Metrics-based sales productivity – Delivering dividends for forward thinking sales organizations

For organizations who have invested millions building sales automation systems, a new era of sales productivity and performance management has finally arrived. New Sales Performance Management solutions enable sales leaders to align technology to business need and strategy. They provide the capabilities to measure, monitor and report on sales dynamically, in real time and to support accelerated and fact based insight and decision-making.

Designed for the sales executive, this series of Sirius Decisions research briefs focuses on the advent of metrics-based sales productivity. New approaches are being embraced and delivering dividends to forward-thinking sales organizations.

This series can help you learn about:

- **Harnessing the Power of the Pipeline**
  Unleash more power from the pipeline, specifically examining the role that new opportunity, conversion rate and sales cycle length data play.
- **Sales Technology: Poised for Productivity**
  Examine the current state of sales technology including what is currently deployed, who is considering changes and what they will be evaluating.
- **Tracking the Future of Sales Technology**
  Identify five major issues that b-to-b organizations wrestle with as they seek to harness the future of sales technology.
- **The Case for Building a Productivity Pipeline**
  See how deeper sales analytics can fill dashboard gaps and explore the building of the productivity pipeline.

Sirius Decisions is a leading source for business-to-business sales and marketing best practices research and consulting.

SIRIUS Decisions **Research Brief**

Category: Sales Operations, Sales Effectiveness

Tracking the Future of Sales Technology

- *The concept that SiriusDecisions refers to as sales automation 2.0 represents the "dawn of productivity" for sales technology*
- *Sales leaders must address five key issues in order to capitalize on future technological investments*
- *Before making any commitments to technology, you must ensure that the proper processes are in place*

A billion here, a billion there, and pretty soon you're talking about real money. That's the story with sales technology, where truckloads of money have been invested over the years in an attempt to automate and streamline much of what we do. Amazing to us, however, is the fact that despite all of this money spent, relatively little wide-scale impact on sales productivity has been made.

High-performance sales organizations are trying to reverse this trend, looking beyond individual tools and traditional sales force automation systems at applications that have been developed with the specific goal of driving sales productivity. In this brief we identify five major issues we see b-to-b organizations wrestling with as they seek to harness the future of sales technology, a future that begins with a concept we call sales automation 2.0.

One: Sales Automation 2.0

The phrase "sales 2.0" is currently being hyped by vendors as the next turn of the technology crank, a turn that links sales with web 2.0 capabilities. We believe, however, that sales 2.0 is about much more than technology; it is about the dominance of customer buying cycles and how sales must adapt traditional sales cycle thinking and processes to keep pace. It is about the criticality of sales and marketing integration and the alignment of process between the two functions. It is about sales addressing increased capacity requirements and using deeper levels of specialization to collaborate and execute. With all of these fundamentals in mind, only then is it about capitalizing on technology to power a more sophisticated and complex selling enterprise.

Building on the first wave of sales technology in the early 1990s that focused on individual productivity, sales force automation (SFA) technologies led with the promise of productivity but in the end only gave us sales force accounting tools. Account, contact and opportunity management systems layered on top of territory management capabilities provided chief executive officers, chief financial officers and sales leaders visibility to pipeline and forecast data they desired, but did little to help salespeople satisfy customer requirements and even less to drive productivity.

With these marketplace realities and past shortcomings in mind, we see the next generation of sales technology steering toward sales automation 2.0, a term that represents a top-to-bottom vision of a technology-empowered sales organization. Sales automation 2.0 continues to satisfy requirements for operational execution, flexibility and visibility through a sales management system focused on traditional sales cycle stages. In addition, it drives sales productivity at the individual level through a layer of buying cycle-focused sales readiness applications that have the specific purpose of increasing the number and quality of sales interactions. We will discuss both of these components in more detail in sections four and five of this brief.

Two: Adoption

"If you build it, they will come" was just one of many flawed adoption strategies associated with the first generation of sales force accounting systems; tough-love demands by leadership to force usage or softer, bonus-oriented approaches also failed to drive sales buy-in. Today, many organizations are still struggling to pump life into these applications; some have scrapped initial systems in favor of starting over, but they will soon find out that choosing either on-premise or on-demand isn't the answer to what ails them.

