

Key Metrics for

Seeds, Nets and Spears to Triple Your Revenue

By Aaron Ross, Zorian Rotenberg & Mike Baker

Contents

Meet the Authors	3
Introduction	5
Metrics for Spears	7
Summary	8
Metric #1: Number of Activities	9
Metric #2: Sales Activity Efficiency Ratios	11
Metric #3: Activity Results vs. Activity Goals	13
Metrics for Nets	14
Summary	15
Metric #1: Marketing-Sourced Lead Trajectory	16
Metric #2: Lead Velocity	17
Metric #3: Marketing-Qualified Leads and Opportunities over Time	18
Metric #4: Opportunity Creation by Campaign	19
Metric #5: Pipeline Contribution from Nets	20
Metrics for Seeds	21
Summary	22
Metric #1: Account Management Activities	23
Metric #2: Referral-Sourced Pipeline	24
Metric #3: Revenue from Cross Sells and Upsells	25
Metric #4: Churn Rate	26
Downstream Metrics	28
Summary	29
Metric #1: Win Rates by Source	30
Metric #2: Sales Cycle by Source	31
Metric #3: Average Deal Size by Source	32
Conclusion	33

Meet the Authors



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Aaron is currently releasing a series of eBooks designed to look more deeply at seeds, nets and spears. These eBooks include case studies, thought leadership and a list of Aaron's favorite sales tools.

Click below to get your FREE copy of
"The Predictable Revenue Guide to Tripling Your Sales!"

A promotional graphic for the eBook. On the left, the text reads "FREE eBook" in large white letters, followed by "Guide to Tripling Your Sales" in smaller white letters. Below this is a green button with the text "Download Now" and a white right-pointing arrow. On the right side of the graphic is a 3D rendering of the eBook cover. The cover features the title "The Predictable Revenue Guide to TRIPLING YOUR SALES" at the top, a red and green arrow graphic in the center, and the authors' names "By Aaron Ross & James Lemke" at the bottom.

Meet the Authors



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Introduction

What is the key to sales growth? Is it having the perfect sales reps? A drum-tight sales process? A peerless product? If you guessed none of the above, you're right! Although those elements are all important, **the real key to sales growth is creating a predictable, scalable pipeline for your reps.**

And the only way create a predictable, scalable pipeline is by understanding and cultivating the 3 main sources of your pipeline:

1. **Seeds** are leads that come from many-to-many campaigns based on word-of-mouth and relationship building.
2. **Nets** are leads that come from one-to-many marketing campaigns. Today, inbound marketing and growth hacking are the main drivers of successful "net"-based prospecting.
3. **Spears** are leads obtained by one-to-one outbound prospectors or Business Development Reps who actively find and reel in prospects. Ideally, a company should have a dedicated team of prospectors who spend their days scouring lists and making cold calls to bring in new leads.

By optimizing these 3 pipeline generators, you will be able to keep lead generation high, drive sales growth, and set your company up to thrive.

Of course, it's not quite so simple. Getting the most out of your Seeds, Nets and Spears means not only knowing what they are, but also how each functions and which metrics are most useful for tracking their performance. A common mistake among growing companies is to treat leads from all 3 sources the same, but the truth is that they are all different and have unique conversion rates, sales cycles, average deal sizes, ideal target customers and growth factors.

So how can you manage your Seeds, Nets and Spears to create a consistent, scalable pipeline?

That's where this eBook comes in. In the following chapters, we analyze the essential metrics for your Seeds, Nets and Spears. With these metrics, you will be able to evaluate how the 3 channels are performing relative to each other, and how you can maximize their impact to quickly grow your pipeline and triple your sales.

Although we usually talk about them as "Seeds, Nets and Spears," this eBook will address Spears first. Why? Most people think of sales- and marketing-sourced leads before they think about customer success-sourced leads, so we've structured the eBook to mirror that. Enjoy!

Part // 1

Metrics for Spears

Measuring Sales Development Activity

Summary

Sometimes the best way to generate leads for your pipeline is to have sales reps actively hunt for them. These are your **Spears**: the prospects who fit your Ideal Customer Profile (ICP) but haven't been reached by traditional marketing campaigns or word-of-mouth referrals from your existing customers. Instead, you must use designated Business Development Reps (BDRs) to scour lists, prospect into accounts, and, quite simply, cold call likely candidates to generate new leads for your pipeline.

In this section we will look at the three key sales activity metrics for measuring Spears and their impact on your pipeline:

1. Number of Activities
2. Activity Efficiency Ratios
3. Activity Results vs. Activity Goals

Metric #1: Number of Activities

Activity Dashboard



The Metric: Number of sales activities (e.g. dials, meetings scheduled) your BDRs performed in a given time period.

What it Tells You: Whether your reps are performing enough prospecting activities to bring in Spears and generate predictable pipeline.

The Takeaway: If your BDRs are not performing enough activities, your pipeline will suffer. **Spears generation is a direct function of the number of activities your BDRs perform**, so it is important to carefully track their activities to ensure that they are doing enough to fill your pipeline with Spears. Even if you don't watch your BDRs do their jobs every day, you can follow their activity totals to see how hard they're working and how passionate they are about hitting their goals and creating new pipeline. In the chart above, for example, you can see that certain reps are performing many more sales activities than others. What can you do to encourage your underperforming reps to boost their activity levels? One way is to make this metric transparent by regularly sharing the results with your reps to encourage healthy competition. That way they can see how they're performing relative to their co-workers.

