

HOW TO BUILD A WORLD-CLASS

Sales Development Team



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Introduction

from Mike Plante

How can you fill your sales pipeline without busting your budget?

Companies are increasingly adopting a specialized sales model to accelerate revenue growth cost-effectively. Creating teams of specialists to handle lead qualification and prospecting is a proven way to increase conversations, pipeline and sales.

These teams go by many different names. In your company, you might call it a sales development team, a lead qualification team or a business development team. To keep it simple, we'll refer to this function as sales development.

Some organizations place their sales development teams in sales while others put them in marketing. But the concept is the same: How do you extract additional value from your pipeline through sales specialization?

In this ebook, you'll discover how InsideSales.com leveraged a highly specialized model to help it achieve three straight years of 100 percent revenue growth. Our sales success has helped us secure \$139 million in venture funding and become the nation's fifth-fastest job creator in the software industry, according to Inc.

We're happy to share our research and experience in building, incenting and measuring the performance of world-class sales development teams. We practice these principles at InsideSales.com and use them to advise companies in a variety of industries. You'll also see how you can leverage sales acceleration technology to dramatically improve your results.

DoubleDutch, a leading provider of mobile event apps, saw its annual revenue soar by 300% within 18 months of putting its sales development team on the InsideSales.com platform.

Your mileage may vary depending on your average deal size, your industry and other factors. Whatever your particular sales challenges look like, you're sure to gain valuable insights that you can apply immediately.

Happy selling.

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Mike Plante is the vice president of demand generation at InsideSales.com. He has more than two decades of experience with technology companies both nationally and internationally. Prior to InsideSales.com, he helped drive growth strategies for award-winning and category-leading products, such as GoToMeeting and GoToMyPC, as vice president of marketing strategy and operations for the \$560 million SaaS division at Citrix.



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Ken founded InsideSales.com in November 2004, where he currently leads as President and Chief Strategist. He sets the vision for the company together with the CEO. Ken brings more than 24 years of experience in sales, business strategy and marketing in both domestic and international markets to the sales acceleration technologies and consulting at InsideSales.com. Ken has received many industry awards, including being recognized among the Top 25 Most Influential Inside Sales Professionals consecutively from 2012-2014 by the American Association of Inside Sales Professionals (AA-ISP) and being honored as No. 2 in the world in a list of Top Social Sales Influencers featured on Forbes.

Wring Maximum

Value From Your Leads

First, let's take a quick look at some highlights from an important body of research on lead response management. This research was originally conducted by Dr. James Oldroyd, when he was a visiting research fellow at MIT, in partnership with InsideSales.com CEO Dave Elkington. The research was initially published in the "Harvard Business Review," and we've continued to refresh it annually.

Our goal was to identify the best practices for lead management. In other words, how can we maximize the business results from a pool of leads? We analyzed three years of data, spanning scores of companies in a number of different industries.

This groundbreaking study provided quantifiable, measurable insight in three important areas:

- 1. When is the best time to reach out to a contact or prospect?**
- 2. How fast should you respond to an inbound lead?**
- 3. How persistent should you be when following up with a lead?**