"Process precedes technology" is a theme that suggests adoption issues should be addressed prior to deployment, rather than after it to have any hope of being solved. If you lack a common process for account management or lack standards for grading, quantifying and reporting opportunities, the likelihood that a technology designed for account management will gain traction with salespeople or that the pipeline/forecast capabilities of an opportunity management system will be used is highly unlikely. Organizations that have achieved high adoption rates for sales technology and therefore realized its benefits always define, deploy and embrace sales processes the technology automates.

Three: Total Cost of Ownership

Whether you buy software or rent an on-demand solution, the three-year total cost of ownership (TCO) for sales technologies represents one of the largest investments you will make in your sales force. On-premise SFA applications carry capital expenditures for software, servers, development, integration, maintenance and staff that can range from $5,000 to $12,000 per user over three years, depending on the number of users that these costs can be spread over. On-demand applications are typically charged on a per-user/per-month basis with list prices between $80 and $125. Throw in a little integration, a dash of support and training, and deployment expenses and your three-year costs can easily exceed $5,000; don't forget that you must pay for each user in subsequent year. Add on a few components for external intelligence, lead development or customized sales communications and you can add another $150 to your monthly costs, and double your three-year expense.

Beyond applications, there are also costs for individual tools such as personal computers, cell phones and connectivity, as well as infrastructure for email and access to other internal systems. Few organizations, however, measure the total cost of technology to equip a salesperson, tacitly accepting it as part of the cost of doing business. Before adding to an already expensive technology portfolio, we believe sales leaders must perform an audit of their sales technology applications in terms of capabilities and costs, and then develop a sales technology strategy to ensure the alignment and cost structure of the current suite of applications matches the sales strategy for growth.

Four: Sales Performance Management

Sales force automation systems may not provide tremendous value to salespeople, but they form the infrastructure required to build a composite sales automation 2.0 structure. Territory management is a critical subsystem that provides both account ownership and sales hierarchy, the prerequisite for account, contact and opportunity management system to generate pipelines and forecasts. The historical problem with these systems is that they have lacked capabilities to measure and report on sales performance, a problem that sales automation 2.0 will alleviate.

The first generation of sales performance management (SPM) came with the introduction of incentive compensation management (ICM) systems which provide functionality for management, reporting and modeling associated with the processing and payments of sales compensation plans, quota attainment and commissions. Sales performance management systems extend core ICM functionality by automating all aspects of administering, tracking, reporting and analyzing sales performance with functionality for quota management and advanced territory management. SPM systems will be integrated with the opportunity system and eventually include attributes for the manager to make subjective skill assessments, certify sales competencies and conduct performance appraisals. This effectively automates the first-line sales manager process, providing multi-dimensional dashboards where sales reps, managers and executives can monitor every essential KPI for sales in real time.

Five: Sales Readiness Applications

If sales automation 2.0 truly represents the "dawn of productivity" for sales technology, then the applications must focus on selling, not just measuring sales. Sales readiness is an emerging role within sales that encompasses sales effectiveness, enablement and empowerment titles under a single umbrella. Readiness applications enable individual salespeople to be more productive by focusing on the processes, skills, knowledge and tools they need to bring value to each interaction. Lead development, tracking and the integration of external intelligence can save valuable time and increase the quality of demand creation activities, while knowledge management, customized sales communications, collaboration, lead development, pricing/configuration and learning management capabilities all bring value and relevance to each interaction in the opportunity lifecycle.

There are a number of distinct categories of sales readiness applications that allow sales and marketing to integrate their processes and collaborate in ways they never could before. The emergence of *field marketing 2.0* technologies for demand creation is forcing CRM applications to be integrated with marketing automation platforms to enable lead scoring, qualification, distri-

For More Information...

The following research briefs and vendor profiles shed additional light on the emerging technological categories of sales performance management and sales readiness. They can all be found on our research portal, including:

Sales Performance Management: Incentive Compensation, the Systematic Way; Digging Into Incentive Compensation Systems; Illuminating the Black Art of Quota Setting; The Shifting Seas of Sales Compensation; Centive, Xactly, Callidus (vendor profiles)

Sales Readiness: A State of Sales Readiness; Field Marketing: Partner in Sales Productivity; Is Your Organization Ready to Sell?; Riddle Me This: Sales Readiness; Savo Group, Pragmatech, SANT, CMM Group (vendor profiles) bution and nurturing. *Customized sales communications* takes stagnant electronic marketing collateral shelves and turns them into a knowledge management repository, allowing a salesperson to quickly develop a highly targeted message for a specific audience at a specific point in the buying process. *Sales feedback* capabilities provide access to the most widely used or recommended collateral and marketing playbooks. Finally, *sales collaboration* technologies enable sales access to knowledge experts to quickly access information needs or to engage in real time account strategy discussions.