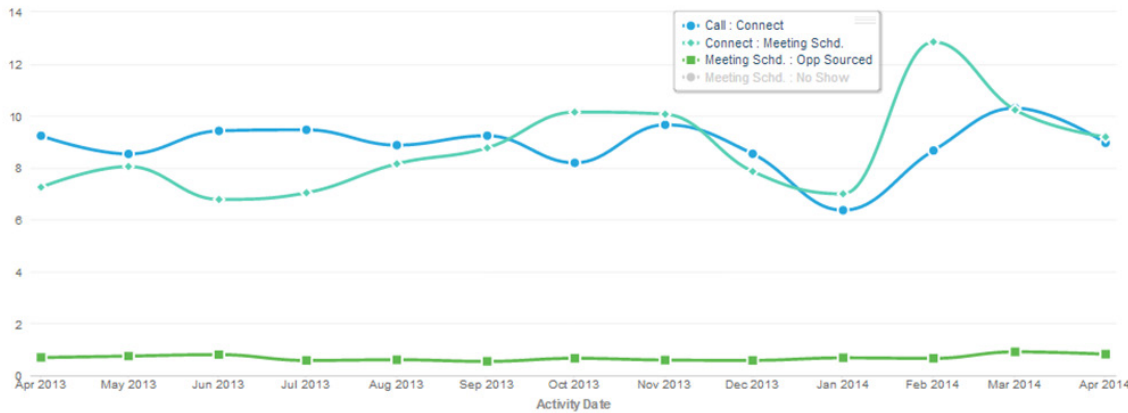
Making sales activity performance visible is also an effective way to narrow the gap between your top and bottom reps. Once your reps are able to see how they stack up, you can put a process in place to encourage your best reps to coach your lower performing ones. Whether this means incentivizing them to do so or simply instilling a culture of collaboration and transparency, displaying activity metrics is a great way to boost team-wide performance.

Displaying sales activities is also an effective way for new reps to see what is possible. When a new rep sees that other reps are routinely making twice as many dials each day, it is an impetus for him to figure out how he can achieve similar results, whether this means budgeting his time more effectively or learning to use Salesforce more efficiently.

Metric #2: Sales Activity Efficiency Ratios

What is the efficiency of our recent activity?

Activity ratios using activity date



The Metric: Ratios of "Calls : Connect", "Connects : Meeting Scheduled", "Meetings Scheduled : Opportunity Sourced."

What it Tells You: Whether your outbound reps' activities are efficiently leading to opportunities and deals.

The Takeaway. If your team of BDRs is making thousands of calls and sending thousands of emails but those activities aren't reliably leading to opportunities, something is wrong. That's why it's important to analyze your reps' efficiency. Measuring the raw number of activities your BDRs perform gives you a baseline understanding of their effort and productivity, but tracking efficiency ratios is much more important for measuring Spears because it shows the results of these activities, such as how many dials it takes your reps to source a single opportunity. Sales managers can then use this information to work backwards to see how many connects reps need to source a single opportunity and how many dials they need to make to get a connect. This will help you set achievable activity goals for your reps that ensure that your team achieves its downstream quotas.

How can you coach your reps to become more efficient at their jobs? Are they making a lot of calls but not getting enough connects? Maybe they are leaving ineffective voicemails or writing lackluster emails. Or maybe they need to call at different times or be more selective about who they call from lists. Are your BDRs not producing enough meetings? Only by measuring your BDRs' efficiency ratios can you be sure that each of your reps is not only performing the right activities, but that they're doing so in a way

that creates downstream opportunities and deals. This way, you can identify areas of weakness and coach your BDRs to improve and get more out of your Spears.

In the table below, for example, you can see that Marie Curie is making about 25% more dials than Louis Pasteur.

SDRs	Dials	Connects	Opps	Deals	Dial : Connect	Dial : Opp	Opp : Deal	Dial : Deal
Marie Curie	3,844	333	11	1	12:1	349:1	11:1	3,844:1
Max Planck	4,285	339	15	2	13:1	286:1	8:1	2,143:1
Louis Pasteur	2,911	251	27	4	12:1	108:1	7:1	728:1
Neils Bohr	3,973	342	20	6	12:1	199:1	3:1	662:1
Total: 4	15,018	1,265	73	18	12:1	206:1	6:1	1155:1

Based on this metric alone, you may think you should reward Marie Curie for her high number of activities and criticize Louis Pasteur for coming up short. However, a deeper dive reveals that Louis Pasteur is actually 5 times more productive than Marie Curie at using prospecting activities to generate deals. Tracking activity efficiency ratios instead of just number of activities shows you that Louis Pasteur is really the rep who should be rewarded, while Marie Curie should be coached to be more efficient with her prospecting activities.

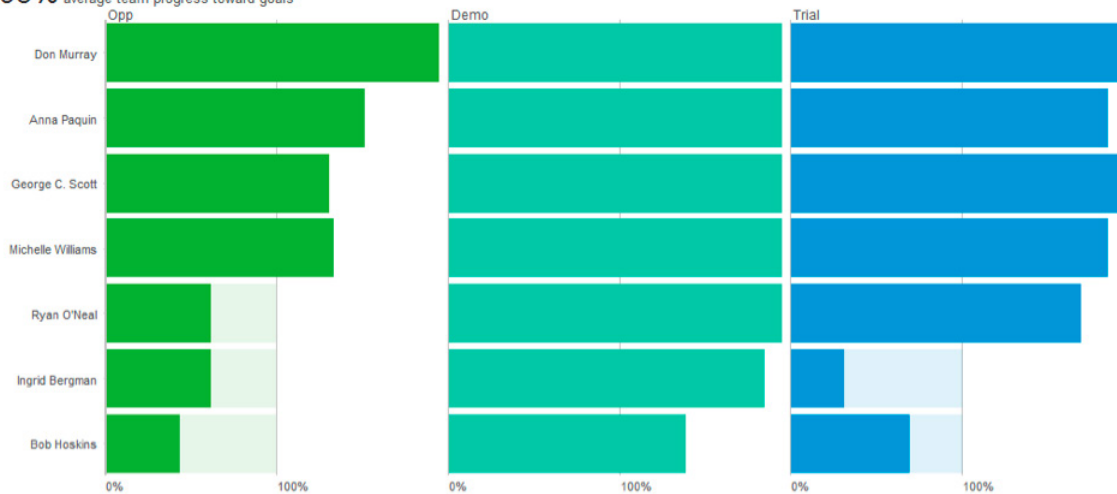
Tracking efficiency ratios will also help you determine which parts of your sales process prevented you from creating more Spears. Was it because your BDRs didn't schedule enough meetings, or because they failed to convert the meetings they scheduled? Paying close attention to your BDRs' efficiency ratios in all areas will help you make sure they are taking the right steps (in terms of both volume and efficiency) to help your Inside Sales Reps (ISRs) hit downstream goals.

