once you have that you can really start thinking about OTE. **How much business do these reps need to generate to make the whole business work?** And this involves a lot of metrics: Lifetime value of the customers they bring on, customer acquisition costs,

payback ratios. So if it's costing me $50,000 to a close a deal that pays me $5,000 per month, that's a 10-month payback period. You need to look at that efficiency on your Sales spend to see how much you can pay these guys and how much quota they have to carry, and that's how you figure out OTE.

Of course, it also varies **how long it will take a new rep to become fully productive.** For some companies, their product is so simple, a rep can ramp up in 2 weeks. For others it can take 6 months. But once they are, their OTE to bookings should be around 10 to 15%.

How do you use contests to motivate you reps?

A: Like I said before, I think it's really important to **emphasize team contests** over individual contests – it builds morale and reduces unhealthy competition. So we try to do fun things where the prize is something that the team can do together – going to a NASCAR track and letting the reps drive the car, taking a limo to the casino, stuff like that.

On Running Sales Meetings

Introduction

Meetings form the backbone of sales management, so you need a consistent meeting cadence to get the best performance from your reps and the best chance to hit your number. This doesn't simply mean putting a series of meetings on the calendar at the beginning of the month – it means holding the right meetings at the right time with the right people and the right objectives.

In this chapter, Mark explains his own sales meeting strategy, including:

- How to create a meeting blueprint
- What types of meetings to hold
- How to conduct effective meetings

What types of meetings should a Sales Manager have with his reps?

A: The specific cadence really depends on the context of your business, but here is a general blueprint:

1. **A one-on-one coaching meeting on the first of the month** where direct managers discuss how the last month went for each rep and look at the month ahead. This is a very metrics-driven sales coaching meeting that should ideally highlight the one skill that rep is going to focus on for the rest of the month.
2. **Opportunity review meetings twice a month**. Again these should be one-on-one and they should be used to review each rep's individual pipeline. It's important to really look at the newer opportunities toward the top of the funnel. I think one of the mistakes a lot of managers make is focusing on opportunities that are already deep in the funnel. Your influence over that is so small. You should always focus on the early-stage opportunities.
3. **Team meetings once a week** that focus on general coaching. This is when I'll do a "White Hat/Black Hat" meeting where we'll have one rep on the hot seat, and we'll listen to one of her calls and have one person assigned to give positive and another to give negative feedback.

Do you have specific tips for conducting regular meetings?

A: You can't overlook the importance of regular meetings with your reps. Here are some of the fundamentals:

1. All manager-and-rep one-on-ones should be on the **first of the month**, and they should take your whole day.
2. When you identify a specific skill for a rep to improve at one of those coaching meetings, you should **book the follow-up meetings right away**.
3. Opportunity Review Meetings should start by **reviewing new, early-stage opportunities**, followed by stage 2, stage 3 and then review each stage count and $ amount and drop-offs.
4. Managers should **meet twice a week with new reps**, and less frequently with more senior reps.
5. Have one team meeting a month that focuses **on general news** about the company, the product, etc.
6. Spend the rest of your time executing **coaching plans**.

As an executive, how do you use meetings to guide a rep's continual improvement?

A: Basically, I make sure that the first-of-the-month meetings are unfolding in the way I just explained. So, on the 2nd day of the month, I sit down with all of my directors and go through every single rep on their team. **What's the one skill that person is working on this month?** How did last month turn out for them? This ensures that all of my directors are sitting down with the managers who report to them, and that managers are meeting with all the reps under them on the first of the month and holding the meetings the way I described in the last question. **I use meetings with my managers to ensure that the meetings they're holding with their reps are focused on continual development.**

Hold Sales Team Accountable to Effective Coaching

	1st Day of Month	2nd Day of Month
Morning	**Sales Person / Manager Independent Reviews** • Think through qualitative performance • Review individual metrics • Think about Skill/Development Plan	**Director Meets with Manager** • Review Skill / Developmant Plans for each sales person
Afternoon	**Manager Meets with Sales Person** • Discussqualitative performance • Review individual metrics • Co-Create Skill / Development Plan	**VP Meets with Director** • Review Skill / Development Plans for each sales person

Source: HubSpot Presentation

How should I conduct my weekly group meetings with the Sales Team?

A: These are group meetings and they not meant for coaching but mainly to meet with your entire team and give them an update.

1. Give a **general update** of where things stand for the month.
2. Reminder of **promotions, contests, SPIFs or marketing campaigns** you're going to run.
3. **Update** on new product features.
4. **Ask reps to share** new ideas about talk tracks or strategies.
5. **Be positive** and show appreciation.
6. Show **bookings trend.**
7. Show forecasts and **where your team stands** against its goals.
8. Show where your reps are month-to-date in terms of **activities against goals**.

How should I use film review meetings to coach my team?

A: Yeah, like I said, I really like having team meetings where we have what I call "Black Hat/White Hat" team film reviews. Basically, about once a week, I'll have a team meeting where we listen to a recorded call from one of our reps. I assign one person to give positive feedback and one person to give negative feedback to the rep after we listen to the recording. So the positive person (or "white hat") explains what they thought the rep did well in that particular conversation, and the person giving negative feedback (the "black hat") will pick two or three things they think the recorded rep could have done better. It's just a great way to spark a natural dialogue and have everybody learn using a real-world example.

How should I conduct the first monthly 1:1 meeting with each rep?

A: The first-of-the-month review meeting might be the most important meeting you have all month, so you should have a standard procedure for it:

1. Hold them on the **first selling/business day** of the month.
2. **Review** last month's numbers with the rep.
3. Have an in-depth **conversation about last month** and why turned out the way it did.
4. Have the rep **self-assess** qualitative and quantitative performance.
5. Determine a **single skill** to work on.
6. Work with the rep to **co-create** the coming month's development plan (using **specific metrics**).