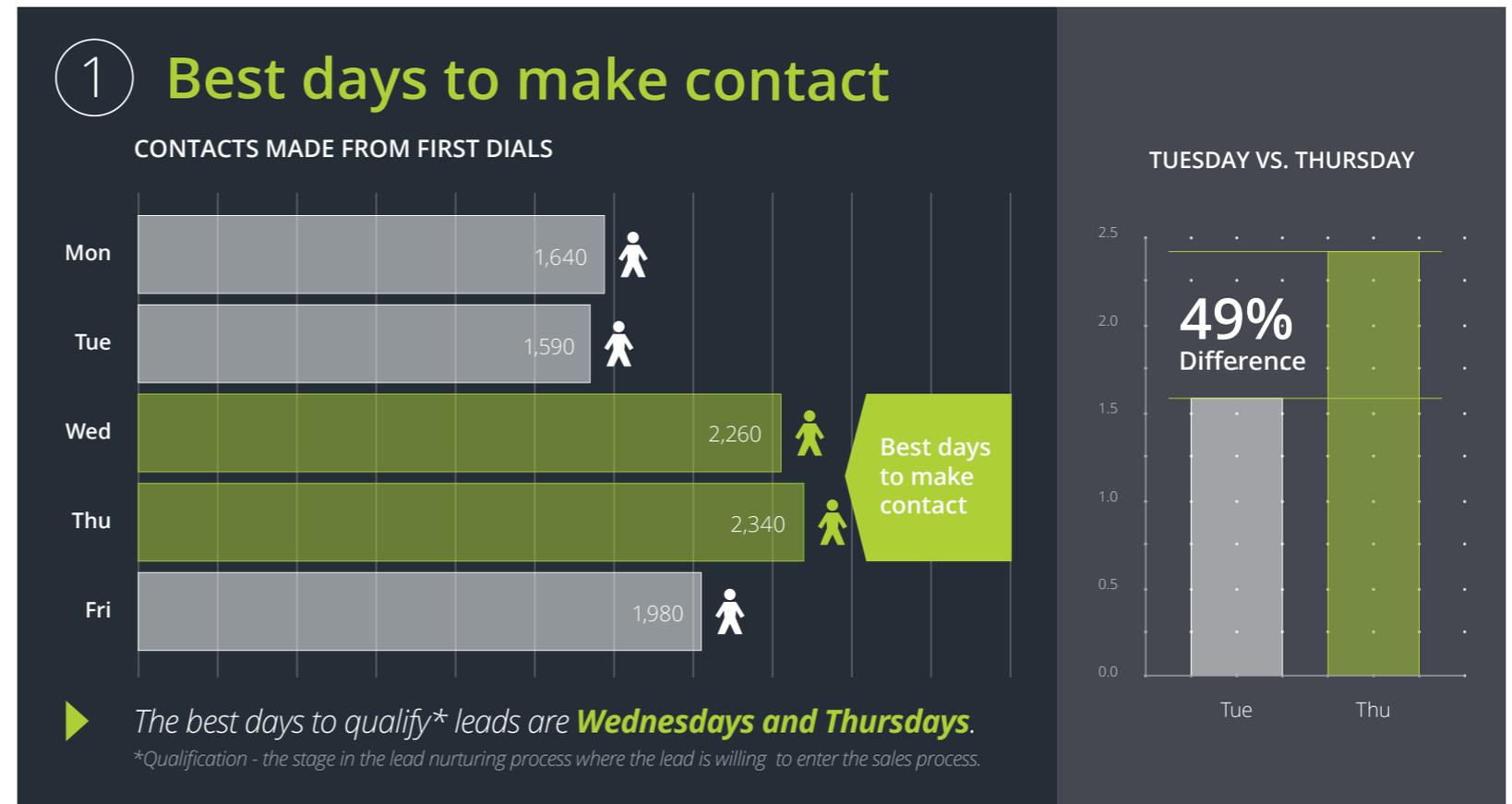
Lead Response Research

Best Time to Make Contact

1. Best Times to Make Contact

There are better days and worse days, in general, to attempt to make contact. Specifically, for most inbound web leads, the best days of the week to attempt to follow up are on Wednesday and Thursday.

In fact, there's a 49% difference in the successful contact rate if you follow up on leads on Thursday versus Tuesday.

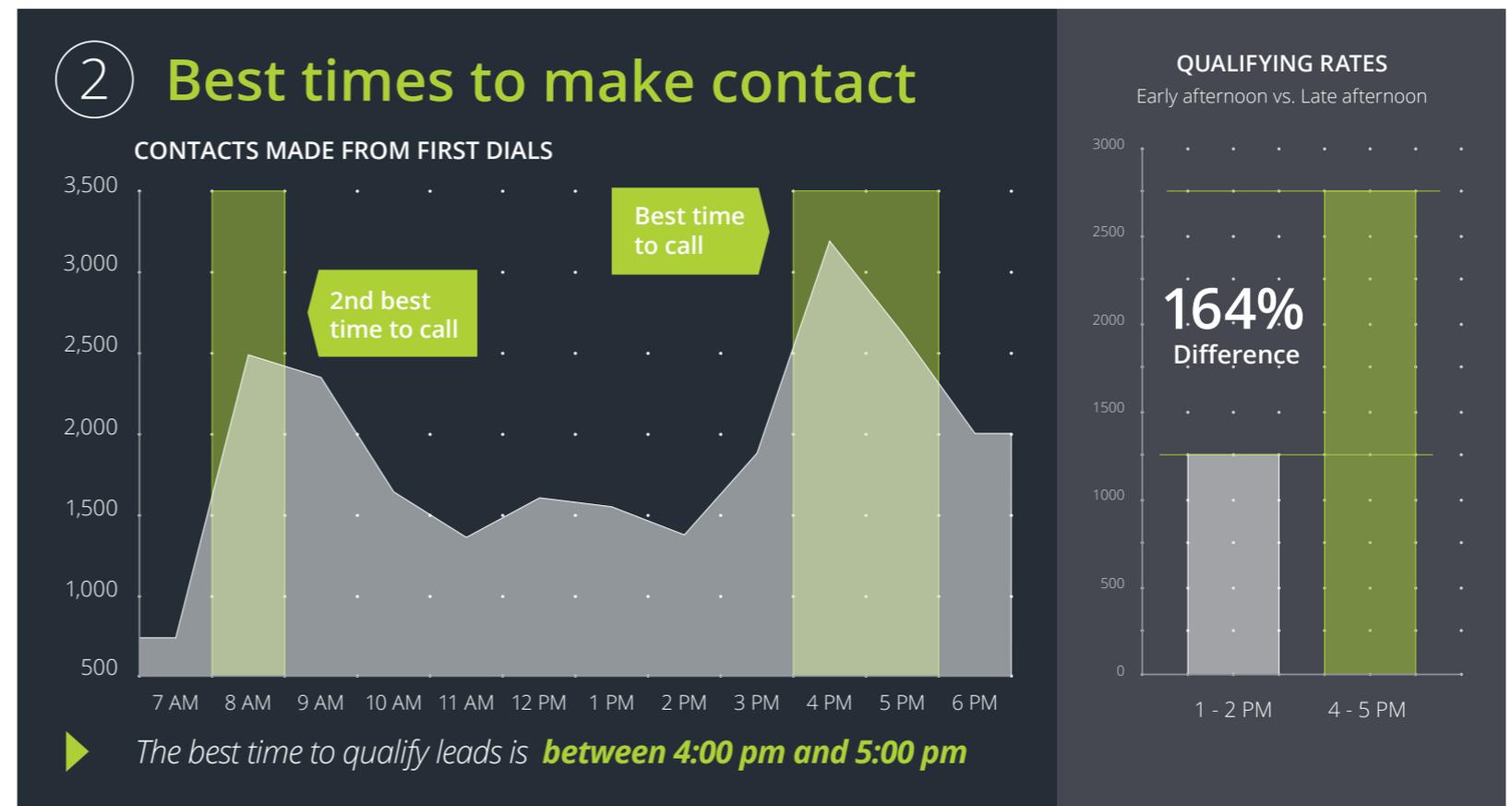


Lead Response Research

Best Time to Make Contact

The best times to contact a lead are between 8 a.m. and 9 a.m. or 4 p.m. and 5 p.m. in the prospect's local time zone. The worst time of day to attempt contact is during the lunch hour.

