



2010 Inside Sales Metrics Snapshot

Phone Works LLC

is a Sales 2.0 implementation resource with proven results in increasing revenues while decreasing sales costs for our clients.

Phone Works services include optimizing inside and field sales teams, improving sales and marketing collaboration, and piloting new phone/Web sales productivity programs and tools, including social media.

www.phoneworks.com

INTRODUCTION

During the spring of 2010, Phone Works conducted a survey among technology companies in the San Francisco Bay area at the request of the Bay Area Tele-Business Alliance (TBA). We are pleased to provide you with this snapshot of the results.

The respondents to this survey included:

Vice Presidents, Directors and Managers

- 40% responsible for both Inside Sales & Lead Generation
- 28% responsible for Lead Generation only
- 32% responsible for Inside Sales only

Industry Affiliation

- 78% of respondents were in the technology industry
- 8% considered themselves in the health care industry
- 14% handled technology-related services/products in specialized industries

Company Information

- 46% consider themselves "start-up"
- 92% sell business-to-business

A few highlights from the 2010 survey:

- The average annual quota for inside sales reps has increased dramatically, from \$642K in 2007 to \$1.6M in 2010 (Chart 18).
- During the same time, the percent of reps achieving quota has declined from 62% in 2007 to 58% in 2010 (Chart 19).
- Inside sales reps achieving 75% or more of quota, carry an annual average quota of \$1.2M (Chart 19).
- Inside sales reps achieving 75% of quota or better close an average of 17 deals per quarter, compared to the total respondents average of 15 deals per quarter (Chart 20).

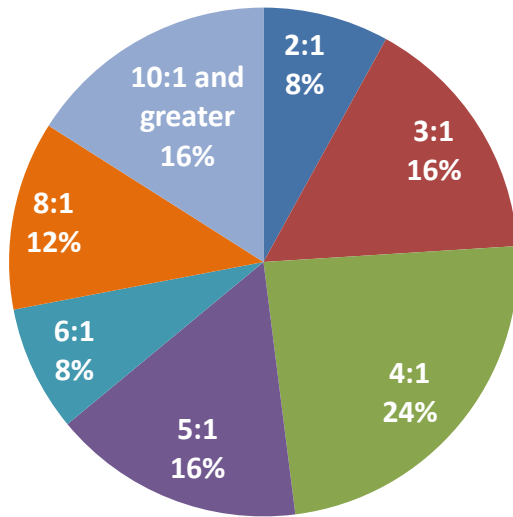
Keep in mind that metrics will vary depending on your market, your position in the market, your target audience, and your implementation of technology and process.

A separate report, [2010 Lead Generation Metrics Snapshot](#) is available.

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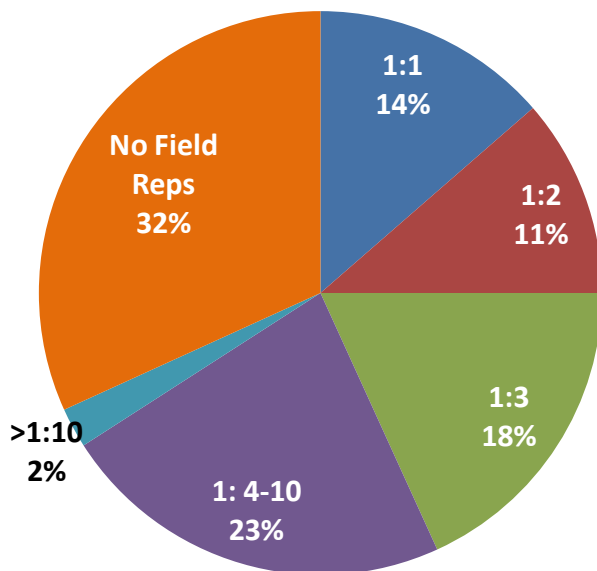
Chart 1: Ratio of Inside Sales Reps to Managers



The first six charts provide insight into the organization of inside sales teams among the survey respondents.

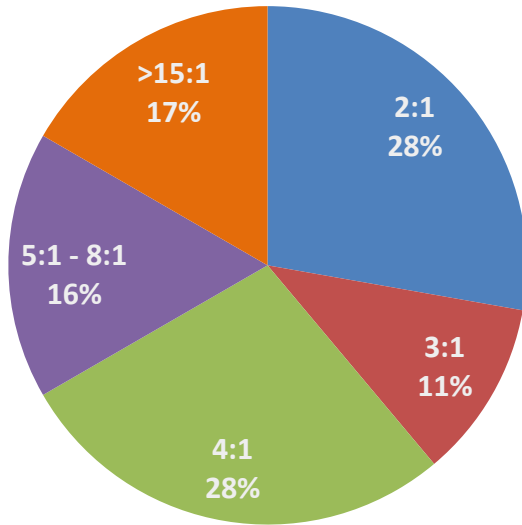
Sales 2.0 Best Practice recommends that the inside sales rep-to-manager ratio should not exceed 8:1.

Chart 2: Ratio of Inside Sales Reps to Field Sales Reps



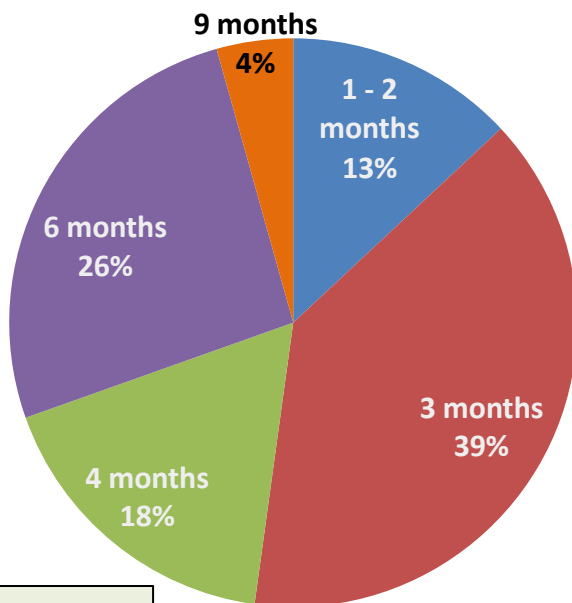
Approximately 30% of the survey respondents do not have field sales. The ratio of inside reps to field reps is dependent on a variety of factors, including product, market focus on customer base or new accounts, and territory composition.