7. **Customize a coaching cadence** for the rest of the month based on the discussion and actually book three 90-minute sessions right away in that meeting (this is critical to do immediately together and not delay because sales management is all about sales coaching and this is a priority).

How do you run the Sales Coaching Meeting with each rep?

A: Coaching meetings are separate from Forecasting Meetings and Pipeline Reviews. As a sales manager, you need to have a coaching cadence during the month and three of them should be 90-minute sessions, which you will have booked right in your first 1:1 monthly meeting with your rep. It's a skill development meeting. Well, you need to lean really heavily on the data. Each rep will have a different set of strengths and weaknesses, so it's important to start at the top and use data to precisely identify where each one needs coaching.

Diagnose the Skill Issue: Start at the Top

Data has been altered from actual HubSpot data for the purposes of this presentation

So, for example, if you use data and notice that one of your reps isn't working enough leads [like the salesperson represented by the blue bar in the second section of the figure above] you need to dig in and identify the root causes for this shortcoming. Is he **over-investing** in unqualified opportunities? Does he have **time management** issues? Does he have a **fear** of making calls? Does he have a **lack of personal goals** or not enough motivation? This will determine how you co-create a coaching plan to address that shortcoming.

You should look for one skill to improve and focus on that until you feel the rep has improved. This is why you need to use "metrics-driven coaching" and measure carefully whether your coaching is moving the needle. You need to diagnose the problem they're

having, drill down until you've found its root cause and then coach the rep on the one skill that will help resolve that problem.

The biggest mistake new sales managers make is trying to work on too much at once. Almost every new manager makes this mistake. No rep is a rock star on day one, even if they have the potential to be, so a lot of managers see so many ways they can improve their reps that they end up just throwing too much at them, which ultimately overwhelms them. So the first step to really effective coaching is to ask what is the one skill they can improve that will make the biggest difference right now.

After you've identified the one skill you need to work on and used metrics to create a customized plan to address it, you need to get buy-in from the rep. Reps respond much better if their managers come in and co-create a plan with them instead of just coming to the meeting and saying "OK, I've looked at the numbers and this is what you're going to work on this month."

Instead, it's more effective to have a conversation like this: "I've done some research about your performance and I have a few theories on where you can improve, but I want to talk to you about it."

And there's two reasons I do this. First, like I said, I get the buy-in, which helps the rep become more invested in the improvement process. And second, sometimes I actually am swayed by their own interpretation. I mean, I can go through and identify the skill I think they need to work on, but sometimes I'll go through the whole presentation and they'll say, "Listen, I'm really struggling with my email prospecting." And they nailed it! So at that point, it's much easier. I have buy-in from the rep and we've identified a problem and then we can co-create a plan for resolving it. "So you need help with your emails? OK, I helped Tom with this a few months ago, so let's schedule 3 meetings this month and we'll work on a way to improve your connects." And then you should actually schedule those 3 meetings right then and there.

And this process is a really important part of the way I train all my reps. It's tailoring the training to them while still ensuring that they get the same training in general so that I can more accurately and consistently evaluate them.

How should I conduct Pipeline Reviews?

A: This is a meeting that is intended to oversee how the reps are managing their open opportunities.

1. Hold **30-minute opportunity reviews** at least twice a month with each rep.
2. Start with **newly added early-stage opportunities**.
3. Make sure all new opportunities are **properly entered**.
4. **Explain process changes**. You will always have reps who don't agree with your process, but you should make sure they understand why it's important.

Here is a report from InsightSquared that is a great example of what you should be looking at to review the current set of Opportunities (categorized by each stage) in the Pipeline in total and also per rep each week:
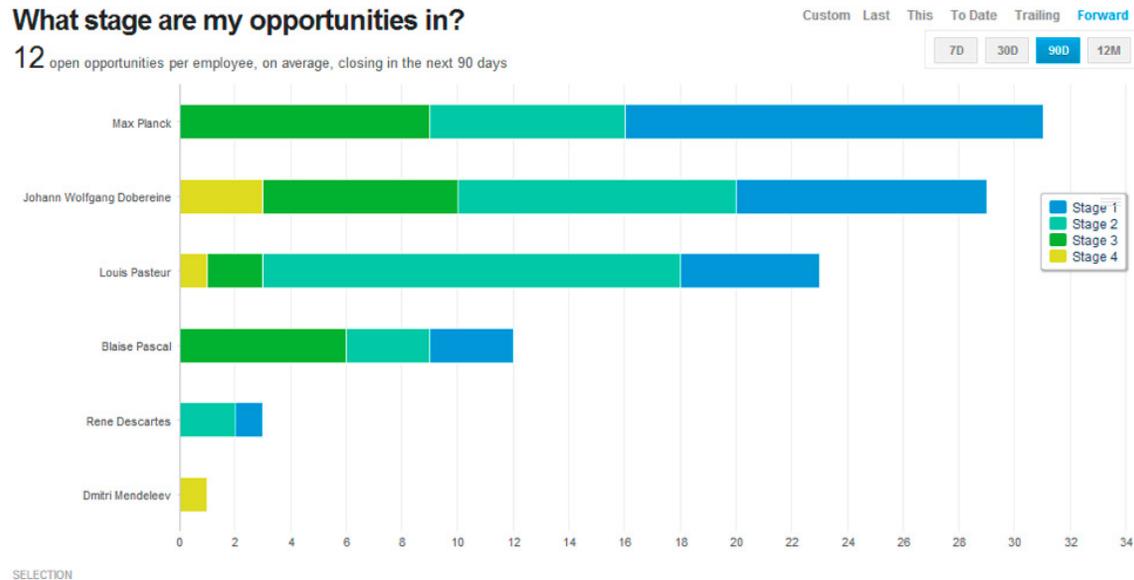
Additionally, during your pipeline review meetings, you should be looking at pipeline history for each rep and in total for all of your reps. How much is the pipeline changing or how many open opportunities are in your pipeline over time, broken down by stage? Are there more opportunities in your pipeline than there were last week? Last month? Last quarter? Based on your historical pipeline data, does your team and each individual rep currently have enough opportunities to hit the number? Analyzing your pipeline count over time in your Pipeline Reviews allows you to see if your pipeline is growing and how well your current pipeline sets you up to hit your number.

