INSIGHTSQUARED

The Definitive Guide to

Measuring Your Prospecting Team

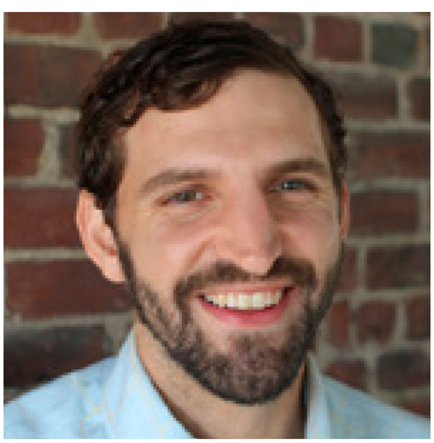
By Zorian Rotenberg & Mike Baker

Contents

Meet the Authors

Zorian Rotenberg

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 with minors in Applied Mathematics and in Computer Science from Lehigh University and earned his MBA from Harvard Business School.



Mike Baker

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.

Introduction

Outbound prospecting has emerged as one of the most effective ways for high-growth companies to quickly build pipeline and generate revenue. But hiring a team of prospectors and handing them each a phone is not enough to make your sales team hit its number – you must properly manage and measure your team if you want it to achieve maximum results. And this doesn't mean simply tracking activity metrics in Salesforce.com – it means identifying the most effective activities and analyzing how reliably they translate into pipeline and deals.

In this eBook, we will share the best practices for measuring your prospecting team and benchmarking its progress. In particular, we will explore the most essential prospecting KPIs in the 3 key areas:

1. Activity
2. Productivity
3. Process

With a deeper understanding of these 3 areas, you can ensure that your outbound prospecting team is meeting its expectations and setting your sales team up to crush its goals.

Activities

Summary

Sales is a product of activities, and your prospecting team is your sales team's activity engine. The deals your Inside Sales Reps (ISRs) close can often be traced back to a single call from one of your prospectors, so it's easy to understand why many sales managers believe that more dials equals more deals. And this isn't untrue – it's just not the whole picture.

Dials form the foundation of your prospecting team's efforts, but they are far from the only activity metric that matters – **connects, meetings scheduled** and **opportunities sourced** are also essential for measuring the effectiveness and efficiency of your prospecting team.

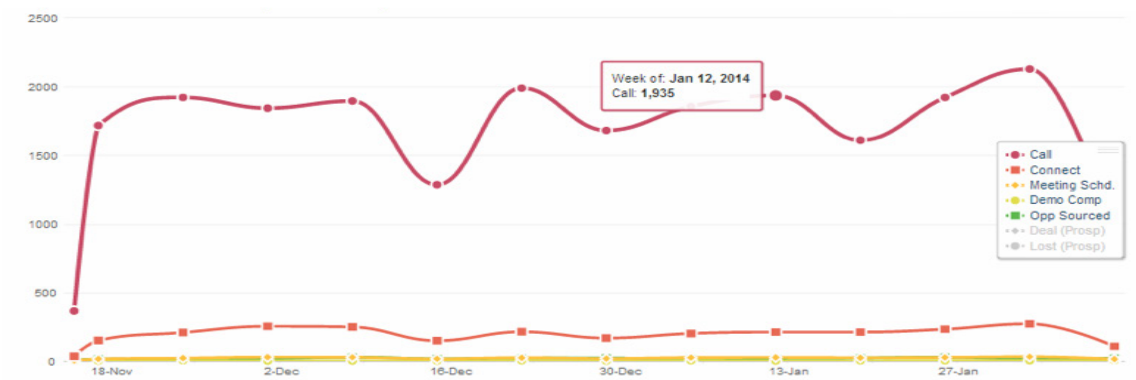
In this chapter, we will look at the key activity metrics you must track to ensure that your prospecting team is doing the right things to help your sales team generate revenue.

This chapter will help you answer questions like:

- What are the most fundamental prospecting activities?
- How can I optimize the calls my prospectors are making?
- Which middle-of-the-funnel activities should I track?