Chart 3: Ratio of Inside Sales Reps to Dedicated Systems Engineer



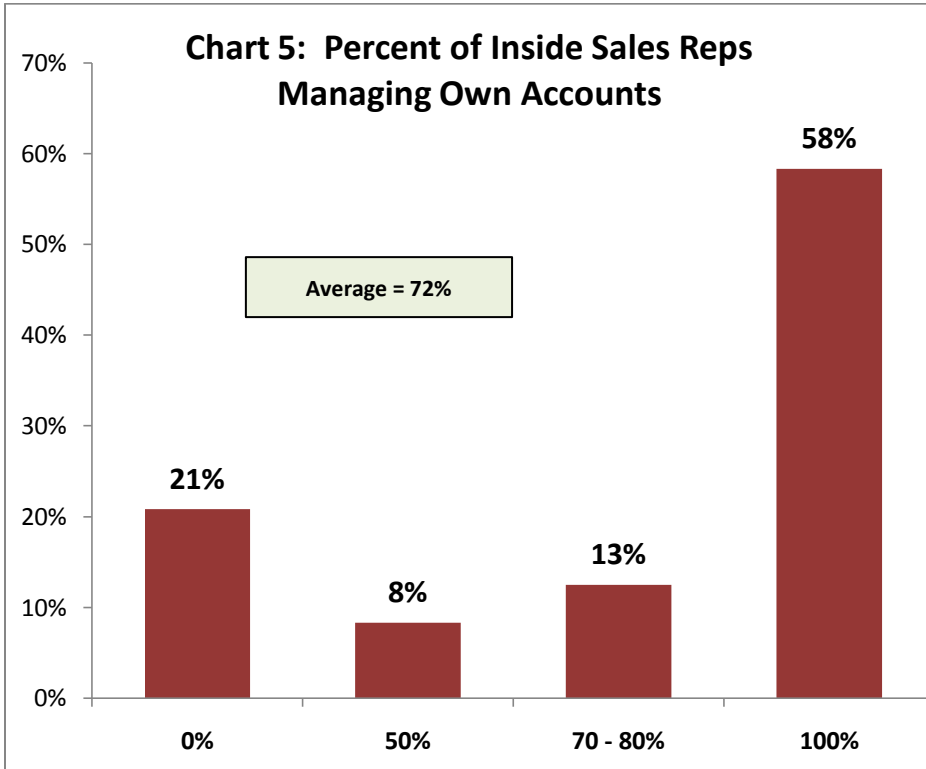
The majority of respondents have at least one dedicated systems engineer to support the inside sales team.

Chart 4: Ramp Time for Inside Sales Reps

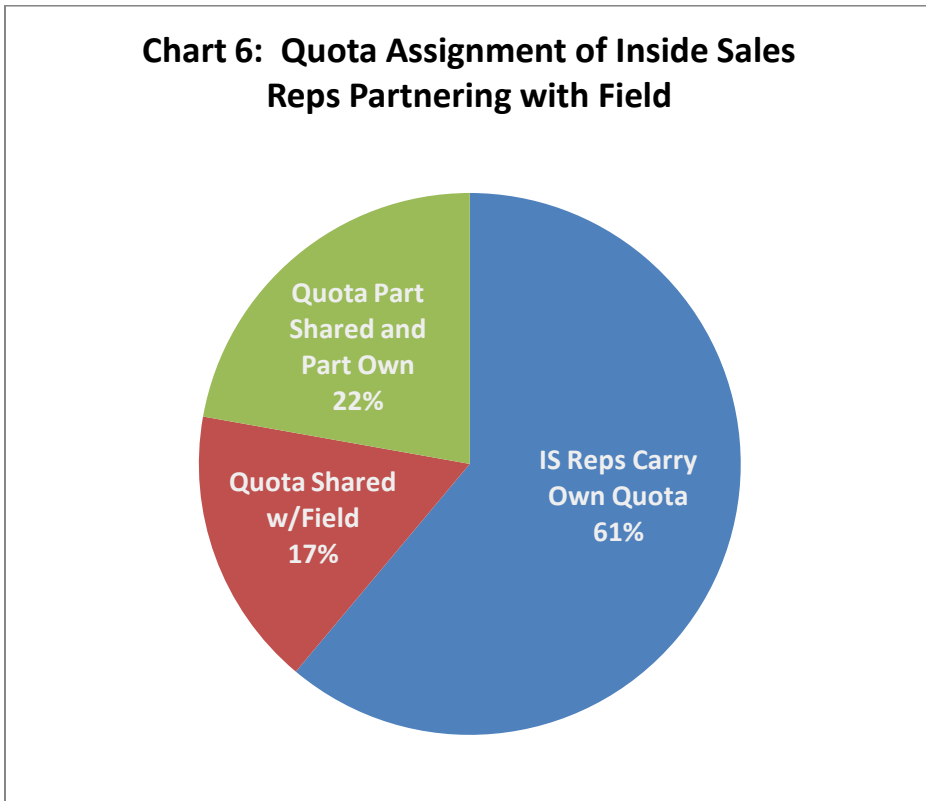


Average = 4 months

Average ramp time for Inside Sales Reps to achieve production goals is 4 months. This is slightly longer than the average ramp time of 3 months reported in 2007.

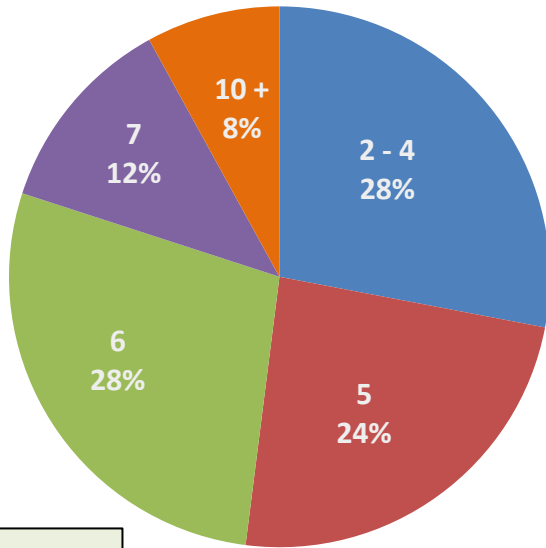


Survey respondents were heavily weighted with teams that managed their own accounts. Only 21% of reps in the survey do not manage any of their own accounts, but work exclusively with field sales.