How is our pipeline count changing?

64 opportunities in the pipeline today

Custom | Last | This | To Date | Trailing

7D | 30D | 90D | 12M

Legend: Qual, Present Solution, Technical Fit, Closing

SELECTION: All | Top 15 | None

INTERVAL: Quarter
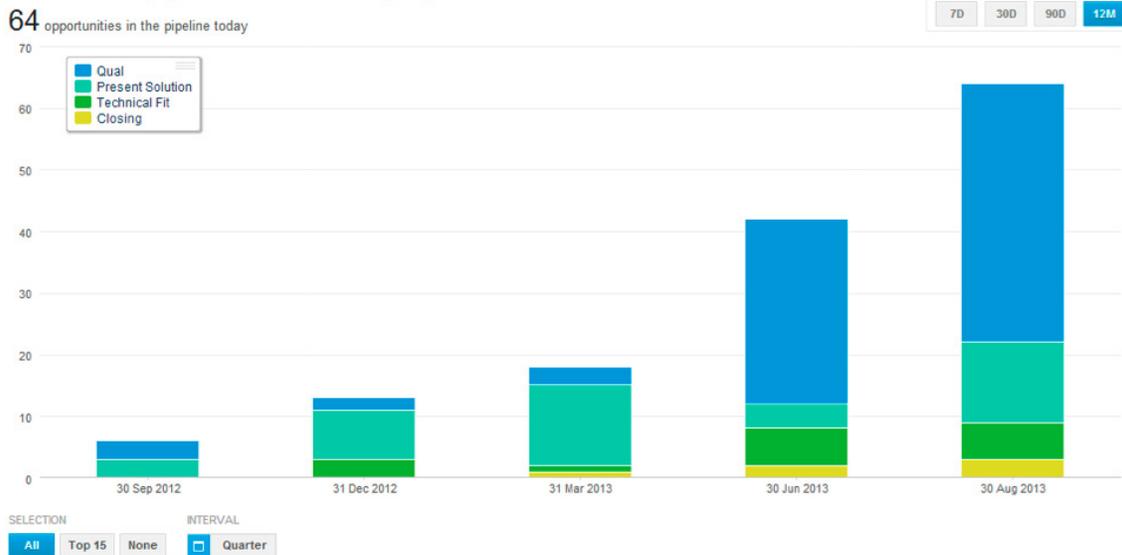
How is your pipeline changing over time?

How should I run the Forecasting Meeting with each rep?

A: This meeting is more for inspection rather than general review of the rep's pipeline. It's a good idea to separate your deal inspection or forecasting meetings from your overall pipeline review meetings. In this meeting you should know the total forecast for the current selling period and you should also understand clearly what changed from the previous forecasting meeting and why. Additionally, one of the key objectives of the Forecasting Meeting is to help your reps identify how to close their opportunities and ensure you figure out what areas you can assist them with (is it qualifying and doing a better needs assessment, ensuring you are talking to the decision maker, negotiating, etc.).

Also, remember that the frequency for these meetings is different for seasoned reps than for your new, inexperienced reps. If you are meeting someone very experienced who hasn't missed a number in a year, then you can be scheduling this 1:1 Forecasting Meeting every two weeks for 30 minutes each but for new reps you would do this weekly and for a full hour. So this is really circumstantial. Finally, in a Forecasting Meeting you want to make sure your rep's activities are on track and determine the key skills your reps should work to improve that you can help them with that during your coaching sessions.

Here are a few other things to keep in mind:

1. This is a 1:1 meeting between the sales manager and the rep and you ideally want to start these meetings on the first selling day of each month.

2. Drill into every forecasted opportunity and start by carefully reviewing the opportunities that are just entering the pipeline (your top-of-funnel or early-stage opportunities) instead of only looking at the late-stage opportunities that are about to close. The reason to look at early-stage opportunities is, because by the time they are late stage, it is too late for you to help your reps. Many managers make a huge mistake of just digging into opportunities that are deep in the funnel which is totally wrong – your influence at that point is so small that at this point everything is pretty much done and most issues that creep up at the end of a sale can't be helped at this point.

3. Lock each rep's forecast halfway through the month.

4. Create a forecasting chart – rep by rep – that shows what they locked in mid-month vs. what they actually closed – **above the line means they were sandbagging, below the line means they underperformed**.

5. At the next meeting, adjust their forecast based on their historical performance and explain why you are doing that based on the previous point.