Qualification rates are 164% higher when leads are called at a good time, 4 p.m. to 5 p.m., versus when they're called at a bad time, 1 p.m. to 2 p.m.



Lead Response Research

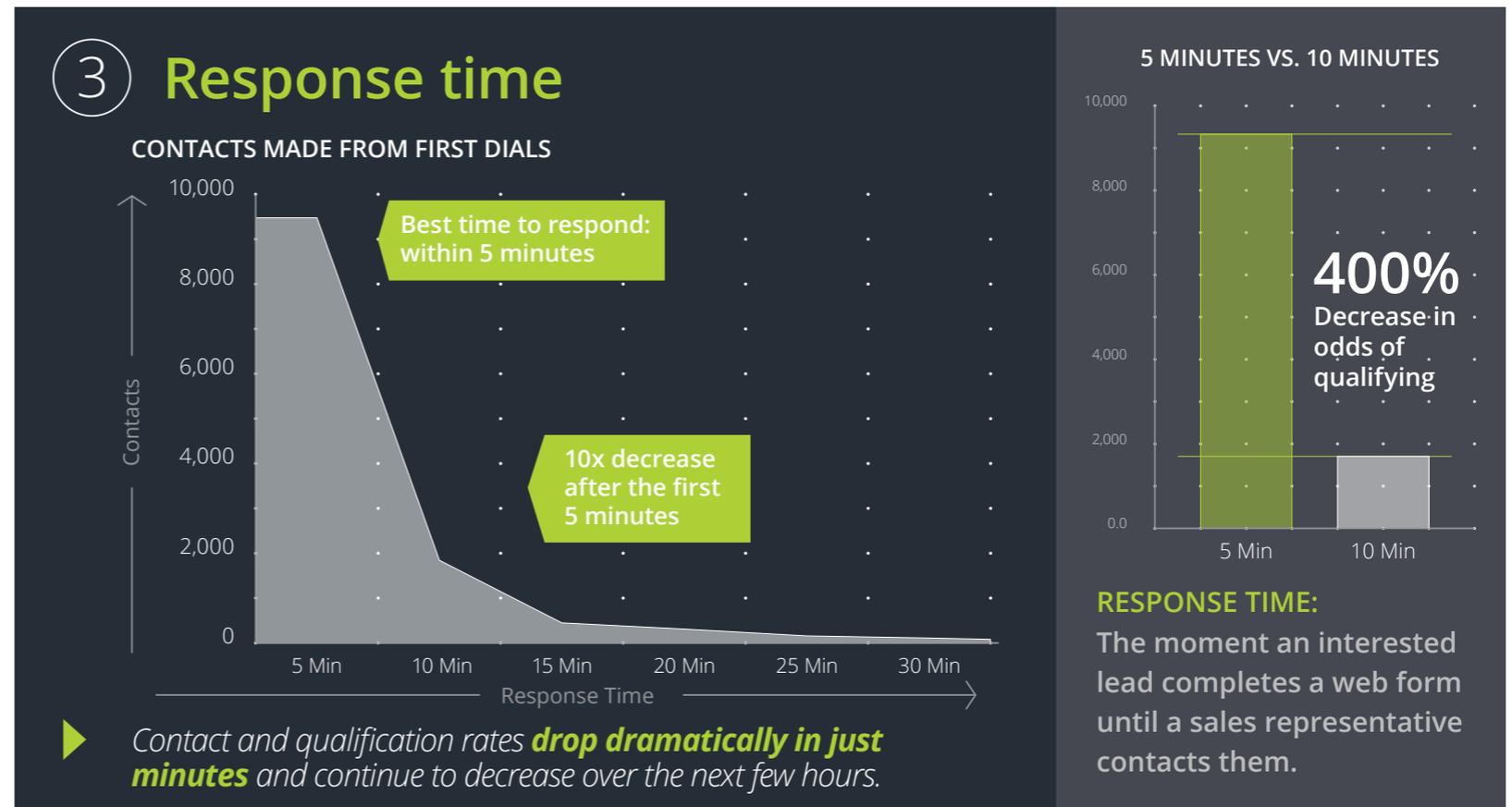
Immediate Response

2. Immediate Response Is Crucial

For B2B inquiries submitted via a web form, 78% of the sales go to the first company to respond. And the optimal time to respond is within five minutes of the prospect hitting submit on your web registration form.

The research revealed a tenfold decrease in the effectiveness of following up after the first five minutes and a 400% decrease in the odds of qualifying a prospect between following up within five minutes and following up within 10 minutes.

As you can see, immediate response is crucial for optimal results.



Lead Response Research

Be Pleasantly Persistent

3. Be Pleasantly Persistent

How many times should you follow up with a lead to improve your chance of making contact?

The research uncovered a statistic marketers have suspected all along: **more than 30% of leads are never actually contacted or followed up by sales at all.**

And when sales reps do attempt to call, their call attempts are usually between one and two times per lead.

Our research indicates that to extract 90% of the value of your leads, you need to make at least six attempts to contact each lead.