This chart further supports the preponderance of respondents with Inside Sales reps who carry an individual quota vs. those who share quotas with field reps.

Chart 7: Number of Steps in Sales Cycle

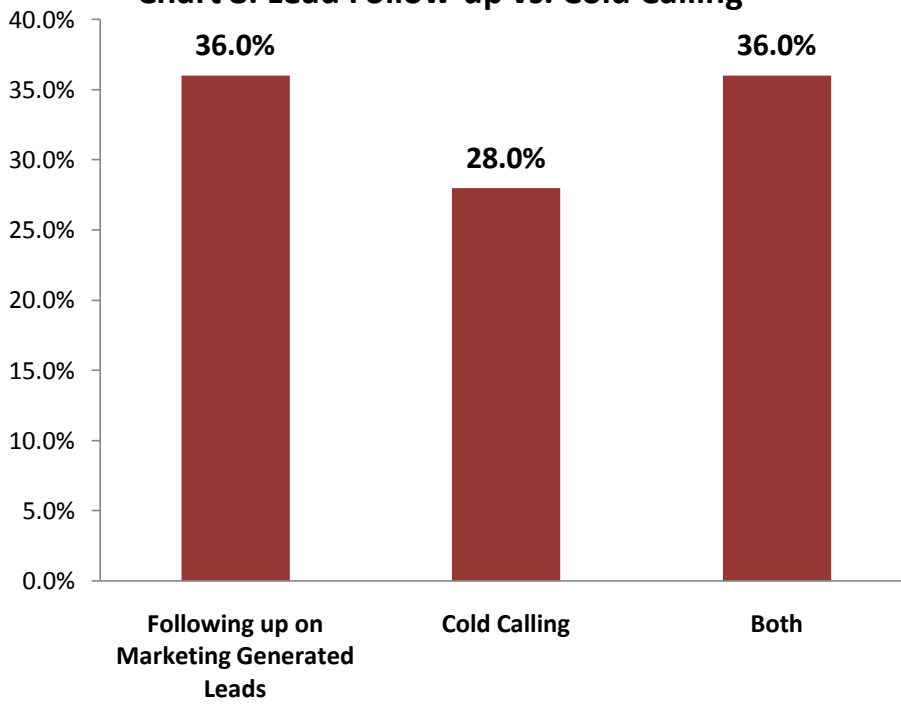


Average = 6 Steps

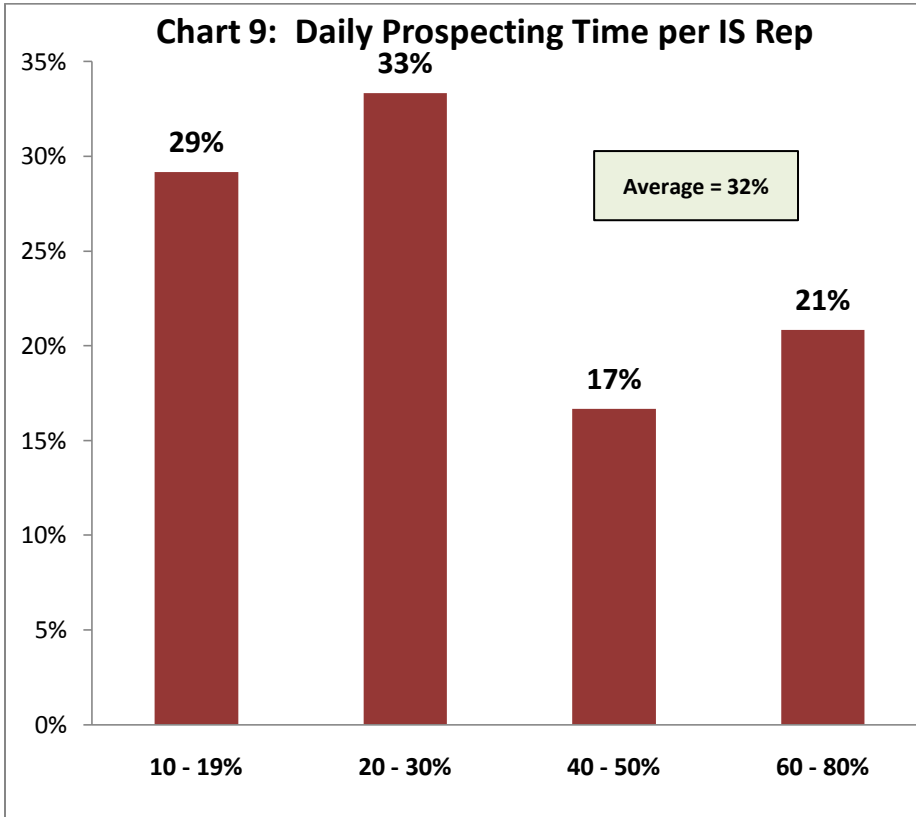
Charts 7-18 provide insight into activities commonly performed by inside sales teams.

A majority of companies have developed a sales process with defined steps, with 2 to more than 12 steps. Having a defined sales process is the first step in establishing measurements for inside sales.

Chart 8: Lead Follow-up vs. Cold Calling



Inside sales teams vary in the amount of activity related to lead follow-up vs. cold calling. Teams seem to be evenly split among three categories.



Quota-carrying inside sales reps are spending an average of 32% of time prospecting. Companies may want to test whether the addition of a sales development team (lead qualification) could provide sales-ready leads to the sales team and more opportunities to close deals.

Phone Works offers a 90-day pilot program to test the sales development concept for its clients.