I like to look at a sales forecast that is "metrics-driven" rather than merely intuition-driven and that's based on Pipeline Stages (stage to stage conversions) rather than based on traditional Forecast Stages (such as Commit vs. Strong Commit or Upside vs. strong Upside) but I look at it based on historical conversion rates in the funnel and look at the opportunities currently in the pipeline applying those conversions to the current pipeline and getting a forecast based on that. Here is an example of what that Sales Funnel looks like with stage to stage conversions and beneath that is an example of what a "data-driven sales forecast" looks like, which is another report from InsightSquared – this forecast is based on Pipeline Stages rather than Forecast Stages.
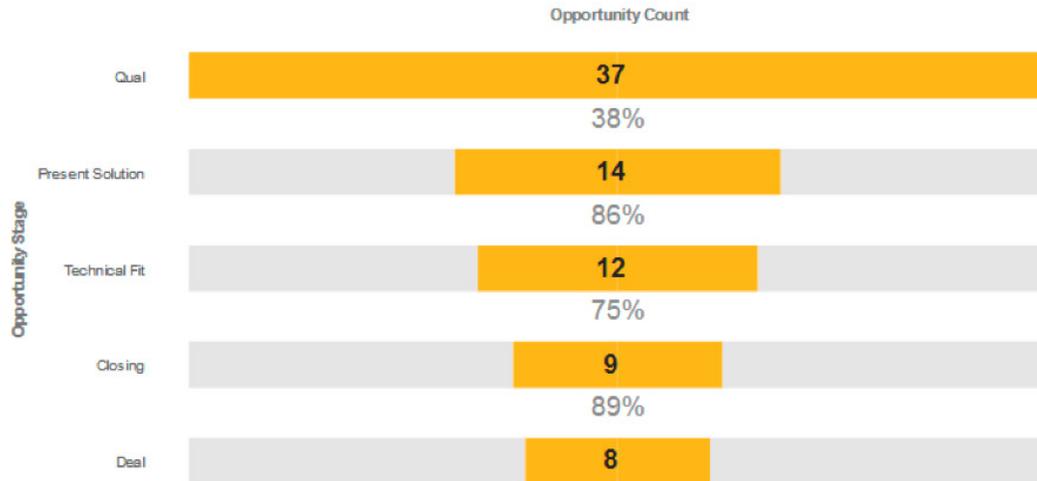
How are your opportunities progressing?
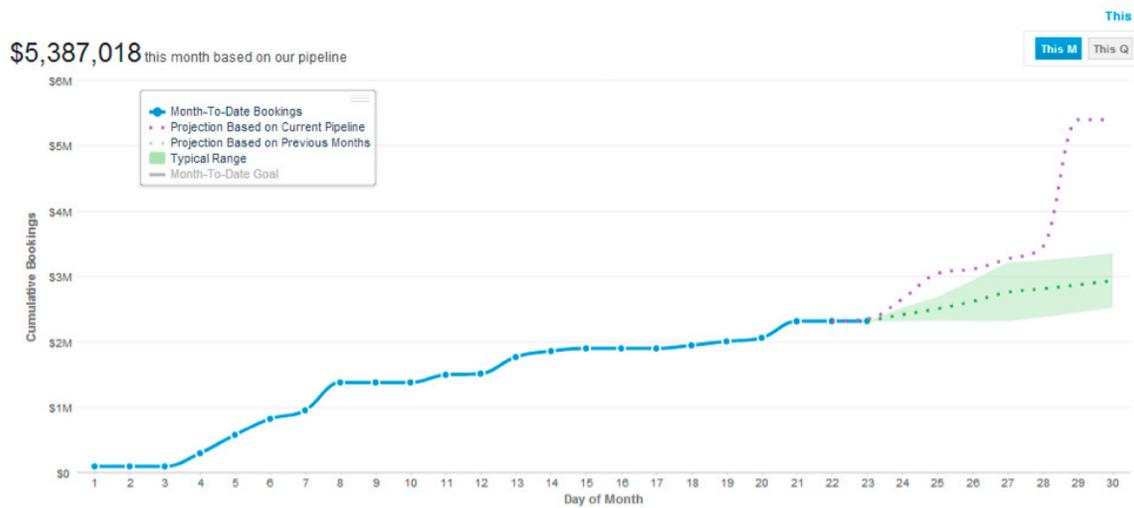
What does your bookings forecast look like?

On Sales and Marketing Alignment

Introduction

The days of a heavy divide between Sales and Marketing are over. Today's most successful companies proactively create a collaborative environment in which Sales and Marketing communicate clearly and frequently about how they will collaborate to generate leads and grow revenue.

At HubSpot, this alignment is especially emphasized. In this chapter, Mark talks about:

- When a company should start using inbound marketing to generate sales leads
- Tips for improving Sales and Marketing alignment
- The essential metrics for measuring alignment

When should you start marketing to generate leads?

A: **It's never too early to start marketing - especially blogging.** We began blogging 9-12 months before we even had a product. We didn't even know exactly what our product would look like; we just knew that we wanted to help small businesses reinvent their marketing. So we started writing about that, and we ended up with 1,000 people reading our blog before we even launched our product. And that helped us build a better product because we had been learning from our readers – asking them questions and getting feedback. By the time we launched our product, we had 100 people who told us they wanted it, and we ranked in #1 in Google for Internet marketing, which also helped us attract VC funding.

Another really powerful way we used marketing to generate leads was by running a **Survey Monkey** with 30 questions. We offered an iPod as a prize and tried to get as many people to answer the survey as possible, and **each one of those questions became a blog article.** At the end of the blog, we said, "Click here to download the whole report." They'd give us their name, title, phone number, and email address, and we'd give them the report. It's a huge lead generator, it's great blog content, and it's really simple.

How do Sales and Marketing work together to hit the bookings number?

A: We have great communication between Sales and Marketing about what is needed to reach the bookings number. We call this our SLA – or Service Level Agreement – which is essentially a "contract" between the two departments that defines following things:

For Marketing:

- How a lead needs to be **qualified** before it is ready to be handed from Marketing to Sales.
- The **number** of such qualified leads needed each month.