Industry Averages

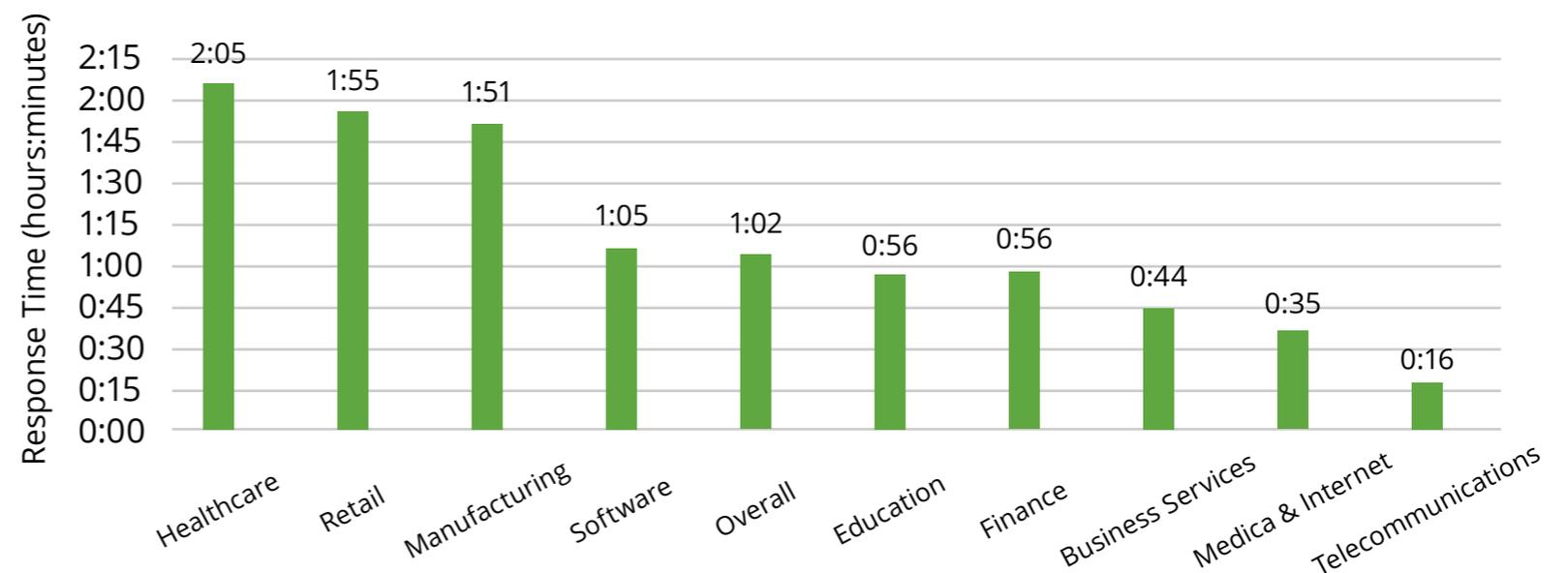
How well are sales development teams meeting these goals? Our research calculated the industry averages for each of these key performance indicators.

The best practice is to respond to web leads within five minutes. We surveyed the response times of 14,000 companies across North America in a variety of different industries in 2014, and we found that the **average response time was 61 hours.**

The best practice is to make at least six call attempts per new lead. The average across that same collection of 14,000 companies was about 2.2 attempts.

Clearly, most companies have not yet figured out how to respond to their valuable web leads quickly and persistently.

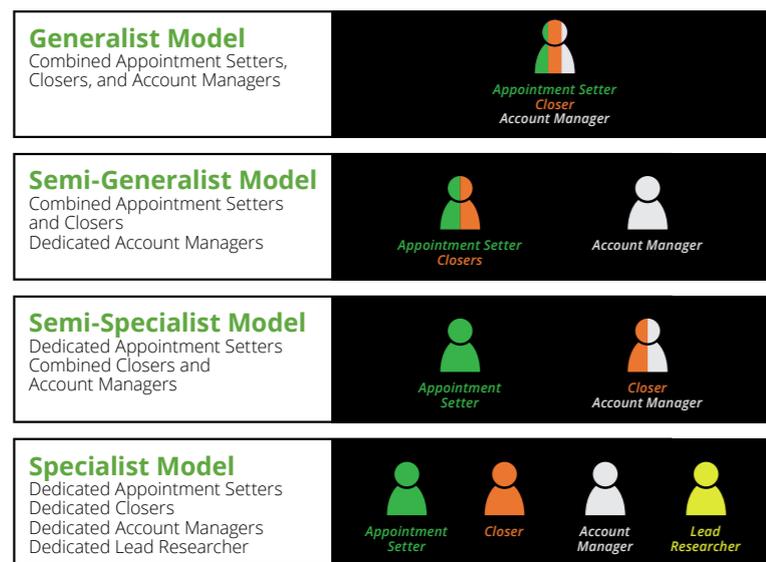
Median First Response Time Overall, By Industry



Here's the good news: If you can **beat your competition to the punch in following up on web leads, you will out-grow your competition.**

Similarly, if you make more attempts to follow up on your web leads, that's another opportunity to beat your competition.

Specialization Is Key



Click image for larger view

These principles are not limited to marketing-generated web leads. This same approach will also improve your results with sales-sourced demand.

The key to cost-effectively growing your sales pipeline is specialization. Let's take a quick look at the specialist sales model that InsideSales.com has used to grow its revenue 100% year over year.

InsideSales.com separates the traditional close-the-deal sales role, which we call closer, from our sales development team. We actually call this function "business development" at our company, but we refer to it as sales development in this ebook.

Our sales development department is broken up into two teams: inbound and outbound.