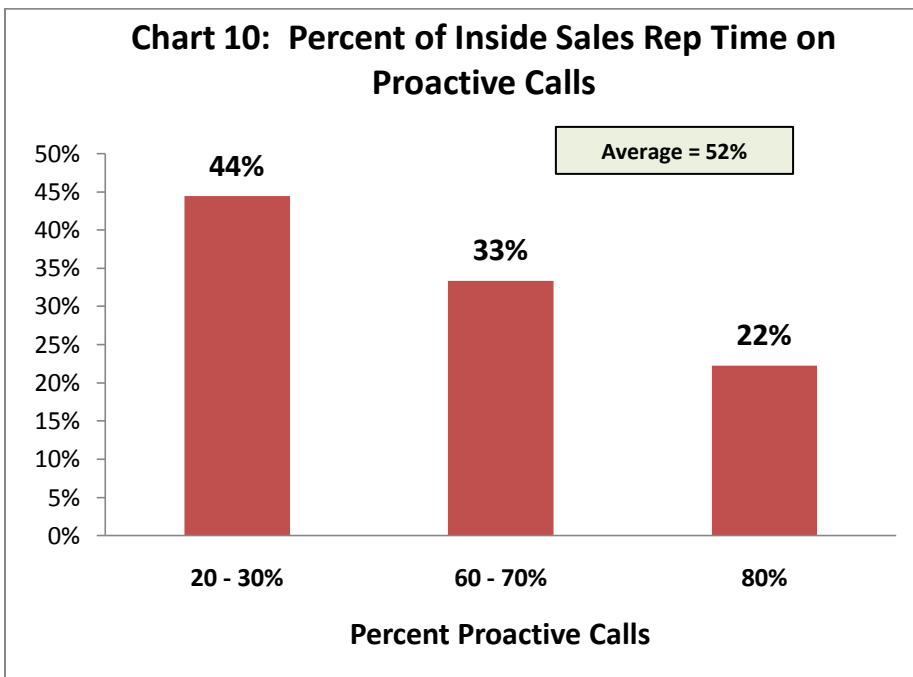
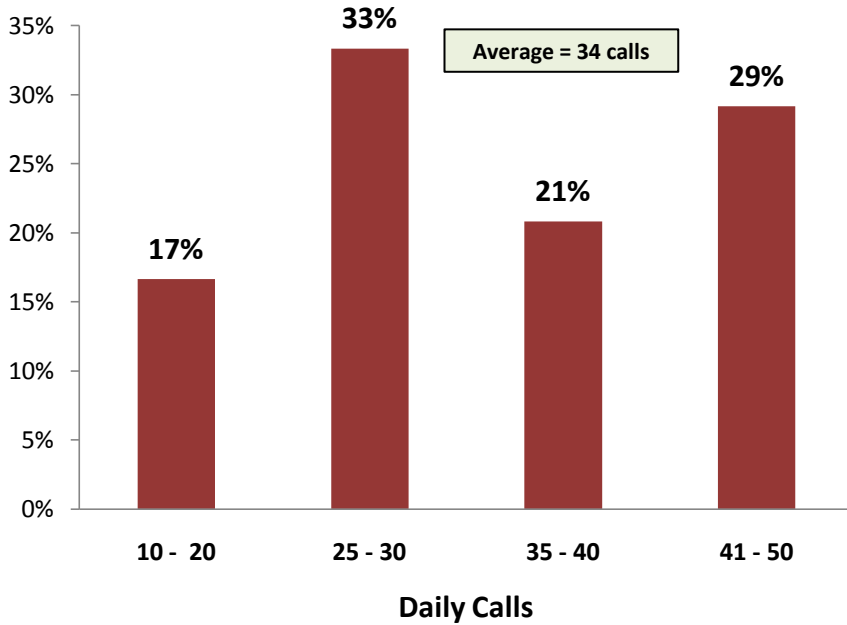


Chart 10 further supports that inside sales reps are spending significant time on proactive calls (cold calling).

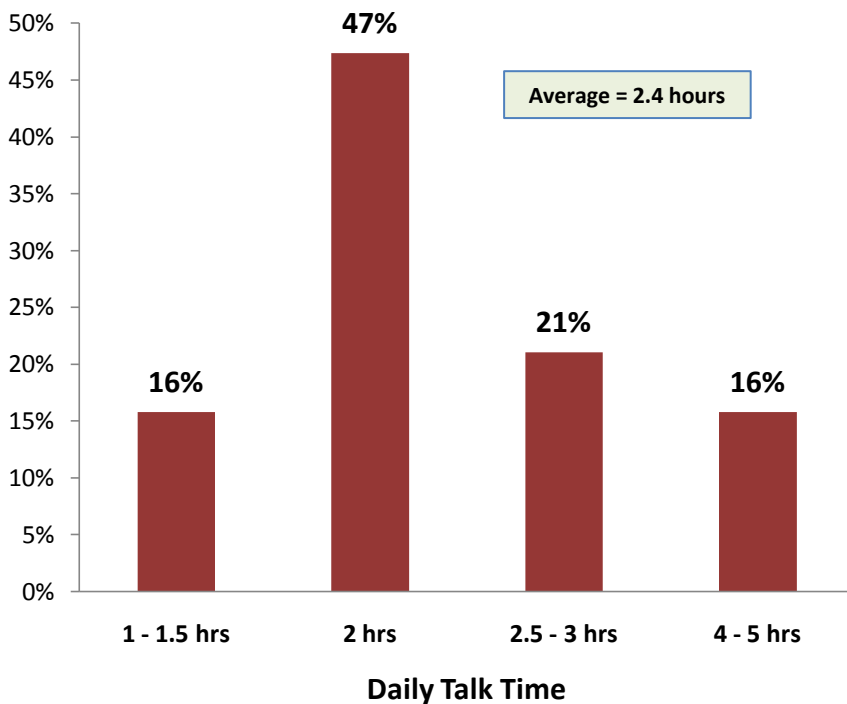
Chart 11: Daily Calls per Inside Sales Rep



The average number of daily calls per inside sales rep has decreased to 34 calls per day, from 47 calls per day reported in 2007.

Sales 2.0 best practice is 50 calls per day, with 10 conversations, resulting in moving 1-2 prospects ahead to the next step in the sales process.