For Sales:

- **How quickly** sales reps must attempt to contact a lead.
- **How many** attempts each rep makes to contact that lead.

Maintaining a high quality of leads is essential for Sales and Marketing alignment, and it also helps us ensure that we are giving our reps the same quantity and quality of leads, which is one of the foundations of my sales philosophy.

How else do you ensure that Marketing provides Sales with a consistent quantity and quality of leads?

A: Well, in addition to a strong SLA, you have to develop an inbound marketing engine for this to work, which requires a lot of data and analysis. We have an amazing marketing team that generates leads in accordance with our SLA, which helps us ensure that all of our sales reps are getting the same quality of leads.

We also provide all our sales reps with background information about the leads they're going to call so that they can have productive conversations every time they make a call. When they call and leave voice messages or send emails, they can reference the lead's specific reason for reaching out – did they download an eBook? Attend a webinar? This stuff really affects how a sales conversation will play out. But this is only possible if you track how a lead came to you, and we do that well with Hubspot software, which helps us ensure that we're giving all of our reps similar leads.

Finally, we also make sure our sales reps are reaching out to leads who are exhibiting buyer behavior, which we can discern with our new **Hubspot Signals** product. And if they are tweeting about your company or visiting your page, you can use that information to help you sell to them. You should **make pitches based on the client info you learned prior to the call.** If your pitch is tailored enough, it is easier to engage with a prospect and get them to start a dialogue and even start asking questions. And our research has shown that if they ask a question, your chance of closing them has increased from about 0.5% to almost 10%.

So, once you train your reps the same way and make sure you're giving your reps the same quantity of leads, you're better able to maximize the results you get from them.

What metrics do you use to measure Sales and Marketing alignment?

A: Success comes from making **pre-defined agreements between the two departments that are based on specific metrics.** In a lot of companies, you still hear Sales say "these leads suck" and Marketing say "Sales doesn't understand, strategically, what business we need to be in." So at HubSpot, we work to eliminate that part of the equation. We use our SLA to help us take the subjectivity out of the Sales and Marketing discussion so we can be as clear and quantitative as possible about the expectations from each group.

So for Marketing: **How many leads and what quality of leads every month?** Not just demos requested or whitepapers downloaded, but really specific stuff: "B2B companies of a certain size or industry" and so on.

And Sales needs to **call those leads in a certain amount of time, with a certain amount of frequency** during each lead's lifecycle and convert a certain percentage of those leads into opportunities and so on.

After all of this, you should be left with a really specific agreement between Sales and Marketing. Marketing will deliver a certain number of sales-qualified leads every month and Sales will follow up a specific number of times in a given time period.

From there, you can get into some really interesting stuff. For example, you can start to assign qualified leads different values based on your agreement. So, for instance, we've found that if a VP of Marketing requests a demo, he's 4.2 times more likely to become a customer than if he attends a webinar. So, that lead is worth 4.2 times as much.

In other words, **by measuring the conversion rates for different lead sources and multiplying it by the average revenue per customer, you can create a lead value that properly weights different lead sources** – like webinars and demo requests. So now your SLA isn't 15,000 qualified leads, it's $100,000 of lead value and Marketing can choose how they want that value distributed – 30 leads from webinars, 60 from whitepapers, etc.

How can a company come up with its own SLA metrics?

A: Right, so as I said, it takes a lot of communication and a clear definition of all terms involved. And you have to **use data, not intuition**. One thing that really helps is analyzing a lot of different types of lead data.

First, there is **demographic data:** job title, company revenue and size, business location, etc.

But you should also analyze **behavioral data**: number of pages viewed and forms completed, time since last visit, whether they subscribed to the blog, and so on.

Once you have all this information, you can measure how much these variables affect the probability of a lead becoming a customer, which is a huge part of your SLA.

What does your SLA look like?

A: Here is an example of the SLA we use at HubSpot:

Computing the Marketing SLA

MQL Type	Average Revenue / Customer	MQL to Customer Close %	Value per MQL
Whitepaper	$160,000	1.0%	$1,600
Webinar	$100,000	1.5%	$3,000
Online Demo	$150,000	2.0%	$3,000
Tradeshow	$125,000	1.0%	$1,250
Contact Sales	$110,000	10.0%	$11,000

Source: HubSpot Presentation

What are your tips for improving Sales-Marketing Alignment?

A: It's all about building communication and creating one team, which we call "Smarketing". And within this team, I try to encourage a lot of interactions and overlap.

To do this, I use a few simple tactics. First, I make sure the teams **meet frequently**, not just at the top, but across all levels. Second, I **mix the desks** to encourage regular and spontaneous interactions.

Third, I make sure feedback goes in both directions and that we rely on a bunch of **different feedback formats**. I try to rely on data as much as possible for that communication.

Finally, I make sure **everybody agrees on terminology**. What is a lead? What is a sales-ready lead? What is an opportunity? Agreeing on these terms is the foundation of a strong Sales-Marketing Alignment, and using data to communicate helps people agree on the right terminology.

Great SLAs are specific, formalized in writing, quickly and easily measured, and monitored regularly.

How does an SLA help generate deals?

A: Having a great SLA and a refined process for evaluating leads is essential for closing deals. For one thing, it **improves the quality of leads** that Sales gets. And the leads that aren't as good can go back to Marketing for more nurturing. If you look at the demographic data or the behavioral data and determine that a lead isn't ready yet, Marketing can nurture it by sending more personalized messages and offers.

This process is a huge part of moving these leads closer to a sale by **educating them** and **building trust** with them. But it's important to do this with more than just emails. You should be using social media, blog subscriptions, blog comments, and one-on-one interactions to nurture these leads toward the finish line.