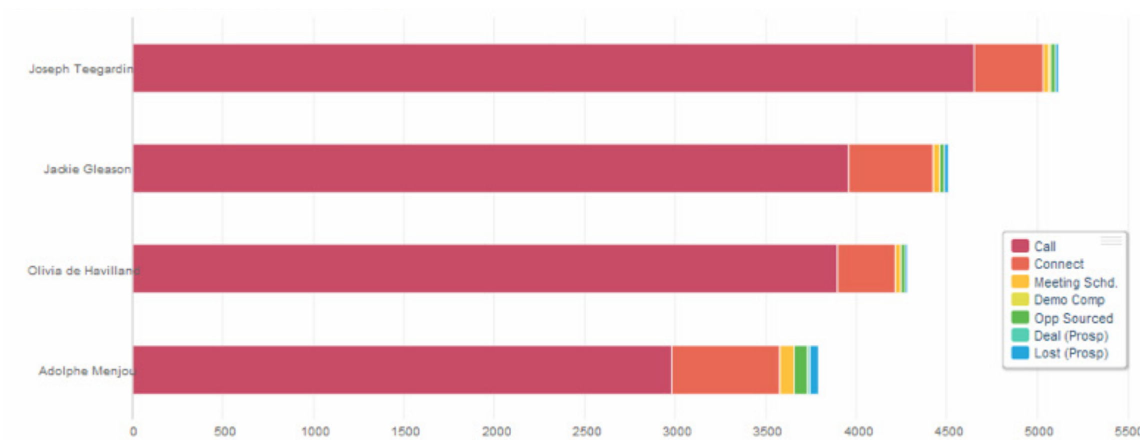
Baseline Activities

Before you do anything else, you must carefully track your prospectors' baseline top-of-the-funnel activities: **calls, connects** and **meetings scheduled**. Only by doing this can you set realistic activity expectations for your prospectors and measure their progress against them.



In the image above, you can see how this prospecting team has performed over time in terms of top-of-the-funnel activities. A dip in dials around Christmas can be easily explained, but what about the other decline in the middle of January? Is your team **making enough dials and creating a sufficient number of opportunities** to feed your ISRs? Closely tracking your prospecting team's activities will help you spot activity trends and help you encourage your reps to improve their performance.

Tracking your team's performance as a whole is important for identifying larger trends and ensuring the team is hitting its goals, but it does not give you the insights you need to effectively coach your team and improve individual reps' performances. For that you need to track each rep's individual activity totals.