The Sirius Decision

After years of frustration with sales force accounting systems and billions of dollars spent in search of technology-powered sales productivity, applications are emerging that truly help salespeople sell in addition to helping managers manage. These applications will not come cheap or easy, but they are different; for starters, they will be more readily adopted by salespeople. As far as sales leaders go, a technology strategy becomes the centerpiece for the alignment of the business strategy with application selection and budget constraints to ensure technology discipline.

Harnessing the Power of the Pipeline

The sales pipeline can tell you much more about your business than just revenue values

Phase definitions, opportunity attributes and sales adoption are all prerequisites to unleashing the pipeline's power

Tracking net opportunities, conversion rates and sales cycle length create a profile for successful outcomes

The late Sen. Daniel Patrick Moynihan once said that everyone is entitled to their own opinion, but not his own facts. Unfortunately, many sales managers have no choice but to rely on opinion in the absence of facts about how opportunities convert from fresh on the pipeline to close.

Pipeline values have long been an important contributor to critical business decisions including future revenue projections, resource allocation and much more. In this brief, we will look at how you can unleash even more power from the pipeline, specifically examining the role that new opportunity, conversion rate and sales cycle length data play.

HOW DO BUYERS BUY?

The sales pipeline tells sales reps where to prioritize their time, helps sales managers to focus their support and satisfies executive management reporting requirements. However, the real power of the pipeline is its ability to provide a real-time view into *how* your customers are buying, not just how much.

Most sales organizations have developed cycles that roughly mirror the steps they see customers go through when they buy. The good news is that with the maturing of sales force automation (SFA) applications and their adoption, pipeline dashboards are being populated and forecasts submitted like never before. The better news is that SFA systems have streamlined pipeline administrative tasks, and their analytics capabilities afford sales organizations unprecedented visibility into pipeline shape and velocity.

In the brief "Identifying and Managing Knowledge Inflection Points," we highlighted the two major inflection points where buyers – needing access to more detailed information – progressively engage with a more knowledgeable resource leading up to their first interaction with a salesperson. Once engaged, the salesperson has to successfully navigate the buying process by supplying the information the buyer needs in each phase. Watching how reps manage these critical junctures will be critical for sales management; we will discuss the decisions that can be made later in this brief.

ACTIVE INGREDIENTS

Unleashing the power of the pipeline requires that a number of ingredients must be in place. These ingredients begin with a series of sales cycle definitions, a unique set of activities that take place depending on the nature of the product and the knowledge level of the prospect. The following core buying phases are common to most b-to-b selling scenarios:

- *Qualified opportunity*. The entry point from any demand creation activity (e.g. marketing, account management, cold calling). Defining exactly what determines a qualified opportunity is unique to each environment, but once deemed qualified, the opportunity lifecycle begins.

- *Requirements definition*. Achieving clarity of customer requirements and the crafting of a solution to match those requirements converts a qualified opportunity into a qualified solution.

- *Value demonstration*. Following the creation of a potential solution, customers will require a proof of concept or physical demonstration of how the solution aligns with their requirements. The presentation, validation and agreement by the customer that the recommended solution could satisfy their needs turn a qualified solution into a customer solution.

- *Proposal*. Detailing the terms, conditions and costs of a customer solution in the form of a quote, offer or proposal represents a committed solution to the customer. The presentation of the offer converts a customer solution into a proposed solution.

• *Negotiation*. Once the customer receives an offer, the negotiation process begins, sometimes involving a procurement resource. Once the customer response and active negotiation takes place, the proposed solution is now a negotiated solution.

• *Decision*. A negotiated solution becomes a result when the customer responds with a yes or no decision.