Finally, a great SLA helps you analyze the closed loop. Which Marketing programs are working? Which campaigns have the highest ROI? How should Sales prioritize its leads? What tactics should they use to convert leads? Only by following your SLA and analyzing the closed loop can you really answer these questions.

Tips for the New Sales

Introduction

HubSpot is famous for popularizing inbound marketing, but "inbound" doesn't stop at marketing – it crosses over into sales as well. In fact, the inbound model is all about using sales and marketing together in a new way to reach a new type of customer. In this chapter, Mark shares his thoughts on the modern sales and marketing landscape through the lens of inbound marketing including:

- The challenges of the inbound model
- The process for handing off leads from Marketing to Sales
- The future of inbound marketing

How do you sell at HubSpot?

A: HubSpot sales are evangelistic. We're not selling a commodity; we need to actually persuade people that they need our product. This means that we need to educate people over the phone and convince them to completely rethink their sales and marketing. And this process isn't easy; it means training our reps to **earn the prospect's trust, really understand their business**, gauge their understanding of Sales and Marketing, and help them formulate a plan for incorporating inbound marketing into the prospect's specific circumstances.

Our product is very multifaceted and it can do a lot, which is good in one way because we can service a wide range of prospects with very different business goals. But this breadth also makes selling our product more complicated. A demo of the entire product would take hours and be confusing. So instead, we make sure that our sales reps can tailor the demo to the prospect's context without overwhelming them.

Our approach to sales reflects a larger **shift of control from the seller to the buyer** that has taken place thanks to the Internet. Ten years ago, if you were interested in a particular product, you had to go to a tradeshow, read trade publications and get a salesperson involved very early in the process. Today, **the buyer can just go online** and learn everything she needs to about a product – what it is, how it differs from the competition, how much it costs. Sometimes they can even try your product for free. So what value does a salesperson really bring to the table?

And that's really what sales is like today – it's been completely flipped, which has changed the way salespeople approach their roles; they've been forced to **become much more consultative** and helpful.

And it has caused marketers and lead generators to change their outlooks too. Now it's less about marketers breaking down the barriers between themselves and the people they want to reach, and it's more about **positioning their brand where people are actually looking**, which is really at the heart of the inbound model.

What are the challenges of the inbound model?

A: It's challenging because the change has been so transformational. Ten years ago, marketers would spend money with certain vendors or at tradeshows or on advertising and then measure the success. Today, it's about using your creativity and your skillset instead of your wallet to succeed. It's about having **a publication and journalistic arm that gets good educational content** out to the marketplace, where your prospects are already looking. And that is not easy. It means you have to hire marketers with a totally different skillset, a completely different framework for how you think about how you spend your time marketing.

This shift is felt by sales too. It's no longer about getting in front of as many clients as possible and scrambling to build relationships. It's about being consultative and really aligned with marketing. And it's a different type of hire as well, not someone who can woo a prospect over dinner or on the golf course, but someone who can really learn a business, learn a product and then impress and persuade a prospect by knowing more about the particular space than the buyer himself. **Instead of "Always be closing," it's "Always be helping."**

What does "inbound sales" mean?

A: Inbound sales is part of the larger inbound picture – it's about working in lockstep with inbound marketing to remain relevant in today's new buyer context. And it comes down to four key elements:

1. **Transform the way you target accounts.** In the old outbound model, companies used to buy lists and have sales and marketing barrage those leads until a few of them admitted they had a problem you could possibly solve. Inbound reverses that Fit/Pain model – only people with pertinent pains enter the top of the funnel by essentially raising their hands and reading content that's geared directly at them. So now that the model is flipped, you need to adjust your strategy. Not all of the people who raised their hands will actually be a good fit, so marketing needs to filter these leads before they pass them on to sales.

2. **Transform the way you prospect accounts.** Now that the average buyer is almost two-thirds of the way through the sales process when they first interact with a salesperson, reps need to prospect them differently. This means they must thoroughly research leads, continuously track the lead's engagement, and replace the old elevator pitch with buyer-specific messaging about how your product can address their individual needs.

3. **Transform the way you connect with accounts.** In the new sales environment, reps rarely connect initially with decision makers. But this isn't necessarily bad news. Reps must speak with influencers to learn about the company and turn that influencer into a champion.

4. **Transform the way your prospects perceive your salesperson.** Instead of cold calling and closing hard, salespeople need to become trusted advisors who guide prospects and help them understand how the product will improve their businesses. This requires empathy and a deep understanding of the prospect's pains.

How do you recommend that reps prospect inbound leads?

A: Again, the first step is research. Before any inbound call, a rep should not only look at the **company's website** (although that's essential) but also research the prospect on **social media** and **gather lead intelligence** – how the lead found you, what content they've read on your site and if they've looked at any pricing information.

After that, you're also going to want to use **monitoring technology** to find out when and how the lead has engaged with your prospecting.

Another way the process has changed is how important it is to **work the company, not just the contact** – you're selling to a company, after all. What does this mean? It means reps should first call the contact's boss, come to the call with context (not just the same shopworn elevator pitch), supplement each new call with information from the last, and embrace the "Always Be Helping" approach by giving prospects actual value.

Finally, use **science and data** to your advantage. Track your calls. Analyze the results. And then iterate your strategy accordingly. This will not only help you be more effective when you make calls, but also help you decide which prospects to call.

How do you decide which leads to call?