Once you determine what is blocking you from achieving your goals, you should target those areas and coach your BDRs to move past them. For example, a low connect rate can be improved by coaching your BDRs to leave more informative voicemails and write clearer emails. If you notice that your BDRs are falling short of their "meetings scheduled" goals, you should listen in on some calls and then work with them to help them become better at explaining your product. Finally, if your BDRs have a low "Meeting : Opportunity" ratio, you should focus on improving their ability to uncover BANT (budget, authority, need and timing) so they can be sure they are working the right prospects and generating high-quality opportunities for your ISRs.

Metric #3: Activity Results vs. Activity Goals

How are we performing versus activity goals?

93% average team progress toward goals



The Metric: Percent of sales goals achieved by rep.

What it Tells You: Whether your BDRs are meeting the activity goals you set for them, and which specific reps need more coaching.

The Takeaway: Your outbound reps are not working in a vacuum – they are (or should be) working against clearly defined goals. Measuring and displaying their results against these pre-established goals is the most reliable way to ensure that they are generating pipeline in accordance with your expectations.

If you want to create a culture of accountability and competition, your reps need to know how they're stacking up against each other and the goals you set for them. Tracking this metric (and sharing the results with your reps) helps you increase transparency so your reps know how they're doing.

Are all of your reps hitting their goals in all areas? Is one of your reps performing well in most areas, but falling short in one specific area (like Ryan O'Neal in the report above)? **Carefully tracking your reps' performances against specific goals allows you to identify performance gaps so you can coach your reps in these specific areas.** Having this better line of sight into overall and rep-specific performance will spur healthy competition among your reps and encourage them to add more Spears to your pipeline.

Part // 2

Metrics for Nets

Measuring Marketing Performance

Summary

The leads your BDRs create should comprise a large portion of your pipeline, but not the entirety. Another big source of pipeline is marketing. These are your **Nets** – leads you've obtained through your inbound marketing efforts such as SEO, SEM, social channels, webinars, eBooks, blogs, etc.

Your Net-sourced pipeline is different from your Seed- and Spear-sourced pipeline in several key ways. By their very nature, Nets are designed to have a **wide reach** and **broad appeal**. This means that they can generate a huge amount of pipeline, but they may have lower conversion rates than Seeds. Additionally, Nets are typically generated from marketing campaigns, not the activities of specific reps (like Spears), so they tend to come in batches that vary significantly from one to the next and can be harder to scale than Spears. With that said, Nets are typically the most effective way to reach a broad audience and quickly ramp up lead generation efforts.

Like your Spears, though, your Nets need to be thoughtfully tracked and measured if you want to understand (and improve) their impact on your pipeline and bottom line. What are the best ways to look at your Nets and the most useful metrics for measuring them?

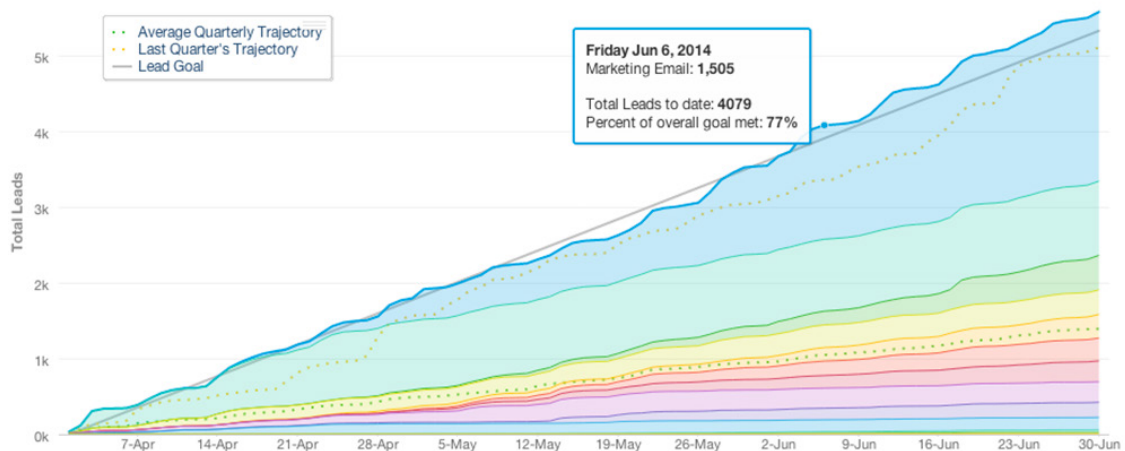
In this chapter, we look at the **essential metrics for measuring and optimizing your Nets**, including:

1. Number of Nets leads generated over time
2. Effectiveness of marketing campaigns
3. Nets conversion rates

Metric #1: Marketing-Sourced Lead Trajectory

Are we on track with lead generation?

5,576 leads last quarter (Q2)



The Metric: Number of marketing-generated qualified leads over time, measured against goals and broken down by lead source.

What it Tells You: Whether your marketing lead generation is on track, and which of your lead sources are the most productive.

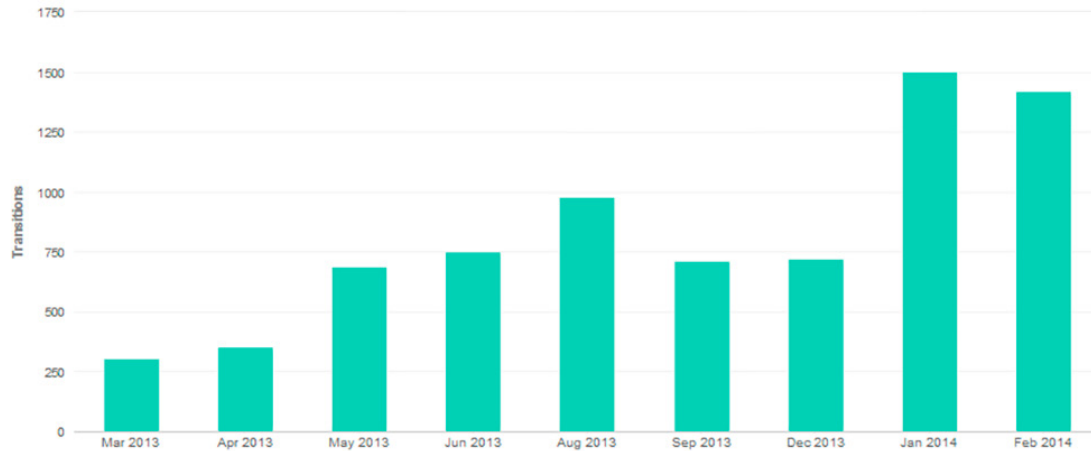
The Takeaway: Are you creating enough Nets? In order to grow sales, you need a steady flow of Seeds, Nets and Spears, and they each need to be measured against their own set of goals. When measuring Nets, it is important **to track lead generation by source so you can tell which marketing lead sources are contributing the most Nets** (and should therefore be fueled). The report above shows the trajectory **only for marketing-sourced leads**.