Our ingredient categories continue with opportunity attributes. The shape and form of opportunities change through the progression of the opportunity lifecycle; expectations must be set concerning the mandatory data attributes for each opportunity. At a minimum, each opportunity should have a sales phase classification, product mix, revenue value and anticipated close date. Other demographic attributes such as company size, geography or SIC code can be extracted from the account file.

Our third ingredient is end-user adoption. Getting reliable pipeline data isn't easy; even before the advent of SFA, getting salespeople to agree on a common set of opportunity definitions and data attributes was difficult. The deployment of SFA only exacerbated the problem, as real-time pipeline visibility illuminated how infrequently salespeople updated opportunities and how varied the interpretations were regarding opportunity definitions. In our research brief "Driving Successful Sales Force Automation Adoption," we focused on adoption of the sales process as a best practice and the prerequisite to deploying technology.

The final ingredient is technology. Once all the business processes are in place, the alignment of the SFA application to the sales phase and opportunity attributes allows for rapid, accurate calculation and presentation of opportunity data into reports and dashboards to satisfy pipeline data requirements. Analytic capabilities will provide visibility to the shape and flow of opportunities as they move through the lifecycle.

WHAT TO WATCH FOR

The power of the pipeline comes to life when four key data attributes are incorporated into business analysis. These attributes include:

• *Net new opportunities*. Tracking the net number of new opportunities will project long-term revenue potential based on conversion rates and sales cycle length. Identifying the source of new opportunities enables the sales organizations to become better able to prioritize demand generation efforts against active selling efforts. A deeper level of sophistication is to apply conversion rates and sales cycle length by new opportunity source. This data becomes essential to making fact-based decisions to determine best sources for new opportunities, successful techniques and tactics for sourcing new opportunities, and the level of knowledge required to advance a qualified opportunity to a qualified solution.

• *Conversion rates*. Capturing the percentage of opportunities that convert from one phase to the next replaces traditional three-to-one pipeline thinking with facts to project future revenue potential. Conversion rates highlight where in the process opportunities get stuck. If this tends to occur early in the cycle, it may be a messaging issue; however, if it occurs during the demonstration phase, it may reflect a skills issue or product weakness. At a rep level, conversion rates against those of the team or sales group help determine if there is an individual a sales skill or knowledge concern.

• *Sales cycle length*. Having an accurate representation of the time it takes for a qualified opportunity to close based on analysis of successful sales cycles is critical in the future assessment of opportunities. Successful opportunities have a natural cadence; establishing this profile will help prioritize those deals on this cadence and disqualify others that stall or raise skepticism. Stalled opportunities usually need to be re-qualified or transitioned into a nurturing program until ready to be re-engaged, while opportunities that seem to appear out of nowhere and quickly move to a proposal stage might suggest "comparison shopping" by prospects.

• *Success profiles*. The concept of win/loss analysis is not new. However, modeling the source of an opportunity – and determining the drivers for conversion from one phase to the next and the duration involved – builds a scientific model of success. Each opportunity will have a life of its own; however, the data characteristics of those that close enables sales leaders to add a powerful element of fact to their subjective assessment of their pipeline's business value.

THE SIRIUS DECISION

The true power of the pipeline is more than just satisfying the data demands of management. When properly developed, it provides a fact-driven profile of when and where opportunities advance and when they fail. In addition, capturing the four data attributes of an opportunity enhances the integrity of the pipeline as it advances through a well-defined lifecycle, resulting in the development of success profiles. These profiles can then focus your demand creation efforts, and identify sales skill and knowledge deficiencies that when remedied can significantly benefit topline revenue.

Sales Technology: Poised for Productivity

- A core technology infrastructure is now in place for nearly 90 percent of b-to-b sales organizations
- Sales productivity applications, however, are deployed in less than half of these organizations
- Lead development/tracking and knowledge management head the wish lists of the companies considering upgrading or adding to their applications suite

When the ceremonial golden spike was driven into the ground to mark the completion of the first transcontinental railroad, it signaled the creation of a new transportation infrastructure that would be able to move goods faster and cheaper from coast to coast. It wasn't until several years later, however, that the line actually became profitable by capitalizing on advances in engine and rail technology.

Sales technology is now at the same crossroads, as advances in sales readiness applications are now positioned to capitalize on the costly and sometimes painful build out of core sales infrastructure (also known as sales force automation). In this brief, we will share the findings from our sales readiness survey on the current state of sales technology including what is currently deployed, who is considering changes and what they will be evaluating.