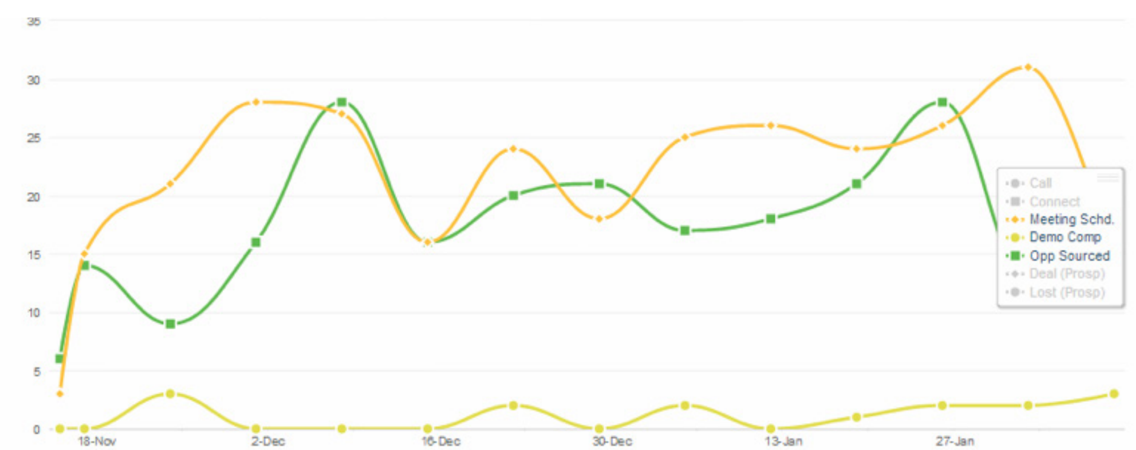


In the image above, you can see **activity totals for the individual prospectors**. What allowed Joseph Teegardin to make almost 1,500 more calls than Adolphe Menjou over the course of the quarter? And, conversely, how was Menjou able to connect with more prospects than anyone else on the team despite making fewer calls? A rep-by-rep breakdown of activities allows engaged sales managers to flag these questions, which will ultimately lead to a more productive prospecting team.

Furthermore, you may want to display these daily activity totals to your prospectors to encourage healthy competition and promote transparency.

Middle-of-the-Funnel Activities

The baseline activities of your prospecting team – dials, connects, and meetings scheduled – are important, but only in the sense that they lead to other activities that are more closely tied to revenue. If your prospecting team makes 2,000 dials in a week but doesn't source a single opportunity, you can't really say the team is successful, right? That's why you can't stop at baseline activities. You must go further downstream and **track the results of those baseline activities**, which is typically measured in meetings attended, opportunities created and demos completed.



In the image above, you can see how this prospecting team is performing over time in terms of middle-of-the-funnel metrics. Are your prospectors baseline activities leading to an increase in new and late-stage opportunities? Is your team creating more opportunities over time? Are later-stage opportunities increasing commensurately with your reps' baseline activities?

Productivity

Summary

The success of your prospecting doesn't simply hinge on the sheer volume of activities it performs, but also on how well those activities lead to your sales team's downstream goals. How many dials does it take you to create a single opportunity? How many opportunities do you need to generate a deal? Tracking these ratios and maximizing your prospectors' downstream productivity will help you **identify inefficiencies in your sales process** and ensure that your prospecting team is performing the right activities to help you hit your number.

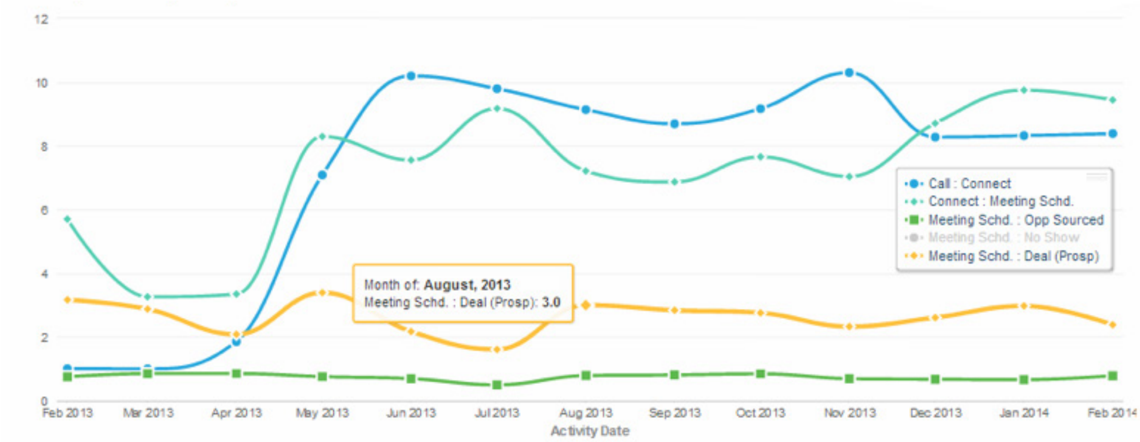
In this chapter, we'll explore these issues by looking at the key metrics for measuring your prospecting team's productivity, including:

- Downstream Ratios
- Dialing Efficiency
- Pipeline Generation

Downstream Ratios

How do you know whether your prospectors are not only performing the right baseline activities, but also doing so in a way that gets sales results? The answer is **to track the dials they make all the way downstream.** Is a specific prospector just blindly dialing or is he regularly reaching the person he wants to talk to? Once he connects, how successful is he at converting those conversations into meetings with an ISR? And are those meetings, once he books them, routinely leading to deals?