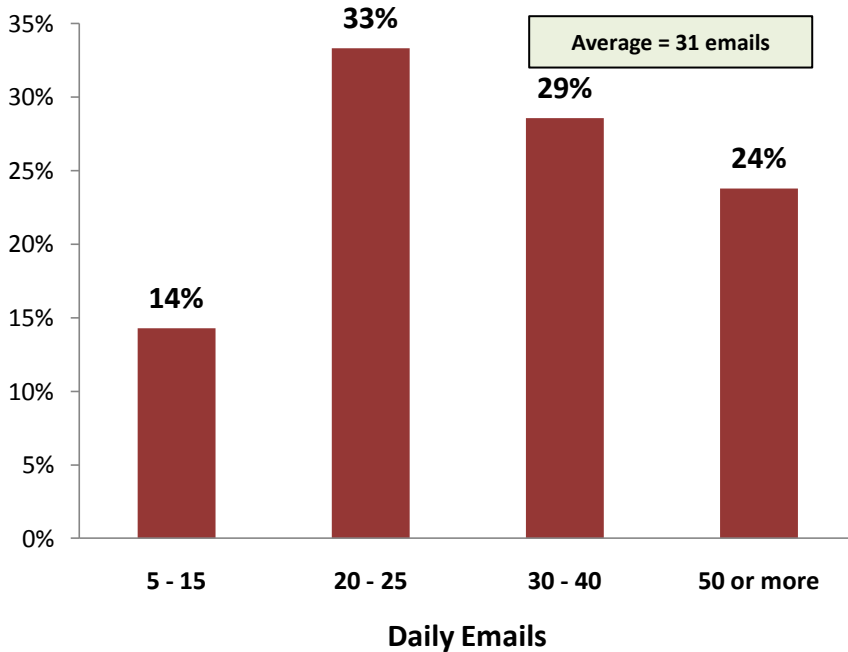
Chart 12: Daily Talk Time per Inside Sales Rep



Inside sales reps spend an average of 2.4 hours talking with prospects and customers. This metric was not reported in the 2007 survey.

Sales 2.0 best practice is 3-4 hours of talk time per day. If you combine the hours of talk time with the hours spent on demos (Chart 14), the total time working with buyers is slightly more than 4 hours.

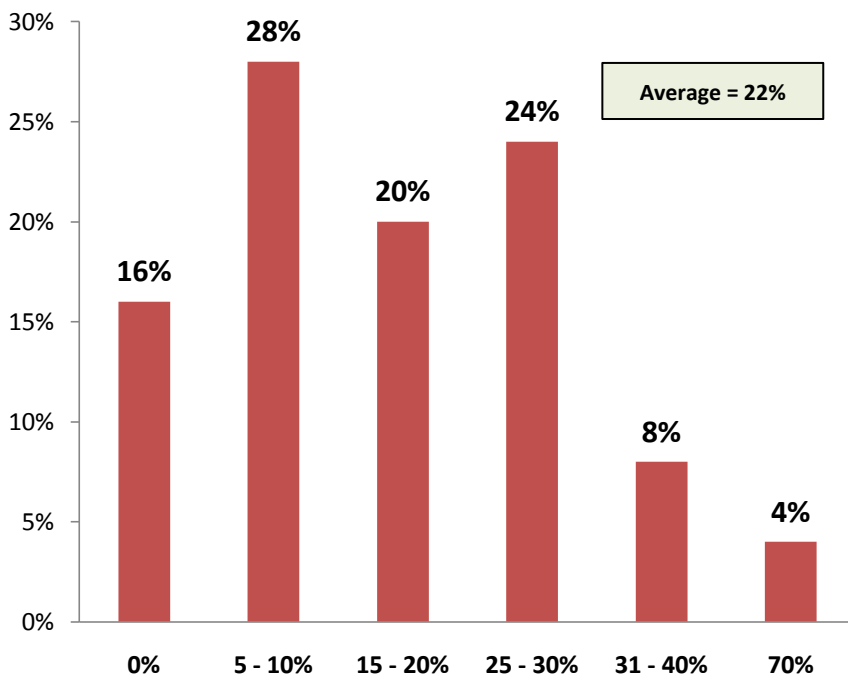
Chart 13: Daily Emails per Inside Sales Rep



Reps achieving more than 75% of quota send fewer emails – an average of 26 emails daily compared to 31 emails daily for the total respondents.

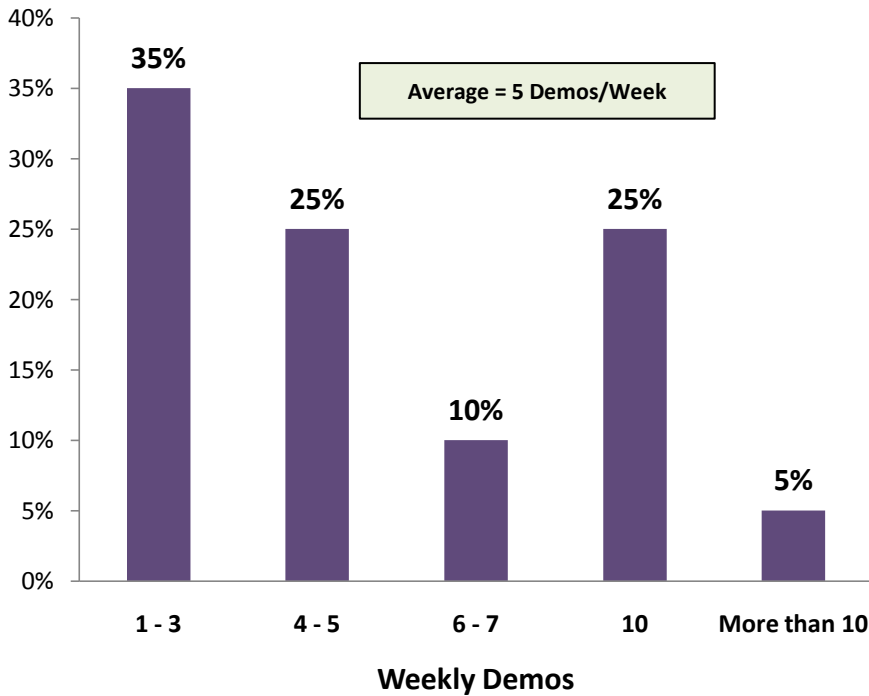
Sales 2.0 best practice indicates that emails should be integral to the “contact strategy” and steps in the sales cycle, and not take the place of personal contact. Emails should be tracked to determine effectiveness of generating response and interest among prospects.