INFRASTRUCTURE IN PLACE

Core sales force automation (SFA) includes functionality for account, contact and opportunity management residing on a platform that supports territories and hierarchies. It provides the skeleton and central nervous system to manage and report on sales, a substantial improvement over prior manual or spreadsheet approaches. As we have discussed on numerous occasions, its deployment has been costly and challenged by adoption issues from salespeople who see little value in it from a productivity standpoint.

Roughly 91 percent of the more than 120 sales and marketing leaders who took part in our recent sales readiness survey indicated their organizations have account/contact management applications in place today; 84 percent have deployed management capabilities for opportunities, pipelines and sales forecasts. Segmenting the responses by number of users, we found little difference between the percentages of large (500+ users), midsize (50-500 users) and small (less than 50 users) organizations with account and contact management capabilities. However, as the user base grew, the percentage of organizations with opportunity management deployed grew, from 75 percent to 88 percent and 94 percent respectively for these three data cuts.

The missing element from this core has been functionality to tie sales performance to incentive compensation management (ICM). Now, specific ICM applications manage the design and deployment of sales compensation plans and automate the calculation, payment and reporting of sales commissions and quota performance. Just 23 percent of sales organizations have deployed automated functionality for commission management, mostly in large organizations. We elaborate on the completion of a sales management system in the brief "The Evolution of Sales Performance Management," available on our research portal.

RENT OR BUY?

Analyzing the responses by application type (spreadsheet/homegrown, purchased or on demand) creates an interesting cross-sectional view of the sales technology landscape, while further underscoring the completion of the infrastructure build out. Roughly 20 percent of small organizations use a homegrown or spreadsheet-based system with 42 percent using a purchased application and 35 percent using an on demand solution. This is a bit surprising as the appeal of on-demand computing is best suited for small companies; however, packaged applications such as Goldmine or Maximizer have been available for many years before alternatives existed. Midsize companies prefer on-demand solutions at a 58 percent rate, followed by purchased software (30 percent) and spreadsheet/homegrown alternative (12 percent). For large companies, the usage was more balanced with 41 percent using purchased software, 31 percent on demand and 28 percent utilizing a homegrown solution.

On-demand applications have gained considerable traction over the last several years and present a compelling alternative to traditional software. Benefits of easy install, minimal IT involvement and low monthly billing cycles combined with solid functionality must be contrasted with customization limitations and long-term total cost of ownership (TCO) implications; this is a major factor for large organizations with well-established processes that can spread development costs over a large user base. Nonetheless, on demand has drawn the attention of many sales organizations as their choice for core SFA. Interestingly, 96 percent of on-demand instances have account/contact management capabilities and 98 percent have opportunity management. This compares with 92 percent and 77 percent, respectively, for purchased software and 88 percent and 76 percent for homegrown/spreadsheet solutions, suggesting conformity in the definitions and requirements for core SFA regardless of company size or application type.

PRODUCTIVITY COMPONENTS

Unlike SFA applications which merely measure how much a salesperson sells, sales productivity applications are focused on helping reps reduce the amount of time and effort required to satisfy a customer requirement or by improving the quality of the event/interaction. When assembled, a host of applications work together to create a sales readiness system described in the brief "A Platform for Sales Readiness" (available on our research portal). Combining SFA and sales readiness completes a vision for a platform we have defined as sales technology 2.0.

There are currently a variety of productivity applications available, but they are generally deployed in much smaller numbers and usually in large organizations. Pricing/quoting applications are deployed in 44 percent of all sales organizations, led by large companies (59 percent). Roughly 41 percent of sales organizations provide access to external data for financial or corporate intelligence through such providers as Hoover's or Dow Jones Factiva, with 50 percent of midsize organizations leading the way. The next tier of applications includes knowledge management (31 percent) and message/proposal creation (25 percent), and a third tier includes capabilities for collaboration (17 percent) and learning management (13 percent). Just 5 percent of small organizations and 10 percent of midsize organizations have deployed learning management capabilities.