For answers to these questions, you must track **activity efficiency ratios** – the metric that tells you how efficient a rep's baseline prospecting activities are at creating opportunities and pushing them down the funnel.

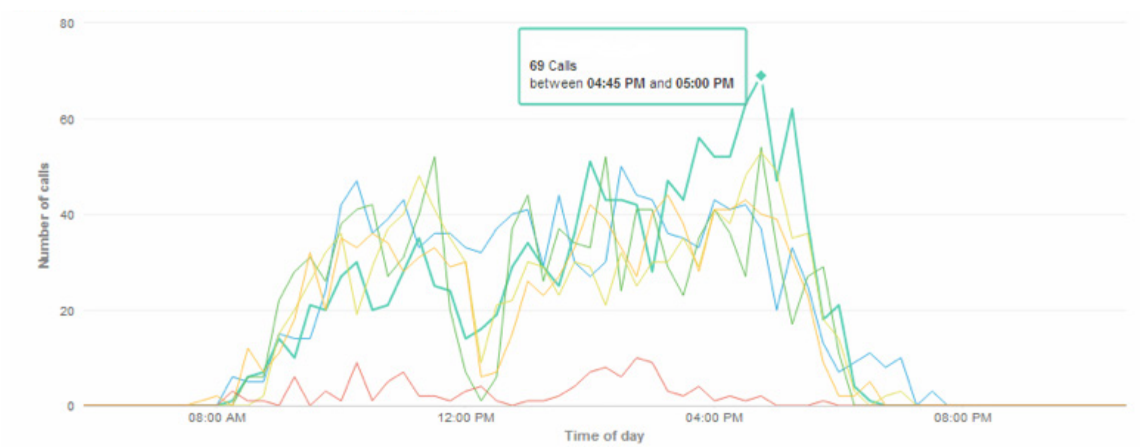


The image above shows the ratios of different downstream prospecting activities (such as connects to meeting scheduled) over time. How many connects does it currently take your team to generate a single meeting? Has this ratio been stable over time? Answering these questions will help you identify inefficiencies in your sales process and use **targeted coaching** to help your reps increase their prospecting productivity.

Dialing Efficiency

Once you start tracking your prospectors' efficiency, you should start thinking about ways to improve it by asking questions like, "Why is our connect rate so low?" These are the right types of questions to be asking, but they are not necessarily simple to answer.

To begin finding answers, you will need to start taking a closer look at your reps' activities.



The image above, for example, shows what times throughout the day your reps are making their calls. This metric will not only help you identify which of your reps are making the most calls, but will also help you better manage your team. In the image above you can see that most calls are made late in the afternoon, between 4pm and 5pm. But is this following best practices?

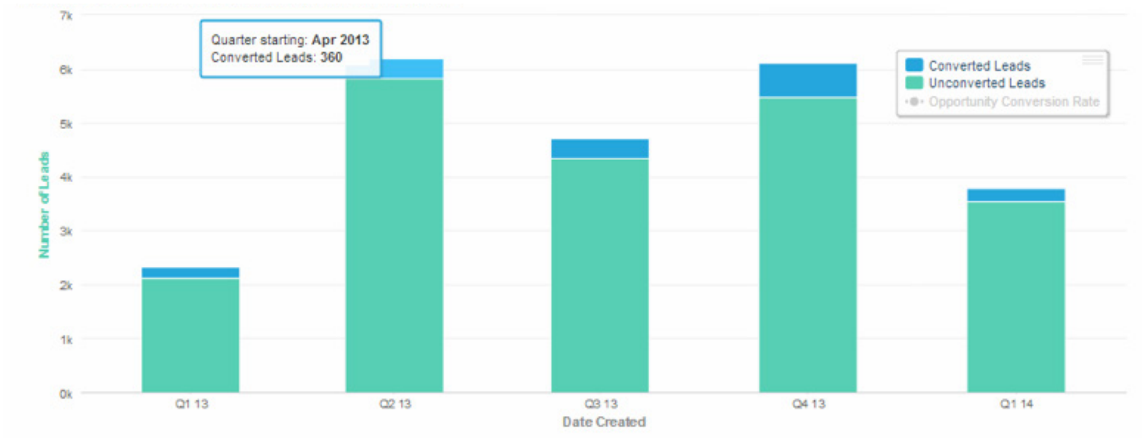
To answer this question, you must research outbound prospecting industry benchmarks, or better yet, conduct your own internal research about what time of day your prospectors have the highest connect rate.