Chart 14: Daily Percent of Time on Demos



Inside Sales reps spend an average of 1 hour and 40 minutes on performing demos each day.

Chart 15: Weekly Demos per Inside Sales Rep

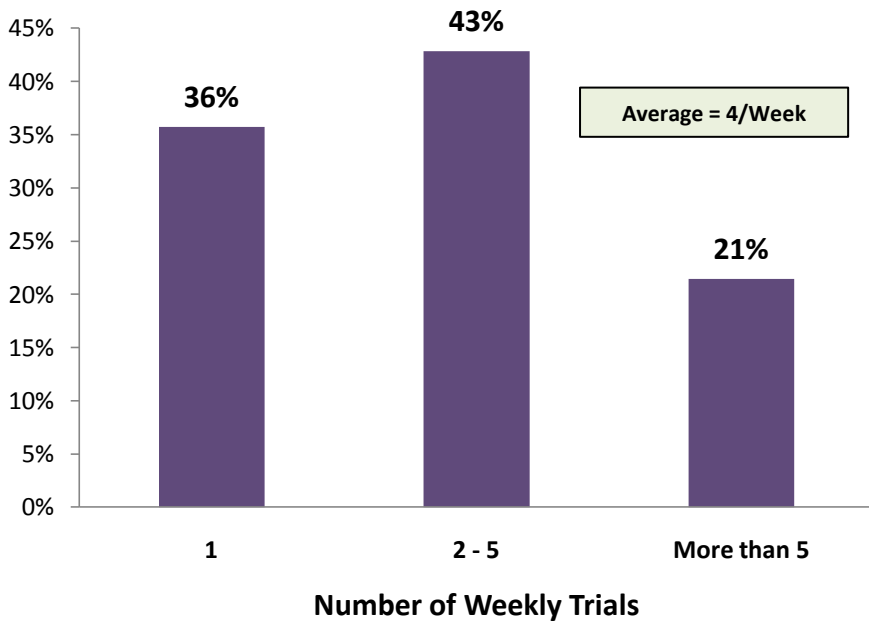


The number of weekly demos performed has increased slightly from 2007, when it was 4 demos per week.

It is interesting that companies reporting quota achievement of more than 75 % have a lower weekly demo performance of only 3.8. However, the large majority of these teams (more than 75%) have a primary focus on incremental sales.

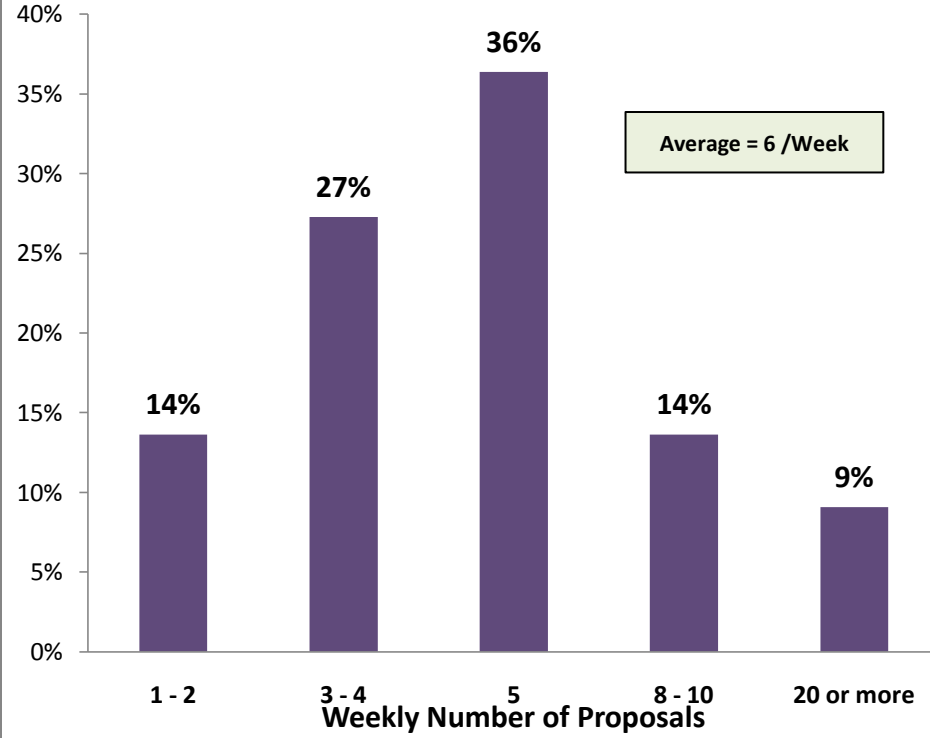
Building additional sales among the existing customer base is a strategy that Phone Works helps its clients to implement.

Chart 16: Weekly Trials per Inside Sales Rep



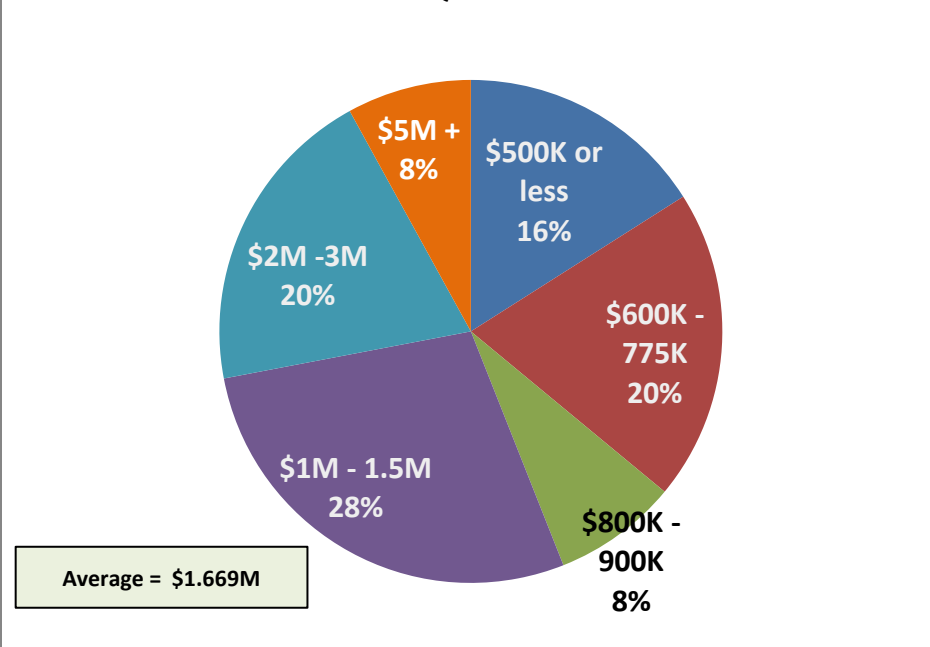
The number of weekly trials per inside sales rep has increased from 3 per week in 2007.