The inbound team follows up on marketing leads. Inbound reps are constantly dialing, working to respond to marketing-generated leads within a few minutes and to make six or more call attempts on each lead until we contact the customer.

We have a separate outbound cold-calling or prospecting team. Outbound reps identify new prospects in targeted accounts, segments and industry verticals. They leverage qualified lists and use social prospecting and social selling techniques.

The sales development teams set appointments for the closers. Closers are responsible for qualifying opportunities. They carry quota and move deals through the pipeline until they become customers. We have three groups of closers based on company size: small business, mid-market and enterprise.

Sales engineers assist the closers with their technical expertise. They help win over the business decision-maker as well as any technical decision-makers who may be involved in the opportunity.

The implementation team gets the customer set up, trained and fully operational.

The customer success team takes care of ongoing account management.

4 Benefits of Specialization

Many companies try to cram all of these functions into one or two roles, rather than five or six distinct roles. We have discovered that the best way to extract maximum value from your inbound marketing leads and sales-sourced demand is to specialize your sales team.

Sales specialization drives real business results. We've seen it at our own company and at the companies that hire us to consult on sales best practices.

1. Higher conversion rates

The immediate, persistent response to leads and demand generated from marketing produces higher conversion rates on that inbound demand. If you're a sales rep in a typical company, and you have both deals to close and inbound leads from marketing to follow up on, you're probably going to have a natural bias to invest your time and effort in closing deals. And you're going to have a tendency to deprioritize following up on marketing leads because they are a little more speculative. So, through specialization, you can improve the conversion rate of your inbound demand by assigning a specific team to work your leads.

2. Lower total sales cost

By using lower-cost headcount for lower-value activities like outbound prospecting

and initial lead qualification, it actually reduces the total cost of sales.

3. Richer sales data

Specialization improves the quality of sales data for your closers. It's easier to get your sales development reps to submit the right data, ask prospects the right qualifying questions, and make sure the data is richer and more complete. This gives your closers an advantage as they engage with new opportunities.

4. Faster talent development

This degree of specialization creates something like a baseball farm league for your entire organization in terms of talent development. You create a natural progression from sales development responsibilities into career paths as a closer or other functions within your organization.

Recruiting the Right SDRs

Recruiting

Hiring the right people with the right personality as sales development reps (SDRs) is essential to your success. High-volume dialing can burn people out, so you want to make sure you recruit individuals who are suited for this role.

Tips for recruiting the right SDRs:

- Encourage employee referrals.
- Profile candidates on LinkedIn.
- Hire recent college graduates who are energetic and competitive.

Our general requirements are that SDR candidates have a college degree and some selling experience — hopefully over the phone. We like candidates who are naturally competitive. And, of course, if they have leadership experience, that's always a bonus.

Compensation Structure

The compensation plan for inbound reps uses a 65% to 35% split between base pay and variable compensation. The base, of course, is to help keep them in their seats and on the phones responding to the demand that marketing creates.

The 35% of their variable compensation breaks down like this:

- 90% on qualified opportunities from appointments set
- 5% bookings value from appointments set
- 5% effort, such as dials

For our outbound reps, the compensation is slightly different. We put a little less focus on their base pay and assign more value to their variable compensation, with a 60% to 40% split. We use the same calculation for their variable compensation as we do for our inbound reps.

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Coaching Model

For every 30 sales development reps we have on the floor, we like to have one coach who can float among the groups, monitor phone calls, and provide specific feedback and guidance.

Coaches also look at specific metrics, such as ratios of appointments set to appointments held. We provide one-on-one time with specific reps to help them understand how to improve.

Coaching begins in onboarding. We don't throw our reps into the deep end of the pool without letting them know they have help. Even though all of our teams have managers, our coaches spend more one-on-one time helping people improve and become proficient in the skills they need to succeed.

We align our coaching content with our key performance indicators.



We found that just three hours a month of coaching produces a 17% increase in quota attainment, and we can cut a sales rep's ramp time by 50% — from four months to two months.

Coaching also supports the farm league model of talent development. We believe that by investing time in our reps, we can help them advance in their careers and build the company.

It's much easier for us to find energetic people who are eager to start a career — and who are willing to learn our way of selling — than it is to recruit experienced sales talent from the local market. We have a plan for them to develop their talent, not only through coaching and direct management, but we also give them a career path.

We generally start our sales development personnel in an inbound capacity, which allows them to deal with customers frequently. They're taking a lot of phone calls, so they become familiar with the material more quickly. Once they've demonstrated proficiency, we move them to an outbound sales development role, which allows them to hone their skills even more.

Then, they generally either become sales closers or they move into an account management role, where they work with existing clients.

Important Metrics to Measure

We monitor our sales development reps on simple indicators that are good predictors of success.

Dials per day:

For our inbound group, the standard is 160 dials per day. We've found that this yields a healthy number of high-level conversations with qualified opportunities. The outbound group's goals vary by customer segment and range from 50 to 100 outbound dials per day.

Leads required per rep:

When you do the math, you see that 160 dials per day is the equivalent of 800 dials per week for a given rep. If it takes an average of 6 attempts to contact a lead, that means we need 133 new leads per inbound rep every week.

Totally qualified opportunities (TQOs):

Each inbound rep aims to hit 35 to 45 totally qualified opportunities per month. Outbound reps have goals ranging from 8 to 12 TQOs per month. (We explain what constitutes a TQO on Page 16.)