For example, in the summer of 2013, we at InsightSquared measured the connect rate for our prospecting team and analyzed how it varied throughout the day.

As you can see, the results contained some interesting revelations. Connect rate was highest (around 8%) between 10am and 4pm, after which point it declined steeply. This information helped us decide to have our prospectors make most of their dials during this 6-hour window and spend the rest of their time conducting call research or engaged in training activities. If you want to make your prospecting team as efficient as possible, you may want to **conduct your own research and identify the "hot hours" throughout the day** for your own company and industry.

Lead Generation

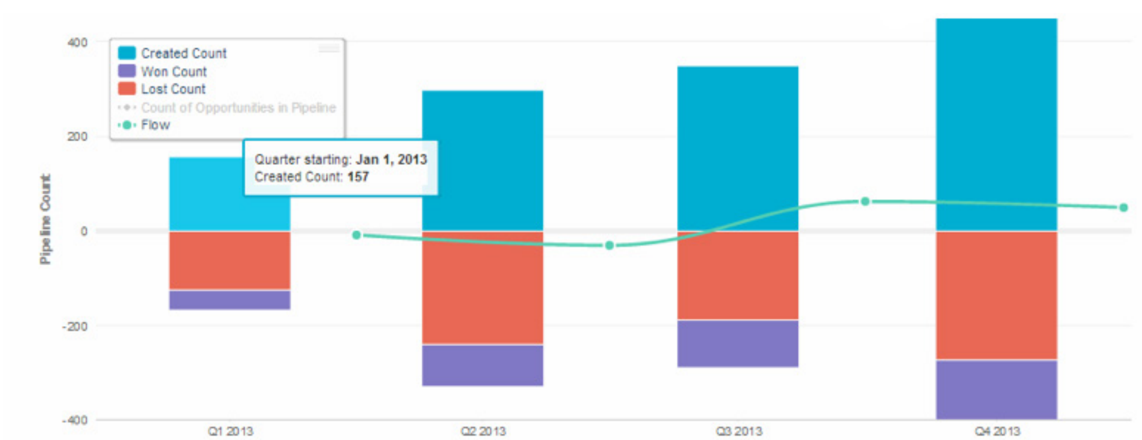
Once you've determined how efficient your reps' activities are, you should start tracking the results of this effort: how many leads they are actually creating and how many of them have entered the pipeline as opportunities.



In the image above, you can see how many new leads this prospecting team created each quarter. More importantly, you can see **how many of those leads have converted into opportunities.** Is this number growing over time? Is your prospecting team creating enough opportunities to feed the ISRs? If not, what can you do? Is it because your prospectors aren't making enough calls (or because you don't have enough prospectors) or is it because their activities aren't translating into opportunities at a high enough rate?

Pipeline Generation

Once you know how many opportunities your prospecting team has created, you should analyze what happened to those opportunities once they entered your ISRs' pipelines. This will tell you how many prospecting-sourced opportunities converted into won deals and whether your prospecting team is contributing enough new opportunities to replace those that flowed out as both won and lost deals. Pay special attention to the number of newly created opportunities as well as the **new flow of opportunities** and total number of open opportunities – your team should always be contributing enough new opportunities to keep your net pipeline growing, even as your ISRs close deals.