Is your number of marketing-sourced leads growing over time? Are some lead sources performing especially well while others are flagging? Tracking your creation of Nets over time and by source will help you plan your marketing strategy and determine the composition of, and changes to, your pipeline.

Metric #2: Lead Velocity

How many leads are we qualifying?

11,590 lead transitioned to the MQL status from 01 Jun 2012 to 28 Feb 2014



The Metric: Number of new marketing qualified leads by month.

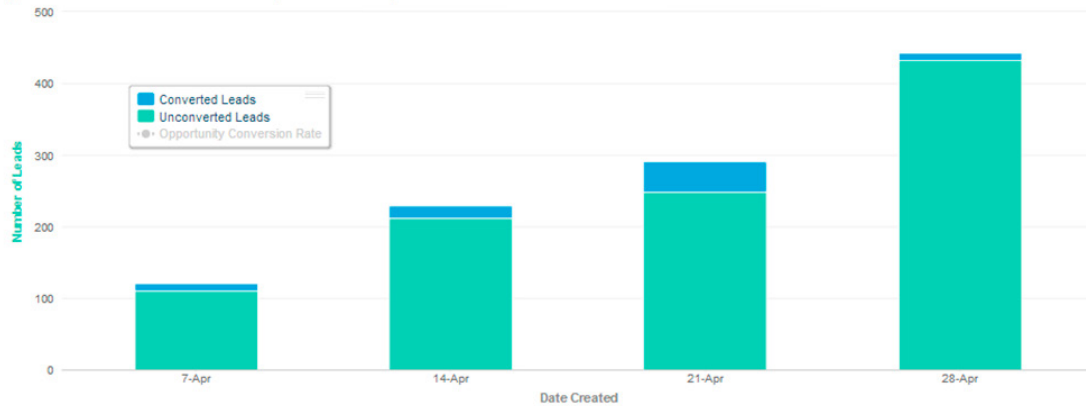
What it Tells You: Whether the number of marketing qualified leads is growing over time.

The Takeaway: The most important metric for evaluating the health of your Net production is the total number of marketing qualified leads added each month. Why? Because it's real time, not lagging, and it predicts your future marketing-sourced revenues and growth. Just as it is essential that you carefully the number of spears in your pipeline over time to make sure your prospecting team is creating predictable pipeline growth, it is important to track the number of **new marketing qualified leads every single month**. Even if sales performance can vary quarterly or monthly and renewal rate can fluctuate, there is no reason your marketing team can't continually increase the number of Nets it is creating each month. And this growth will translate to revenue growth, so you should track it in real-time.

Metric #3: Marketing-Qualified Leads and Opportunities over Time

How many leads have been created?

1,085 new leads created from 09 Apr 2013 to 30 Apr 2013



The Metric: Percentage of marketing-sourced leads that convert into opportunities over time.

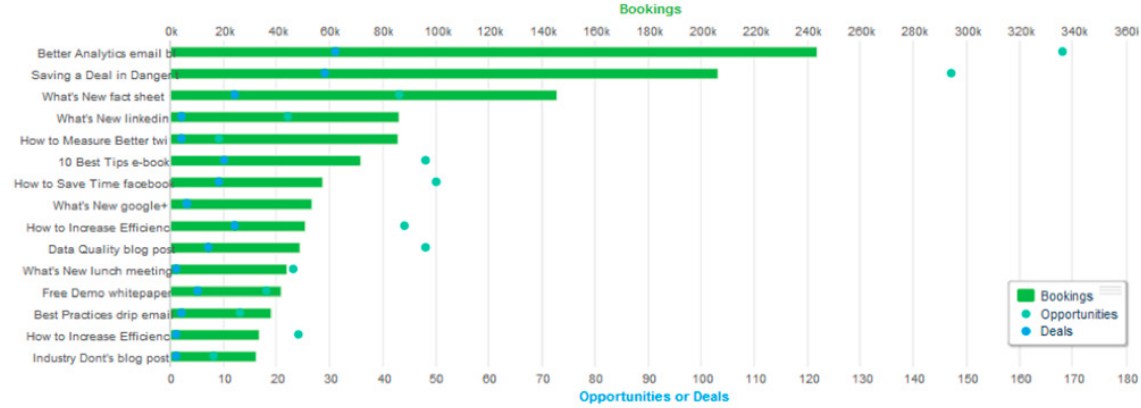
What it Tells You: Whether a high enough percentage of your marketing-sourced leads are converting into opportunities.

The Takeaway: Even if your marketing team is creating a ton of leads, it doesn't help you grow sales unless those **leads reliably turn into opportunities** that your Inside Sales Reps (ISRs) can work and convert into deals. Make sure your marketing-sourced leads convert at a high enough rate and adjust your marketing strategy and campaign selection accordingly. If you find your opportunity conversion rate dropping or stalling, you should take a close look at the campaign you are using to ensure that you are picking ones that produce high-quality leads, not just a large number of them.

Metric #4: Opportunity Creation by Campaign

What are our best influencing campaigns?

203 campaigns created in the period selected



Campaign Name	Total Members	Leads	Contacts	Opps	Member-to-Opportunity %	Deals	Bookings
<input checked="" type="checkbox"/> Better Analytics email blast	843	829	14	168	18%	31	\$243,632
<input checked="" type="checkbox"/> Saving a Deal in Danger twitter	1,077	1,028	49	147	12%	29	\$206,340
<input checked="" type="checkbox"/> What's New fact sheet	390	352	38	43	10%	12	\$145,591
<input checked="" type="checkbox"/> What's New linkedin	287	281	6	22	7%	2	\$86,000
<input checked="" type="checkbox"/> How to Measure Better twitter	1,516	1,507	9	9	0.5%	2	\$85,760
<input checked="" type="checkbox"/> 10 Best Tips e-book	1,127	1,080	47	48	4%	10	\$72,036
<input checked="" type="checkbox"/> How to Save Time facebook	1,273	1,234	39	50	4%	9	\$57,420
<input checked="" type="checkbox"/> What's New google+	9	0	9	3	33%	3	\$53,400

The Metric: Number of new opportunities by marketing campaign source.