Bookings:

We also calculate the amount of booked revenue that results from our TQOs. Each inbound rep is responsible for TQOs that produce \$40,000 to \$60,000 of new revenue per month. Goals for outbound reps fall between \$75,000 and \$100,000 in bookings per month.

TQO Scoring Model

We use a TQO scoring model to ensure that our sales development team is passing totally qualified opportunities to our closers.



Target

Target companies first. The prospect must work somewhere that could purchase your solution. Businesses that are similar to those that have already purchased are obvious targets.

Decision maker

You also need to be talking to the right person at that organization. Ideally, your contact should be able to make the decision, or at least have access to someone who can. We shoot for VP or director level contacts or above.

Relevant Pain

The prospect needs to have a relevant pain. Maybe they're feeling a financial pinch or they're not achieving their objectives.

Timing

We also look for defined timing. Is the prospect willing to evaluate your solution in a defined period of time? Is there a specific next step?

Enable Your Team with Technology

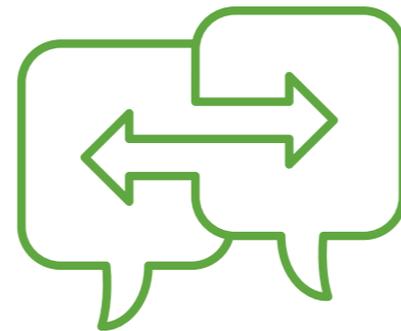
Some of the numbers we've shared probably seem high: 160 dials a day, an average of six contact attempts per inbound lead, 45 totally qualified opportunities per inbound rep each month.

So we also want to highlight some of the technology we've designed to help sales development teams achieve ambitious numbers like these.

InsideSales.com offers a sales acceleration platform that provides solutions for sales development teams in four major areas:

- | | |
|--------------------------|--------------------------------|
| 1. Communications | 3. Predictive Analytics |
| 2. Gamification | 4. Data Visualization |

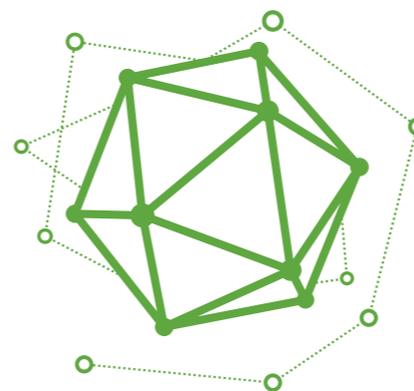
The underlying secret sauce, if you will, to the InsideSales.com sales acceleration platform is big data and predictive analytics. We like to say that successful selling is more like counting cards than gambling. It's math, not magic.