A: We've actually looked a lot at this question and analyzed it pretty thoroughly. A few years ago, we took about three months' worth of leads – almost 50,000 –and then we went back six or seven months later and looked at those leads again and analyzed what had happened to them in the interim. So, to analyze those leads, we captured and studied about 50 data points from every lead. First, we took the people who filled out a form on our website and looked at the eight or so things they gave us — their name, their role, their company, etc. Then, we used our software to grab extra information — where they were, how many times they visited the site, which pages they looked at, blog comments, Twitter profile. So, all in all, we took those 50 data points, and asked ourselves: **Do any of them reliably predict whether we're going to be successful with our sales team and with our product?**

So we ran a regression analysis against all of those 50,000 leads and those 50 data points to see **which of them actually predicted success with our sales team and our product.** And that's how we determined our lead grade and decided which leads should go to the sales team (and how they should be prioritized), which should go to marketing for more nurturing and which should just be thrown out.

It's really fascinating which things predict success. For example, we have an open-ended question on our forms that asks people to fill in their biggest marketing challenge, and when a lead fills that out, they're about twice as likely to buy. And if you mention the word "leads" in that response, you're about five times more likely to buy. It's things you wouldn't necessarily expect, but it's that type of analysis that allows you to figure out which leads to call.

Do all of your leads go to the same place?

A: We've got a couple of different sales teams that work inbound leads. The **inbound domestic team** is the biggest, and represents about 25 to 30 % of the leads we get. Another big chunk of the leads we get are people who want to partner with us, not just buy our product. So those leads – about 20% – don't go to our core team; we have a separate team of **eight people that specializes in helping people build a business around HubSpot.** And finally we have a few people who **sell internationally**. We're in probably 31 countries today, about 200 customers, and that's probably another 25 to 30% of the leads we get.

Once a lead is on the phone, how long does the average sale take? What are the touchpoints?

A: It's hard to measure average sales cycle because we have so many different types of leads and different paths to conversion. For example, we have people who converted four years ago and are still coming back and buying today. Instead we break it down like this: of the people who sign up in a given month, about 10-15% of them bought within one week after they converted. Another **40% signed up within a month, 60% within two months and then a mix beyond that.**

And then there's the touchpoints. We developed our own sales methodology, which is important to do once you've started scaling. More important even then the touchpoints themselves is using the same language and definitions of the steps. So, for us, it's: **research, prospect, connect, qualify/discover, demo and close.** That's it, just six steps.

Research is using social networks to help you gather pertinent information. You can learn a lot about a prospect by identifying: What they studied, where they went to school, when they graduated, what jobs they've had, etc. And this research should influence how you talk to them.

Prospect is getting people on the phone, and there really is an art to actually getting them to pick up. How many voicemails do you leave? How many e-mails do you send? What do you say in a voicemail or email?

Connect is what you say in the first 10 seconds of a phone call. How can you get their attention? What can you ask them to keep them interested? It's not the elevator pitch anymore. It's not "Am I interrupting you?" – it's using information from your research and information from marketing to help you get your foot in the door: You did something, I know about that, how can I help you? And you spend the first couple of minutes just answering their questions and offering advice until they really warm up. Only then do you start to ask them some of the tougher, more traditional sales questions: Do you have a budget? Do you spend money on marketing? Are you looking to generate leads? How many? Do you have half an hour tomorrow to continue this conversation?

Qualify and Discover is about getting that information nailed down and starting to truly assess their level of interest. At this stage, we often actually set up our product on their website and ask them if they're interested in learning about the results. This helps us better understand their strategy and goals.

After that, we can set up a presentation and **demo**. You've done a lot already, you know what they're looking for and if they might actually be a buyer, so it's a good time to actually show them the product and push them toward **closing**.

You often have two people on every call – why?

A: We often have our sales managers, and we have quite a few of them, get on calls with their reps for a few reasons.

Primarily, they're a coach. That's the main role of a sales manager, in my opinion. A lot of companies have their sales managers handle administrative tasks and forecasting and stuff, which I think should really be automated and minimized as much as possible. Sales managers should really be helping their reps succeed, so we try to make sure that our sales managers spend as much time as possible coaching and modeling behavior by either leading calls themselves or listening to a salesperson and coaching them afterwards.

But there are other circumstances where we'll have someone else on a call who's not a Sales Manager. For example, if we know that a prospect is bringing their CIO or their Director of IT on the phone and they're going to be asking in-depth questions about what they have to do to get HubSpot on their website. If that happens, we'll often bring a sales engineer on to answer those questions. Or we might have a product manager get on a call for a bigger or really important prospect. All told, probably more than half of our company hops on calls in any given quarter. But usually it's the sales managers and sales reps.

The way you handle phone calls is obviously hugely important, so we try and give as much education and feedback to our reps as possible. There's so much information to gather, so many questions to ask, that it's really important to make sure your reps are doing right so they're making the best use of their time.

How do you recommend that reps focus their time and energy?

A: It's still all about getting reps to efficiently find the right information. Before the internet, there was information that reps had to gather to determine whether a prospect was a buyer. That's still true today. You still have to get the same information, but social media has enabled you to get that data more quickly and from more places. That's how you avoid being overwhelmed – **just think about what information you need and what qualifying questions you need to ask to get it.**

In this new sales environment, how do you ask qualifying questions?

A: It used to be all about BANT, which was invented as a sales framework by IBM, but which is no longer really relevant. Now, we use a three-part framework called GPCTBA/CI during an exploratory call, which stands for Goals, Plans, Challenges, Timeline, Budget, Authority, Consequences, and Implications. The shorter version is just GPCT: Goals, Plans, Challenges and Timeline. It's **more focused on the prospect's needs and strategy** than BANT was. GPCTBA/CI helps our reps gain more insight into the prospect's strategy, which allows them to be more useful and actually help them think though the possibilities.