What it Tells You: Which marketing campaigns are generating the most opportunities.

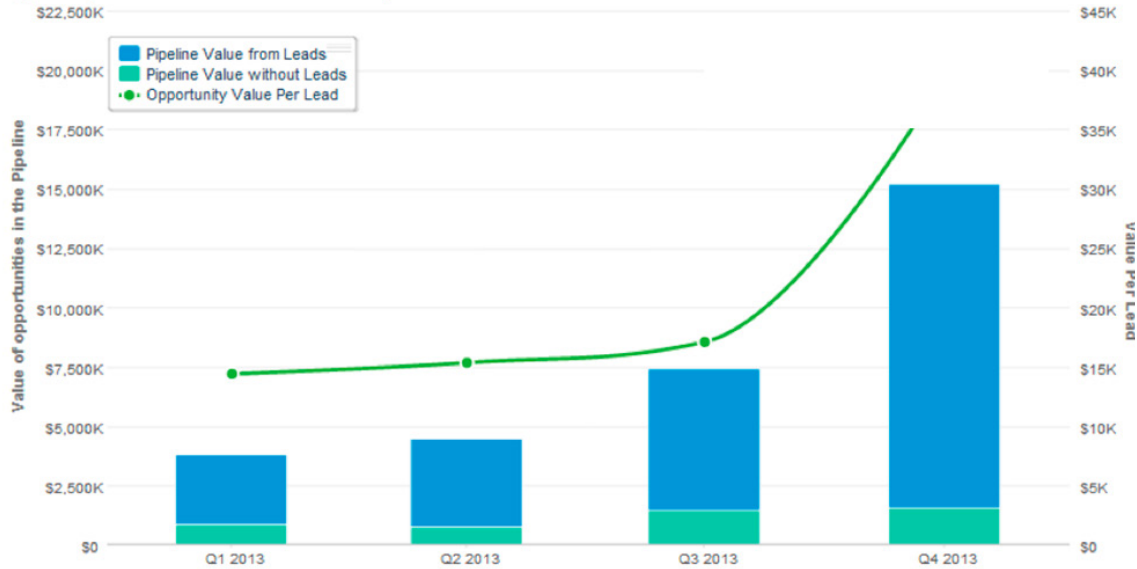
The Takeaway: The last metric helped you analyze the percentage of your marketing leads that become opportunities, and this one helps you go one step further by breaking down the **number of opportunities contributed by each individual marketing campaign**. If you want to maximize the quantity and quality of Nets you produce, you must identify the campaigns that both produce a large number of new leads, and also leads that frequently convert into Nets and deals. If your opportunity conversion rate for marketing-sourced leads is flagging (as shown in the previous chart), you need to get smarter about picking the marketing campaigns that produce higher-quality leads. The chart above helps you do this by identifying the campaigns that create the leads with the highest conversion rates to opportunities and deals.

Metric #5: Pipeline Contribution from Nets

How much of our pipeline is coming from leads?

\$26,364,393

of opportunity value added from 1148 leads in the previous 12 months



The Metric: How many Nets marketing has contributed to the sales pipeline over time and how valuable those opportunities are.

What it Tells You: Whether your pipeline is becoming more or less Net-driven over time, and how valuable each lead is.

The Takeaway: Marketing campaigns are an important source of pipeline, and you must know exactly **how much of your pipeline comes from Nets**. If your Net production is lagging behind your Spear production, you may want to increase your inbound marketing activity to balance your sources.

Part // 3

Metrics for Seeds

Measuring Customer Success

Summary

When most people think about building their pipeline, they tend to immediately jump to Inbound and Outbound – Nets and Spears. And this is natural: Pipeline generation is often about taking strangers and either bringing them to your product (Nets) or taking your product to them (Spears).

But there's another way.

What about the customers you've already acquired? Isn't there a way to use them to help you build a sustainable pipeline?

The answer is a resounding "yes!" In fact, the **leads you acquire by leveraging existing customers are some of the most reliable, highest-converting leads at your disposal**. Whether they come to you as actual referrals or if word of your product simply comes to them through less official channels, these opportunities form an important part of your pipeline. We call them **Seeds** because they grow out of customer success and renewals.

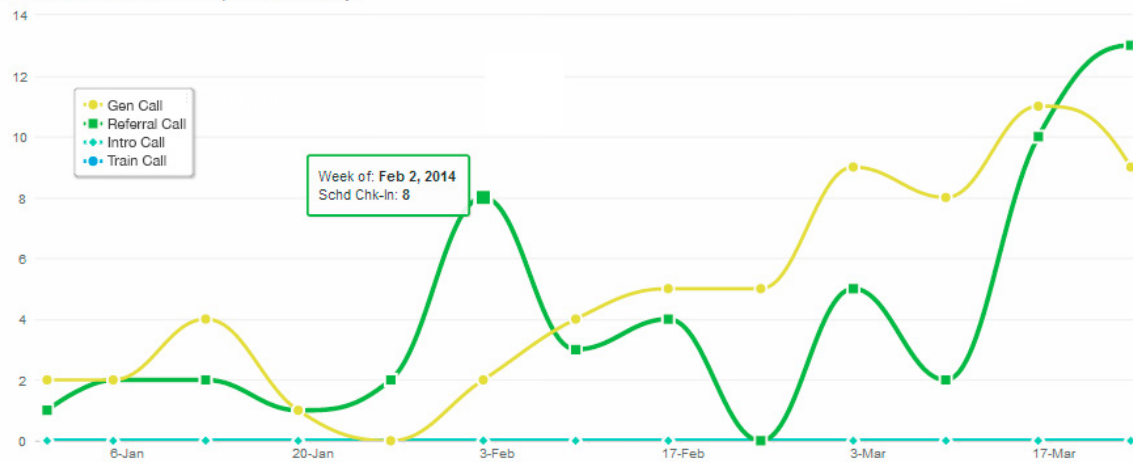
Of course, one of the most important ways of measuring customer success, especially for SaaS companies, is to track your **churn rate**. Although churn rate doesn't directly correlate to pipeline generation, it is an important indicator of the overall happiness of your customers and the amount of recurring, predictable revenue growth you can expect. In this chapter, we explore the essential metrics for measuring your Seed generation, including:

1. Account Management Activities
2. Pipeline from Referrals
3. Churn Rate

Metric #1: Account Management Activities

How much are we working?