Chart 17: Weekly Proposals per IS Rep



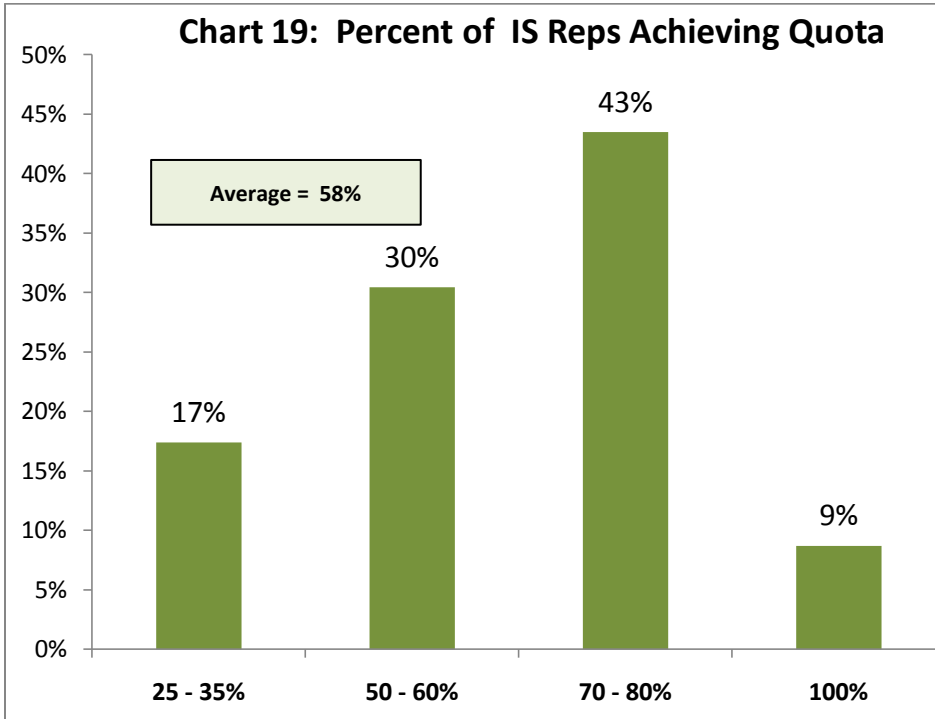
There has been a slight increase in the number of proposals issued weekly, from an average of 5 per week in 2007, to an average of 6 per week in 2010.

Chart 18: Inside Sales Rep Average Annual Quota



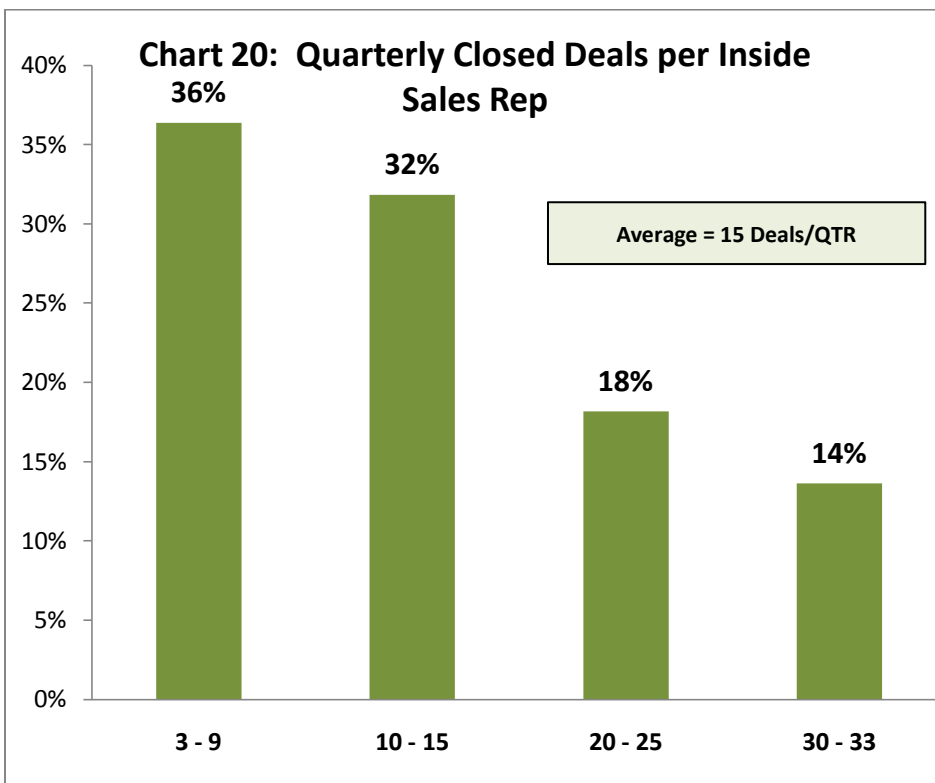
Charts 18-24 provide insight into the results that inside sales teams are achieving.

The average annual quota for inside sales reps has increased significantly from 2007, when it was \$642K, to \$1.6 million today. The Inside Sales reps achieving more than 75% of quota have an average annual revenue quota of \$1.2 million.



The average percent of inside sales reps achieving quota has decreased from 62% in 2007 to 58% in 2010, which tracks to other research studies among sales organizations.

The only differentiator we noticed among the higher performing teams is they have a strong focus on incremental sales among their customer base.