The image above shows the number of newly created, prospecting-sourced opportunities (the blue section) compared to those that have been closed-won and closed-lost (red and purple). (The turquoise line represents the net flow of opportunities in the pipeline.) Is your prospecting team contributing enough new opportunities to replace those that have exited the pipeline?

Process

Summary

Your prospecting team is an integral part of your larger sales organization, so it is important that you measure how well aligned it is with the rest of the team and its goals. The metrics we explored in the previous section – pipeline generation and downstream ratios – started to look at this alignment process, but you must dig deeper.

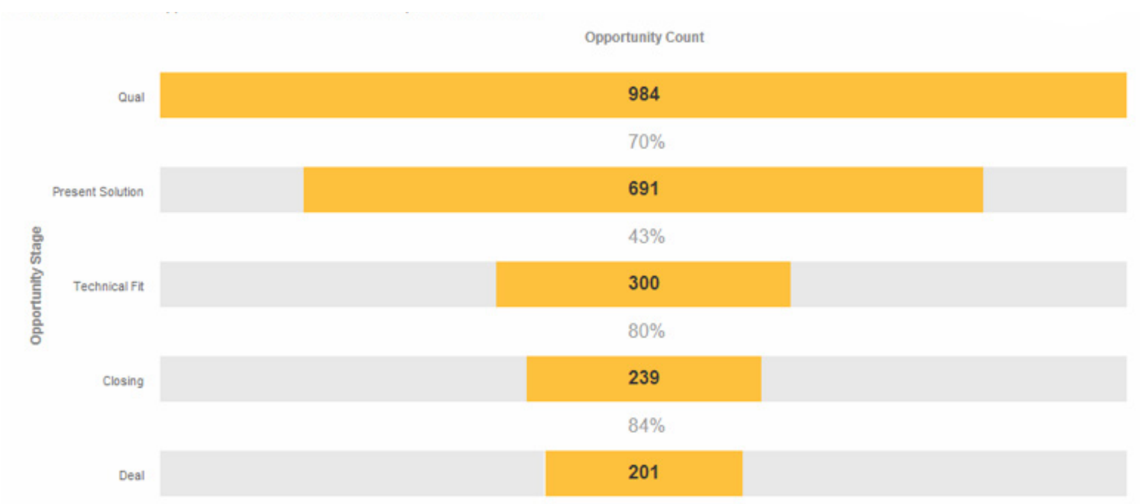
In this chapter, we will look at the best ways to **measure the role your prospecting team plays in the larger sales process**, including:

- The Sales Funnel
- Prospecting-Generated Bookings
- Industry Bechmarks

The Sales Funnel

Not all of the opportunities your prospectors create are of the same quality. But how can you tell? How can you hold your prospectors accountable for the quality of leads they generate, not just the quantity?

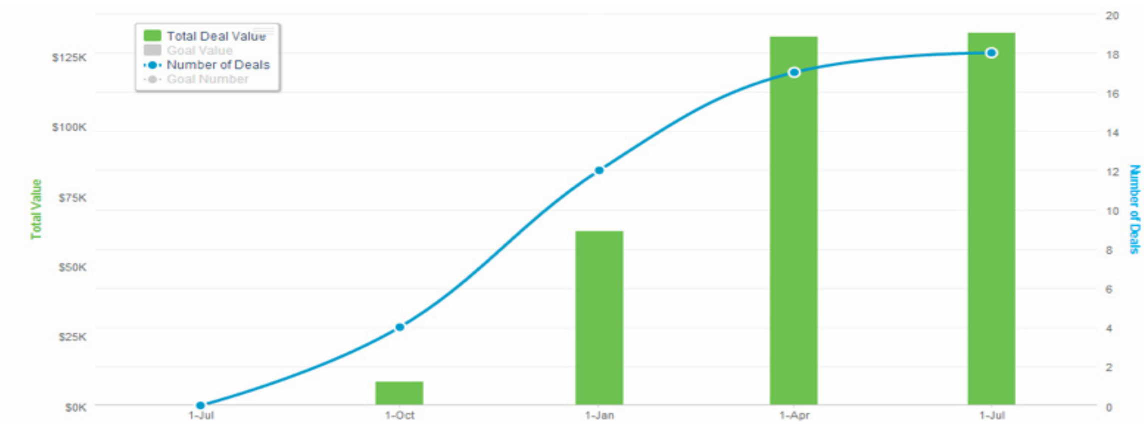
One answer is the sales funnel. The sales funnel shows conversion rates for every stage of the sales process, which can help you determine how far prospecting-sourced opportunities progress and where they usually stall.