How do you get your reps to focus more on needs and strategy?

A: We ask our reps to first answer 3 questions:

i.   Can I actually help this person/company?
ii. Do they want my help?
iii. Do they need my help?

We can better understand how and if prospects need our help when we really understand their goals. Once we know that, we can figure out how we can help them achieve their goals. And that's where we want to be. Good salespeople are able to uncover GPCTBA/CI, but great salespeople are able to actually create a thorough GPCTBA/CI.

What is the future of inbound marketing?

A: Today it's all about social: Twitter, Facebook, LinkedIn. In a few years, though, I think it's going to be about providing individual experiences: **1 : 1 marketing and personalization.** Over the last 10 years, B2B marketing has really fallen behind B2C marketing in many ways, and it needs to catch up.

And I think 1 : 1 personalization is going to drive the next wave of inbound marketing, as it already has started to with B2C marketing. If you buy a couple of books from Amazon, who is really good at personalization, and then you log into their website later, you'll see a list of books they think you might be interested in — and it's good! Their personalization actually works, and I really think over the next year or two that's what B2B marketers are going to be striving for. As people get really good at inbound marketing and content marketing, they're building up a deeper profile of the people visiting their website, and they **can use that information to personalize each prospect's marketing experience to better align with their specific interests** and where they are in the buying process.

How should you use social media to build a social selling machine?

A: As we've discussed, the current sales landscape is all about quality content generation. This is a big opportunity for many businesses because the newspaper industry is hurting, but the journalists who used to work in it are essential for successful modern sales and marketing. So, the best thing that you can do is **think of your marketing as if you're a publisher**. It goes back to what I was saying about having a journalistic arm as part of your inbound marketing efforts: You should find people with that background and have them write about your industry and answer all the questions – usually in the form of a blog – your potential customers are asking. And then complement the time you spend actually **blogging** with **reading** and **participating**. So, don't just write – stay up to speed with everything that's going on in your industry by reading other blogs and industry news.

You should also actively participate in that discussion by commenting on other blogs or in LinkedIn and Facebook groups. Contributing content through a blog on a weekly or, ideally, a daily basis creates a very powerful social sales and marketing machine in two ways: it allows you to interact with potential customers where they're already spending time and it helps you improve your Google ranking by getting a lot of links back to your site.

And this is another example of how, in the new model, marketing and sales really overlap. **If you're looking for great content ideas, use your sales calls.** On a successful call, a prospect probably asks 15 questions – and that's 15 amazing blog posts. If that prospect asked those questions, there's probably a ton of prospects who also want answers to those same questions. In terms of social media – you don't want to be out there hawking your product or repeating your elevator pitch, you want to be adding value to the conversation. Focus your participation on the communities and groups where your prospects regularly spend time. This will not only help you find a lot of strong leads, it will also actually help you get the right kinds of customers who stay with you a long time and can become champions.

Can you talk about customer retention a little more? What's your approach when someone cancels their subscription?

A: We're a SaaS model, which has a huge effect on the way we approach retention, because it's just so incredibly important. There's a big difference between a quick cancellation rate of 2% a month and 8% a month. To address this, we actually have **a team that focuses exclusively on retention.** And they do this in two ways: They help customers become more successful with our product and they identify cancellation risks and then work to bring those people back in.

So, the first thing they do is **identify opportunities where we've rolled out new features** and then dig into our customer base to make the right customers aware of the new features. Or they find customers that are not taking advantage of certain features and teach them how to use them.

On the other side, this team looks for customers who are at risk of cancelling **and they try to find out why** and identify what they can do to reverse the decision.

We have an internal concept called CHI, Customer Happiness, **that focuses on how people are actually using our software** – which applications they're using the most, how frequently they log-in, how much lead lift or visitor lift they've had, how many users they have – and predicts how likely they are to churn in a given month.

The other factors that really determine churn can be identified pre-sale. A few years ago, we looked at the cancellation rate by salesperson and customer rep. The cancellation by customer rep didn't vary too much, but the difference in churn rate by salesperson was really stark: like, a factor of 15 in some cases. This was a huge breakthrough; it showed unambiguously that a customer's success (or lack of success) with us really comes down to how they were sold. Were they a good fit to begin with? Were expectations properly set?

Knowing this, we immediately changed the compensation plan for our reps, and our churn rate was slashed by 60 -70% in a few months. **We started paying our reps based on their cancellation rate.** So the reps with a really low cancellation rate, we paid twice as much for every customer they brought in than those who had high cancellation rates. We were basically saying, historically, if you bring on really valuable customers, we will pay you more. So all of the people with high cancellation rates were working really hard to figure what they were doing wrong and what the best people were doing to get keep their churn rates low.

Conclusion

The sales landscape has changed greatly over the last few years, and Mark Roberge has been one of the most respected people leading the way. His experience leading and growing HubSpot's Sales team has given him a unique perspective on what it means to be a metrics-based Sales Manager in the 21st Century.

Hopefully this eBook helped you better understand Mark's unique approach to sales management in the following areas:

1. Sales philosophy

2. Hiring best practices

3. Analytical sales coaching

4. A blueprint for running sales meetings

5. Keys to sales and marketing alignment

6. Essential tips for the new sales landscape

As Sales continues to evolve, Sales management takes on even greater importance. Every manager is responsible for developing his or her own system for driving performance and getting results, but you don't have to reinvent the wheel. This eBook interview series can be used as a good blueprint for developing your own sales strategy and playbook.

If you'd like to learn more about sales management best practices, please visit InsightSquared's Resources page, which is filled with great eBooks, whitepapers, webinars and guides for all aspects of sales management and analytics.

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