115 total activities in the previous 90 days

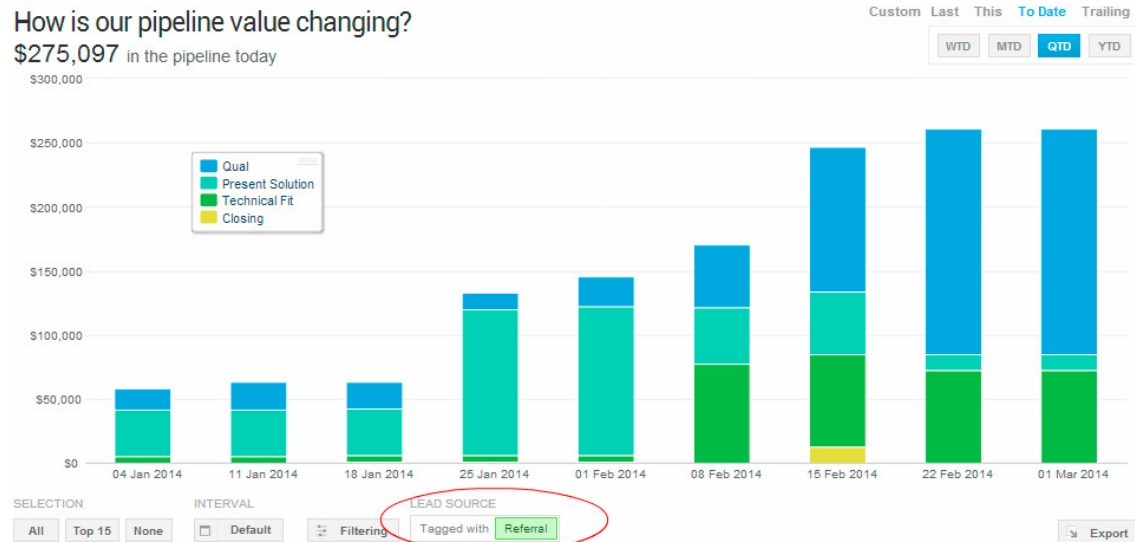


The Metric: Number of Account Management activities over time, broken down by type.

What it Tells You: If your Account Managers are regularly reaching out to existing customers and asking for referrals.

The Takeaway: Referrals are a huge source of **Seeds**, but they can be hard to predict. However, tracking your Account Managers' activities and how often they call customers to ask for referrals is an effective way to spur them to make more calls and create more Seed-based pipeline. Many of your customers would be happy to refer your product to a customer if only they were asked (and especially if they were incentivized). Help optimize this process by tracking your Account Managers' activities and encouraging them to increase the energy they spend seeking referrals from satisfied customers.

Metric #2: Referral-Sourced Pipeline



The Metric: Value of open opportunities sourced from customer referrals.

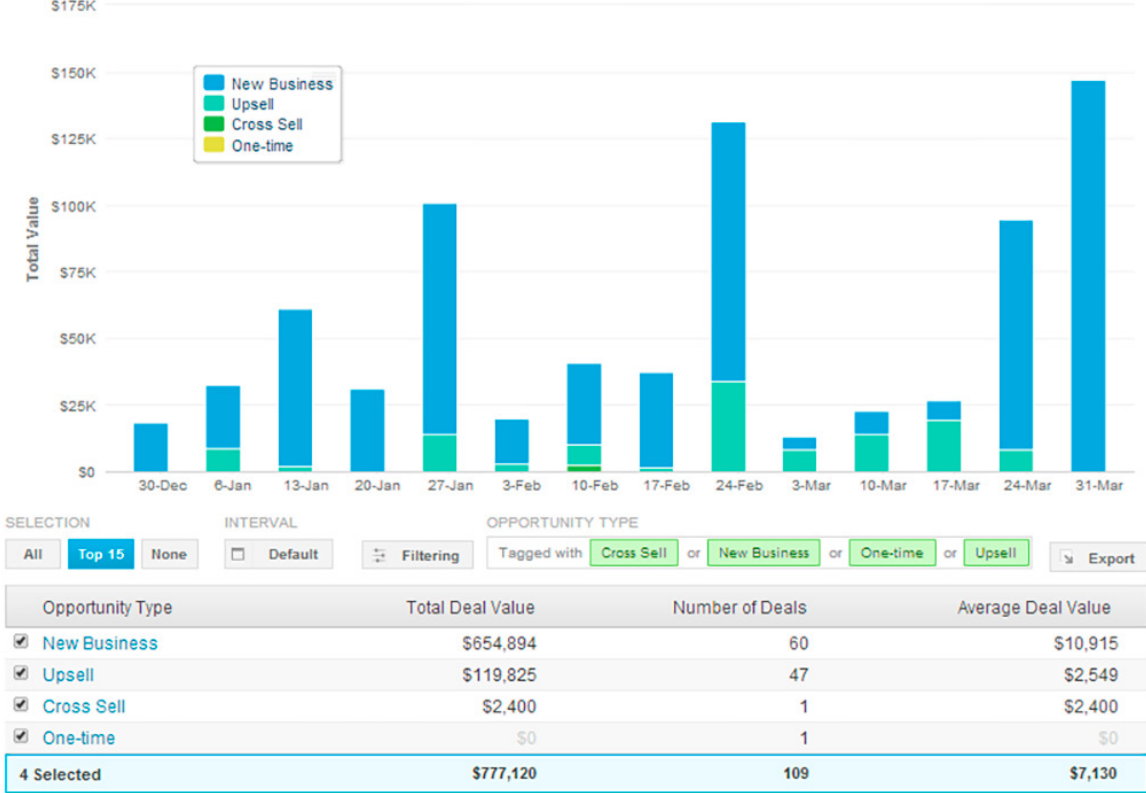
What it Tells You: How much pipeline your Account Managers are creating via **customer referrals** and how this contribution has changed over time and which stages those opportunities are currently in.