The image above shows a hypothetical company's sales **funnel of prospecting-sourced opportunities**. 20% of the opportunities sourced by this prospecting team eventually become deals. Is this number high enough? What stages account for most of the drop off? What does this say about the quality of the opportunities created by the prospecting team? Carefully tracking conversion rates throughout your sales funnel will help you ensure that your prospectors are not simply flooding your pipeline with low-quality opportunities, but instead filling it with the type of stringently qualified opportunities your ISRs can reliably convert into won deals.

Bookings Generated by the Prospecting Team

Once you've analyzed how many opportunities your prospecting team has created and how they progressed down the funnel, you're left with one final, important question: **how many deals did your prospecting team create?**



The image above shows how **many bookings have been generated by the prospecting team**. Is this number rising or falling over time? How have the changes you made to the team's process affected your overall bookings total? Everyone knows that you can't manage results, but it is still important to track results to ensure that your prospecting team's activities are consistently leading to the results you expect.

Benchmarking

How many dials can you realistically expect your prospectors to make each day? How many connects should it take for them to book a meeting? To answer these questions, you can't simply measure your own team's performance — you must compare your measurements to industry standards and benchmarks, like this one for high-growth B2B SaaS companies:

- Dials / Rep / Day = 60 (Top Performers = 200+)
- Dial : Connect (i.e. to conversation) = 5-10 Dials
- Connect : Appointment = 12%
- Dials : Opportunity = 150 Dials
- Opportunity : Deal = 20%
- Cost per Appointment = $700
- Open Opportunities per Quota-Carrying Rep = 25-30
- New Business Win Rate % = 20%
- % Pipeline Contribution by Prospecting = 40%-60%

Conclusion

Outbound prospecting has become one of the most popular ways for companies to grow pipeline and generate revenue – but to get the most from your prospecting team you must understand how it works and measure its effectiveness over time.

This eBook provided you with a framework for doing this by explaining the most important prospecting metrics to measure in 3 key areas:

1. Activity
2. Productivity
3. Process

Activity metrics help you track the most basic performance for your team: How many dials and connects they are making each day. These activities alone don't move the needle at all, but they form the foundation for future sales results.

Productivity metrics allow you to dig a little deeper: You know your reps are performing enough daily activities, but are those activities efficiently leading to the results you expect? In other words, is your team's prospecting input – dials, connects and meetings scheduled – efficiently generating output – opportunities and deals?

Process metrics help you analyze whether your prospecting team is well aligned with your larger sales goals. Are your prospectors creating high-quality opportunities that reliably progress down the sales funnel? Are those opportunities routinely converting into deals? Is your prospecting team meeting or exceeding to industry standards?

Further Reading

Still hungry for more information about how to get the most from your prospecting team? Check out these InsightSquared blogs that dig even deeper into this critical topic:

1. What is the best time for your prospectors to make cold calls? Our in-house research unearthed some pretty surprising results.

2. Lists form the backbone of your prospecting team's success, so it's critical that your tests are high-quality and thoroughly vetted. Read this post to find out how to get the most from your lists.

3. It's tough to sell to a prospect if you can't connect with them. And yet, many sales managers don't measure connect rate. What a shame. Read this article to learn the basics about measuring connect rate.

4. How should you compensate your prospectors to get the most out of them? This blog post explains the right sales performance metrics to build prospecting compensation plans.

5. How can you tell if your prospecting team is living up to industry standards? It starts with benchmarks. Check out this article to find out the most important metrics to benchmark your prospecting team.