With more than half of all sales organizations deploying nothing to help salespeople sell, it's little wonder there have been significant adoption issues and minimal return on investment for core SFA. This is beginning to change for two reasons. First, core SFA is no longer new; most salespeople have been through at least one rollout and have begrudgingly accepted it as the forecast tool. Second is the broad acceptance of on-demand applications that can integrate into either an established software suite or become part of an on-demand ecosystem of capabilities. On-demand computing has opened the benefits of large company CRM software to any size company that can afford it. It also provides the ideal platform for point productivity solutions that require just a base level of integration.

APPLICATION CONSIDERATION

When asked if they would be considering upgrading or adding to their current suite of sales technologies, 60 percent of companies said yes; roughly 13 percent will be replacing their suite while 46 percent will add on. Breaking this down further, 43 percent of those organizations with a homegrown/spreadsheet solution plan to replace their core system, most likely leaving first-phase, packaged applications and moving to a next-generation approach. Another 35 percent of small companies will be adding on to their application suite, while 50 percent of midsize and 62 percent of large companies will do the same.

Roughly 33 percent of the companies planning to add applications will be looking at capabilities to improve the volume and quality of the leads they distribute to sales, and then providing sales with a tracking ability to see if/how the lead reacts to an email. Knowledge management applications are the second most popular choice (24 percent), as knowledge has become the premium differentiator for salespeople. Quoting and pricing capabilities were next (23 percent); as these are already popular applications on their own, we now see them becoming a core component of a sales readiness application suite. ICM applications are being considered by 19 percent, with collaboration (17 percent), external data (15 percent), message management (14 percent) and learning systems (13 percent) rounding out the field.

THE SIRIUS DECISION

Each sales organization has a unique set of selling challenges based on its product, maturity and customer buying cycles. Unlike core SFA, where off-the-shelf functionality is fairly common, what drives selling can be very different. Each sales organization will need to determine which components will have the greatest impact on their salespeople; major account reps selling an established product will find value in a TCO/ROI tool where a territory rep selling a new paradigm offering would get value from a lead tracking application and a customized sales communications tool. Demand creation and lead distribution have different requirements and value for these two very different sales roles. Consequently, each sales technology team needs to fully understand the demands of selling for each of the roles they need to support and then identify the appropriate productivity components.

The Case for Building a Productivity Pipeline

- Sales analytics add depth and perspective beyond what core sales force automation systems are able to report
- Analytics are required to create a productivity pipeline that truly measures sales productivity
- Simply adding an analytics module isn't enough to accurately assess productivity, and pinpoint key issues

Hurtling down the road at 60 miles an hour, a dashboard is a helpful thing. With just a glance, a driver can see the current speed, fuel and oil levels, the number of miles driven and much more. Like all dashboards, however, this information denotes a single moment in time; it provides no insight into how you got there or more important, where you need to go.

Opportunity dashboards within sales force automation (SFA) systems do a similar job to their automotive cousins; they aggregate individual data from salespeople to provide a real-time view of pipeline status, but don't provide either backward- or forward-looking insight. In this brief, we will discuss why a dashboard isn't enough for sales leaders, describe how deeper sales analytics can fill dashboard gaps and explore the building of what we call the productivity pipeline.

THE LIMITS OF EXPERIENTIAL DATA

Traditionally, sales leaders have combined experience and judgment with the information that dashboards provide to make decisions. Over time, a number of mythical assumptions have become part of this decisionmaking including the three-to-one pipeline-to-quota ratio and generally accepted pipeline factoring levels. While the logic behind ratios and factoring in general is solid, the specific assumptions that an organization should use can't be based on old wives' tales; only when they are based on statistical, actionable facts will they be effective.

Today's sales leaders are faced with a host of new questions in addition to those they have been traditionally asked. These new questions include: How does the close rate of marketing supplied leads compare with those that come from sales? Where should enablement resources be focused to improve opportunity conversion rates? Does the quality of the pipeline support the forecast, and does it align with performance expectations? The answers to these and other equally challenging questions are all vital; few, if any of them can be answered by just looking at a sales dashboard alone.

Sales analytics provide both the depth and specific perspective to data that core SFA systems can't deliver because of their inability to link various data elements together. Deploying analytics radically expands SFA's value proposition and represents a critical step in adding science to the art of sales. Analytics link historical data from multiple sources to provide a fact-based outlook on performance, trends or attributes of opportunities, accounts and markets. For example, linking conversion rates with sales cycle length creates a statistical profile of successful opportunities. Applying this profile to current or forecasted assessments gives sales managers and reps another valuable dimension to consider when making key decisions.