Communications



Gamification



Predictive Analytics



Data Visualization

Sales Acceleration Technology

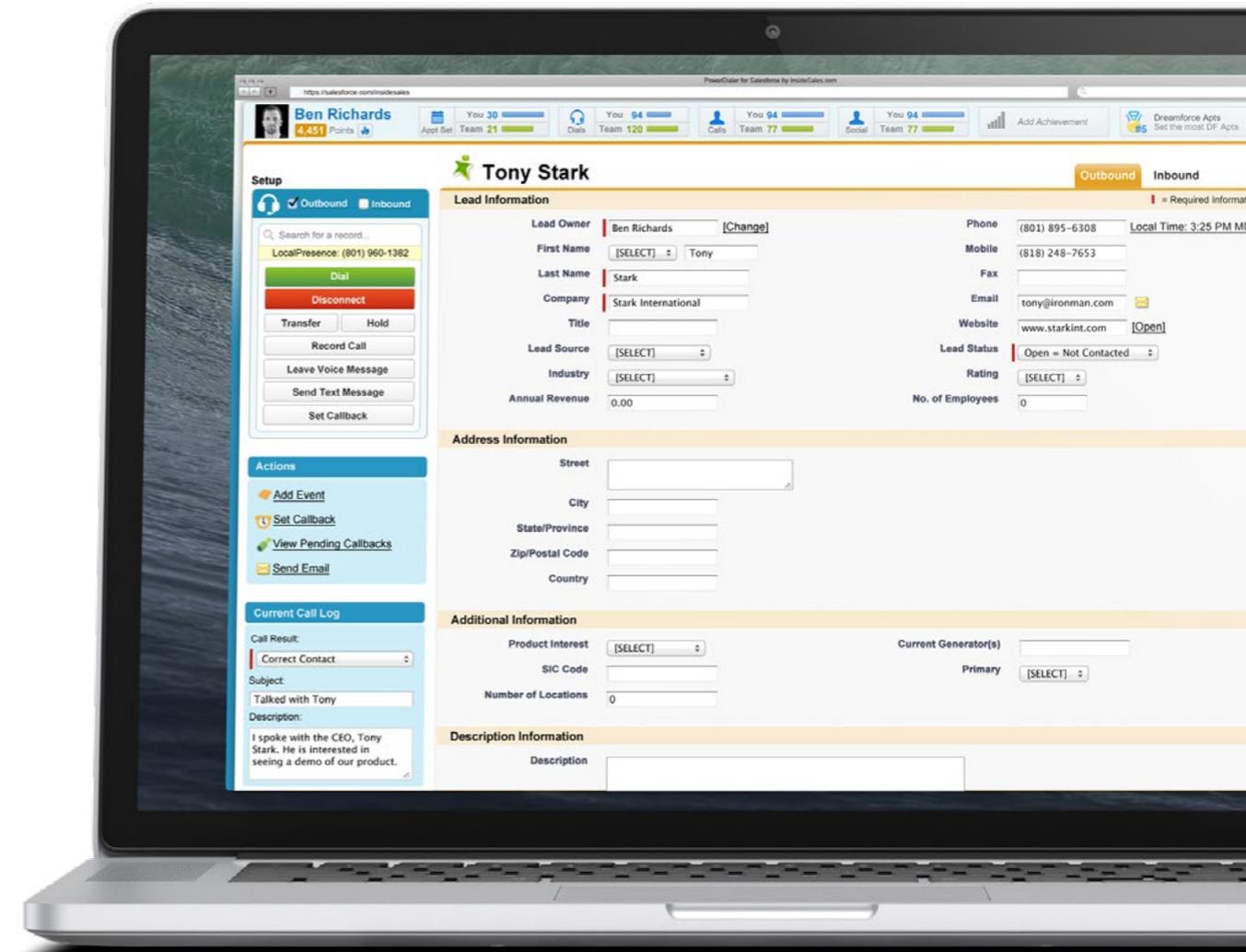
PowerDialer™

Communications has always been the foundation of our business at InsideSales.com, but there's more to sales acceleration than just smiling and dialing. It matters who you're talking to and how successful you are at engaging them in a meaningful conversation.

The marquee product in the InsideSales.com communications platform is called PowerDialer™. This product provides a way to accelerate sales by increasing the productivity and effectiveness of your sales development reps as they contact leads, or as they go outbound for prospecting.

Sales leaders at other companies often ask us, "How in the world do you get your reps to make 160 dials a day?" or "How can you call deep enough to make six contact attempts per lead?"

It really isn't that hard if you arm your reps with the right technology. PowerDialer makes it easy for sales development teams to plow through large lists and follow up on leads persistently.



Sales Acceleration Technology

PowerDialer™

PowerDialer runs inside salesforce.com and allows your reps to call through an existing Salesforce list or load up their own calling list.

The software saves reps a lot of time by automating repetitive tasks and activities. For example, if you don't successfully reach a prospect, it will leave a voicemail for you. It will also automate the sending and receiving of text messages, as well as emails.

Perhaps what's more important, though, is how PowerDialer actually helps sales development reps prospect and sell more effectively. The primary technology behind PowerDialer — the secret sauce — is its big data and predictive analytics engine.

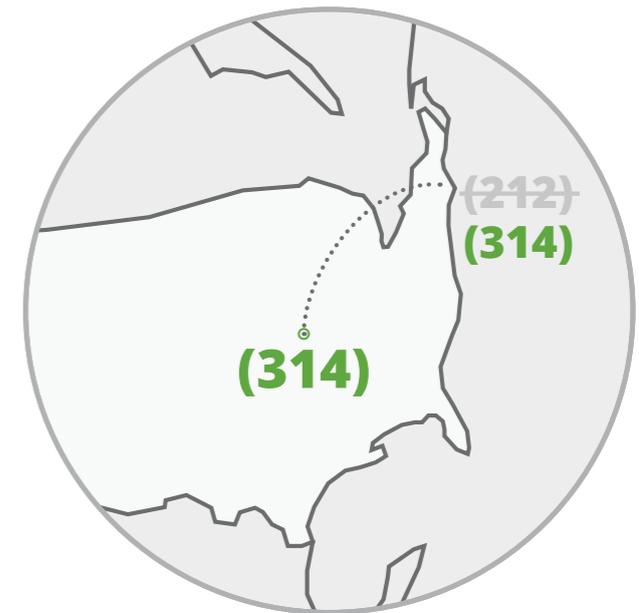
Over the past eight years, InsideSales.com has collected anonymized data for more than a billion sales interactions in industries ranging from pharmaceuticals to

financial services and from hi-tech to manufacturing. We can combine that data with other factors, such as stock market fluctuations, gas prices, sporting events results and even the weather.

We've developed algorithms that predict the best time to call a prospect. So, for example, if you want to reach out to a prospect in Pittsburgh, and it's Tuesday, and the Steelers won Monday Night Football last night, and it's snowing, PowerDialer may determine the optimal time to reach that prospect is at 10 a.m. Pittsburgh time, based on a real-time analysis of all of the available data.

InsideSales.com technology will automatically present that prospect in your dialer at the optimal time to make contact.

It's not just automation that makes sales development teams successful; it's actually the science behind the technology.



LocalPresence™ is another popular feature of PowerDialer. LocalPresence ensures that your sales development reps' phone calls appear to originate from a local phone number. If you're calling someone in Manhattan, your prospect will see a 212 area code. A San Francisco prospect will see a 415 area code. LocalPresence is based on research we did that indicated that **people are 57.8 percent more likely to answer a phone call** if they believe it is a local call.