The Takeaway: The last metrics showed how much time your Account Managers are spending asking customers for referrals. This metric shows you the fruits of that effort: the value of opportunities sourced from customer referrals (and broken down by pipeline stage). If you want to evaluate your Seed production, **you need to know how much pipeline you have created over time from referrals.**

Metric #3: Revenue from Cross Sells and Upsells

How much has been booked per Opportunity Type?

\$777,120 in the previous 90 days



The Metric: Share of bookings revenue that came from cross sells, upsells and renewals over time.

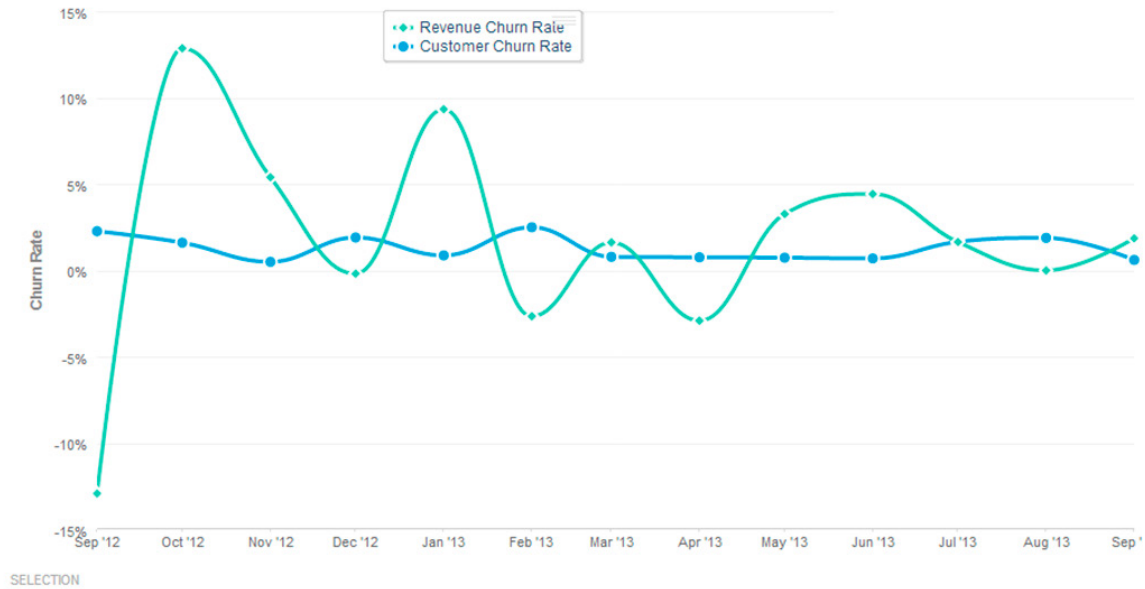
What it Tells You: Whether you are generating enough bookings through customer success, and if revenue from these sources is increasing or decreasing.

The Takeaway: Ensuring customer success is vital, especially for SaaS companies. Your customers, if they are satisfied with your product, can be a huge driver of revenue and contribute mightily to your revenue growth. Track your bookings percentage for cross sells and upsells over time to see if you are getting more money from your existing customers. Many companies (especially those that operate under a subscription model) make increasingly more money from their customers over time. This is often called a “land and expand” strategy and it only works if your **Account Management and Sales teams work with existing customers to encourage cross sells and upsells**. This metric measures the success of these efforts by tracking cross sell and upsell revenue growth over time.

Metric #4: Churn Rate

What is our monthly churn rate?

1.2% average monthly churn rate in the previous 12 months



The Metric: Percentage of customers who cancel their subscriptions each month.

What it Tells You: If the amount of customers you are losing each month is affecting your revenue growth.

The Takeaway: Using your existing customers to generate new pipeline is important for predictable growth, but it is equally important to ensure that you are retaining the customers you already have – losing recurring revenue slows your growth and endangers the health of your unit economics.

There are two main ways of measuring churn, **logo churn** and **revenue churn**, and they are both essential for evaluating the health of your Seeds.

1. **Logo churn** refers to the percentage of customers you are losing each month. It is a useful metric for evaluating the overall happiness of your customer base because it shows you the percentage of your existing customers who stay with you month-over-month. The downside is that it is agnostic to customer size, which means it doesn't help you gauge the overall revenue impact your churn is having. If you are losing 10% of your customers each month, it makes a huge difference whether you are losing your largest or smallest customers.

2. **Revenue churn** helps you solve this problem by showing you the percentage of revenue you are losing each month. For this reason, revenue churn is perfect for showing you exactly how your churn rate is affecting your bottom line. However, you need to be careful about how you are tracking revenue churn. Are you including upsells and cross sells in this metric? If so, your churn rate should be a lot lower, even negative.

Part // 4

Downstream Metrics

*Following Seeds, Nets and Spears down the
Sales Funnel*

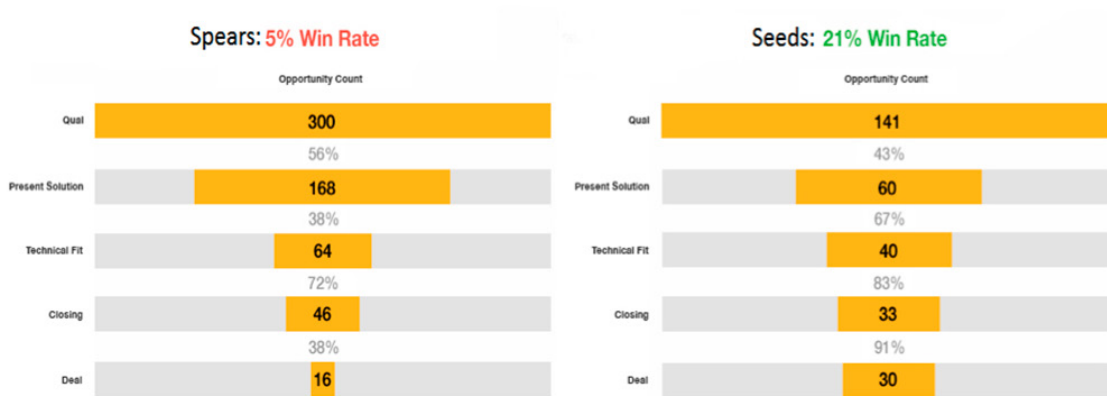
Summary

Analyzing your generation of Seeds, Nets and Spears is important, but it is even more essential to track what happens to these leads **downstream**. How do these lead sources differ in terms of revenue generation? Do they all convert to deals at the same rate? Do they have roughly equal sales cycles? Are deals from one source significantly larger than deals from the other two? Using historical data to answer these questions will help you not only evaluate how each of the three channels perform in relation to each other, but also allow you to make the **most effective business decisions about which of them to fuel**.