EXPLORING THE POSSIBLE

We have previously defined sales productivity as a function of the time and effort it takes a sales rep to complete an activity as well as the subsequent outcome of that activity. Opportunities advance when a rep successfully completes a task or phase; the time required to advance an opportunity serves as an efficiency metric, while the frequency with which opportunities convert and advance measures effectiveness. When these metrics are combined an alternative view of the standard sales revenue pipeline emerges, an alternative view we have termed the "productivity pipeline."

Because it shows where opportunities fall out, stall or advance, the productivity pipeline takes on a shape based on buyer behavior, not just revenue value. If it widens significantly, efficiency is weakening; groups of opportunities are conglomerating at the same spot due to the fact that reps are struggling to move them.

Significant narrowing, on the other hand, shows a high rate of opportunities falling out due to waning sales effectiveness.

In both cases, identifying these key "break points" allows sales readiness resources to be focused where they are most needed. Product marketing may develop sales playbooks that provide a rep with task-specific tools, updated messages, value statements and anxiety questions to increase conversions. Webinars or white papers that have been developed by field marketing can be repurposed to align with the decisions buyers are making at a point in the process. Sales training can deploy specific skills modules and potentially re-evaluate the sales process as required, while communications can raise awareness of tactics and strategies proven to be effective. For the first time, sales leaders will have the information they need to directly affect productivity by reducing the amount of time and/or increasing the frequency that opportunities advance in the pipeline.

By applying conversion and cycle length data with revenue by opportunity, a far more accurate revenue forecast model can be developed, one that enables reps to prioritize their opportunity focus and determine which tasks need more attention to keep the pipeline sufficiently full. In addition, requests to marketing to build a targeted campaign to increase top-of-waterfall opportunities or to provide product resources to help with select opportunities can be better assessed. Finally, factored pipeline values can be based on actual conversion rates rather than an arbitrary confidence factor from the sales rep or data extracted from the "experiential" database.

WHAT IT TAKES

There are a number of factors that must be addressed to capitalize on the benefits analytics can provide and ensure the quality of the data being analyzed. Sales and marketing leaders must agree on the metrics that will comprise the "single version of the truth" and use them to report – and manage – moving forward. There also must be confidence in the data and information being input by sales; data integrity can be achieved by adhering to three pipeline principles:

- *Standard process*. A standardized methodology for assessing and grading opportunities by all levels within sales; it will identify the buyer's decision milestones as well as the activities that must be completed to advance. Marketing must be fluent in this process to assist in its execution.

- *Adoption*. Daily utilization of the process by reps must be coached and inspected by sales managers. It is critical that adoption initiatives focus on integrating the opportunity process into daily discussions rather than measuring technology utilization.

- *Compliance*. Standards and expectations for salespeople must be set for the minimum required data that must be maintained on a timely basis. In the brief "Driving Successful Sales Force Automation Adoption," we described how establishing required, recommended and best practice data gives the sales rep a clear understanding of minimum expectations.

Technology is the final piece of the puzzle. Most organizations have an SFA solution in place for sales to record account and opportunity data. Finding, storing, assembling, sorting and then reporting the data from opportunity management, territory management, marketing automation and internal customer master records relies on a sales data warehouse, which becomes the repository of all related data and the source for dashboards, reports and ad hoc inquiry. While recent advancement of software-as-a-service (SaaS)-based solutions make analytics possible for on-demand SFA users, larger, software-based SFA users will likely need to seek a solution from either their vendor or a larger business intelligence provider.

THE SIRIUS DECISION

Developing a productivity pipeline gives sales leaders insight into opportunities beyond revenue by measuring and modeling behaviors through their buying process. With this information at their fingertips, the possibilities are endless. Examining productivity pipelines by region, or by product line prioritizes areas for improvement. Working with marketing more closely will improve the relationship between the two functions, and ensure marketing's content and tool efforts won't go to waste. Finally, and most important, sales will be able to look down the road to see potential potholes and roadblocks in its path. For executives looking to be more systematic and predictable, there's no better ability than that.

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