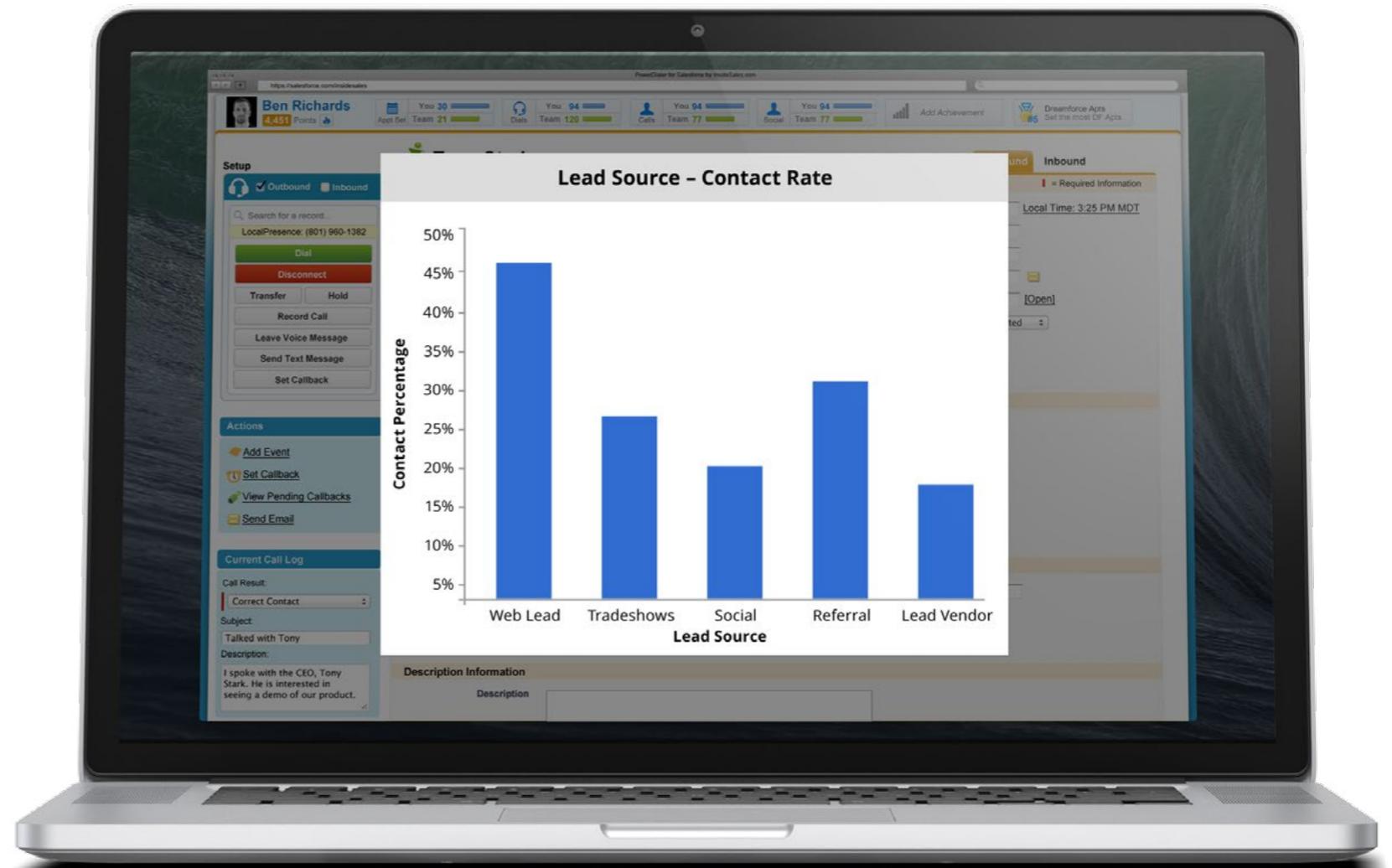
Sales Acceleration Technology

PowerDialer™

PowerDialer features native Salesforce reporting. Your managers have easy access to insights on how the sales development team is doing. When you're measuring call volume or other effort metrics, all that reporting shows up in your native Salesforce environment.

Seek lists leverage the platform's predictive capabilities. Seek lists are the dynamic lists inside PowerDialer that tell you when the optimal time is to reach a specific prospect.

In fact, your Seek list recalculates every hour, based not only on what contacts are left in your list for the day, but also on what's happening from a macro-environmental perspective, whether it's late-breaking news or a rainstorm. Seek lists are dynamically updated to take into account who's the best prospect left in your list and what's happening in that person's world.



Here's an example of what the native Salesforce reporting might look like.

Dramatically Improve Your Sales Results

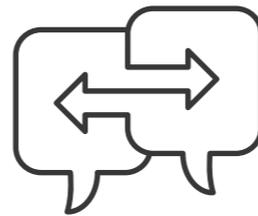
What results can you expect from a platform like PowerDialer?

DoubleDutch saw its annual revenue soar by 300% within 18 months.

Customers who use PowerDialer — particularly those who leverage its predictive analytics capabilities and embrace the proven best practice of immediate response — are **100 times more likely to contact their leads and 21 times more likely to qualify them.**

It's easy to see how you can capture additional sales growth, revenue growth and real bottom-line business improvement, when you're able to improve important metrics like contact rates and qualification rates at those levels.

We have a growing list of customers who have achieved compelling results on the industry's first comprehensive sales acceleration platform.



Communications



Gamification



Prediction



Data Visualization

Sales Acceleration Technology

Improve sales through science with InsideSales.com.

- Contact the right prospects, in the right way, at the right time.
- Work smarter by predicting which leads you are most likely to contact, qualify, and close.
- Motivate your sales team by making the sales process visual, competitive, and fun.
- Bring your sales data to the forefront by making it visual, meaningful, and actionable.

Quotes From

InsideSales.com Customers



Fortune 500 Company

“Since implementing InsideSales.com, we have doubled our call volume with the same amount of reps. That’s 10 reps we didn’t have to hire.”

“With InsideSales.com, everyone’s suddenly answering our phone calls.”

“During our 90-day pilot with 100 users, we increased sales by 30%.”

Summary & Credits

Now that you know the best practices for building a world-class sales development team, you are well on your way.

Sales specialization, in combination with the right technology, is the key to boosting your revenue without busting your budget. By keeping your sales development reps focused on the most important metrics and behaviors, you will crush your competition.

For a more in-depth discussion of the best practices shared in this ebook, watch the webinar, [available here](#).

CONTENT

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