In this chapter, we highlight the essential metrics for answering these questions by tracking your Seeds, Nets and Spears downstream, including:

1. Win Rate and conversion rates by lead source
2. Sales Cycle by lead source
3. Deal Size by lead source

Metric #1: Win Rates by Source



The Metric: Overall Win Rate and stage-by-stage conversion rates for opportunities from different lead sources.

What it Tells You: Whether the source of an opportunity affects the likelihood of it converting into a deal.

The Takeaway: Your Seeds, Nets and Spears all behave differently in the funnel. You should know what to expect by tracking leads from each source as they progress through the sales funnel (and doing so retroactively, as well). Do your Spears decline significantly from each stage to the next? Do your Seeds often drop off early in the funnel? Only by carefully analyzing your Win Rates and conversion rates from each source can you answer these questions and, ultimately, create a predictable revenue stream.

Metric #2: Sales Cycle by Source

How long is our current sales cycle?

53 days on average for deals won in the previous 12 months



The Metric: Number of days it takes an opportunity to progress from creation to closing.

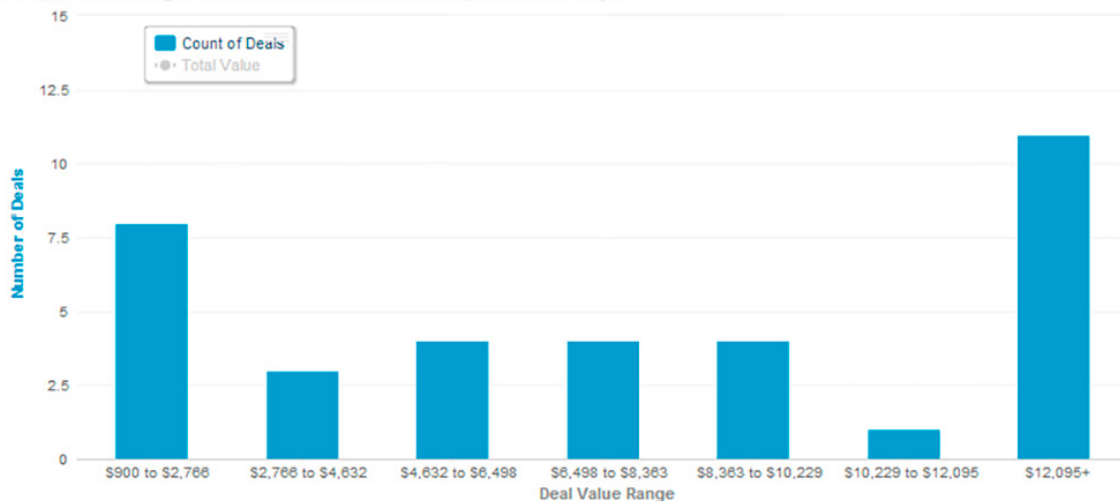
What it Tells You: Whether your sales cycle varies for Seeds, Nets and Spears. The image above shows sales cycle **just for Spears**. How does it compare to the sales cycles for your Nets and Seeds?

The Takeaway: Your Seeds, Nets and Spears will likely have different sales cycles, which has a large impact on how you treat leads from each source. Imagine if your Nets take 10x as long to convert into deals as your Spears. This would have an enormous impact on how you evaluate the two lead sources, right? Don't ignore this fact by not tracking sales cycle by lead source. Instead, **carefully measure your sales cycle by lead source to help you forecast more accurately** and identify the strengths and weaknesses of each channel. The chart above shows average sales cycle over time for Spears.

Metric #3: Average Deal Size by Source

What is our average deal value?

\$10,828 average value for deals created in the previous 90 days



The Metric: Average deal size (broken into value buckets) for different sources.

What it Tells You: Whether your average deal size varies for Seeds, Nets and Spears. The image above shows deal size **just for Nets**. How does your average deal size compare for Seeds and Spears?

The Takeaway: Just as Win Rate and sales cycle vary among Seeds, Nets and Spears, deal size fluctuates as well. Are the deals you close from Nets larger than from Spears? Only by tracking average deal size by opportunity source can you **identify which channels produce your largest deals**, an important metric if you hope to scale your team and generate predictable revenue.

Conclusion

A scalable, predictable pipeline is the key to sales growth, which means you must truly understand your pipeline's contents. In this eBook, we broke your pipeline into 3 main components – **Seeds, Nets** and **Spears** – and provided the essential metrics for measuring and managing them. Understanding these metrics (and how they relate to the revenue your sales team brings in) will help you create a robust pipeline that performs exactly as you'd expect it to.

This eBook should have helped you understand the advantages of measuring and comparing the metrics behind your Seeds, Nets and Spears, such as:

- The specific metrics that give you the best insight into your pipeline generation from each source
- The keys to comparing the relative performance of Seeds, Nets and Spears once they are in your pipeline
- How Seeds, Nets and Spears can help you make better business decisions to fuel growth and create predictable, scalable revenue
- Which levers you can pull to get more pipeline growth from your Seeds, Nets and Spears

Now that you know the metrics behind your Seeds, Nets and Spears, it's time to go forth and triple your revenue! Good luck!

#1 for Salesforce Analytics

About InsightSquared

InsightSquared is the #1 Salesforce Analytics product for small and midsize businesses (SMB). Unlike legacy business intelligence platforms, InsightSquared can be deployed affordably in less than a day without any integration costs and comes preloaded with reports that real business people can use. Hundreds of companies and thousands of users around the world use InsightSquared's award-winning analytics to maximize sales performance, increase team productivity and close more deals. Based in Cambridge, Mass., InsightSquared was recently named one of the "Best Places to Work in Massachusetts" by the Boston Business Journal.

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