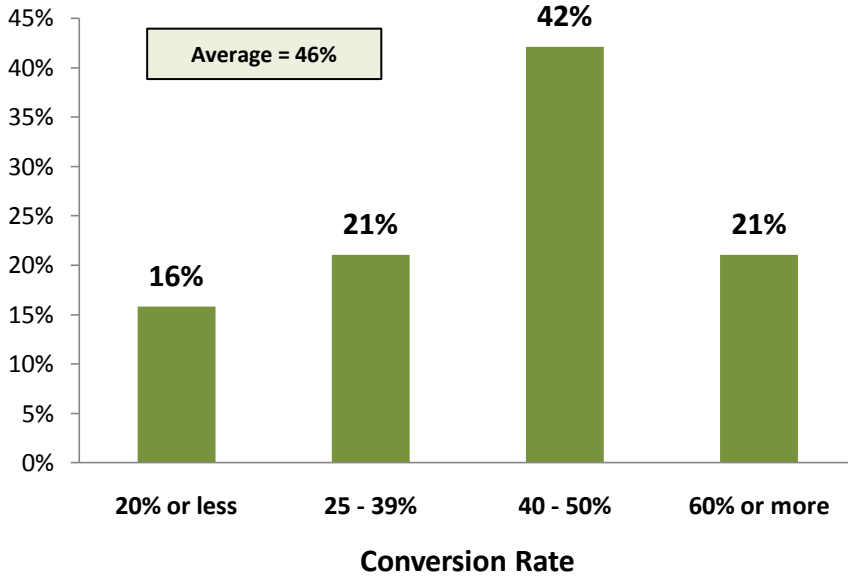


Inside sales reps achieving more than 75% of quota are closing 17 deals per quarter vs. 15 deals per quarter average for all respondents.

Phone Works Sales 2.0 Best Practice “Scorecard” can identify areas for improvement in your inside sales operations that will lead to closing more deals with the same headcount.

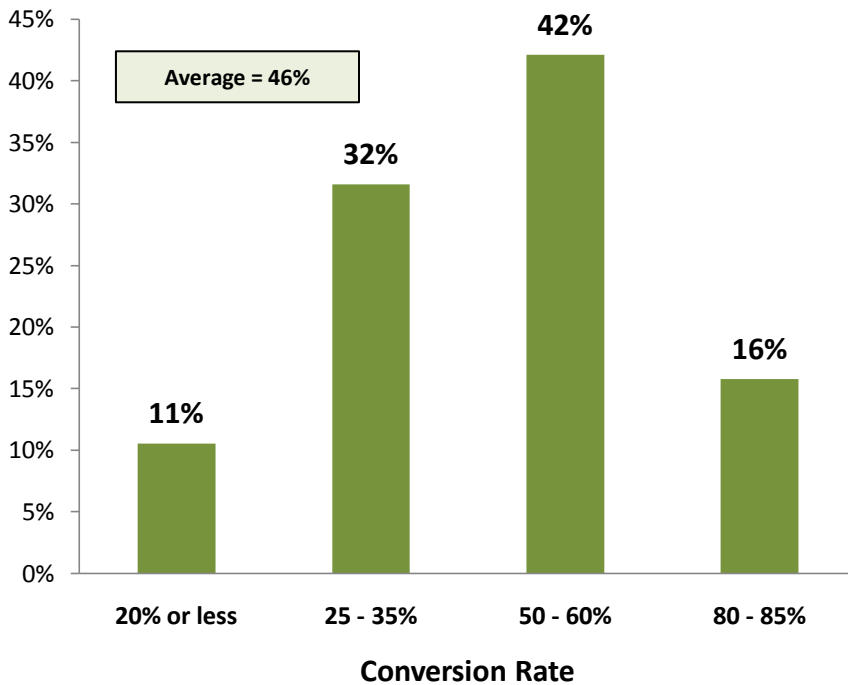
For a look at how the Sales 2.0 best practices scorecard helped one company achieve a 40% sales increase, watch the video at www.phoneworks.com.

Chart 21: Conversion Rate: Qualified Lead to Pipeline



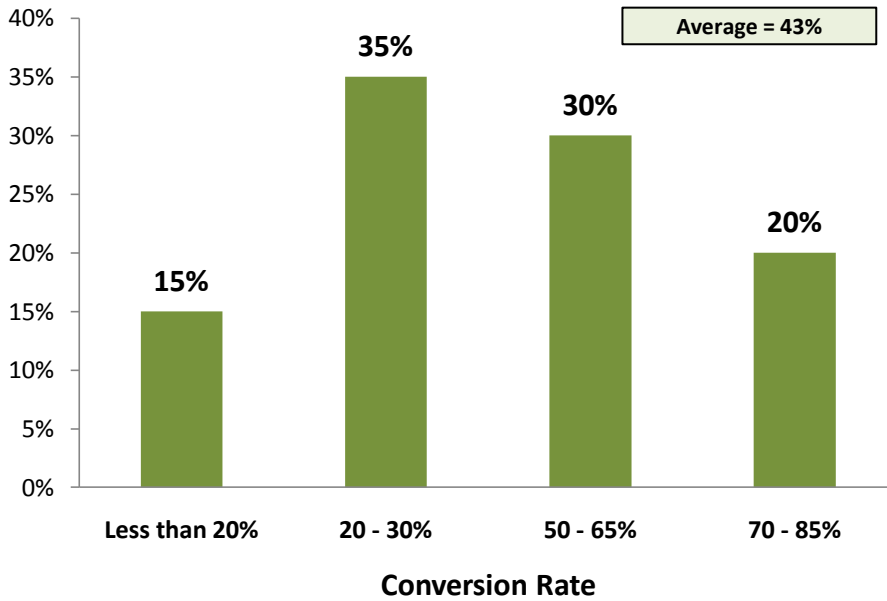
Inside Sales teams achieving 75% or more of quota, convert 49% of qualified leads to the pipeline vs. the 46% average for all respondents.

Chart 22: Conversion Rate: Pipeline to Forecast



There is no significant difference in this metric among the teams that are achieving more than 75% of quota.

Chart 23: Conversion Rate: Forecast to Closed Deal



Inside Sales Teams that average 75% of quota or more have a slightly higher conversion rate of forecast to closed deal, which is 46%.

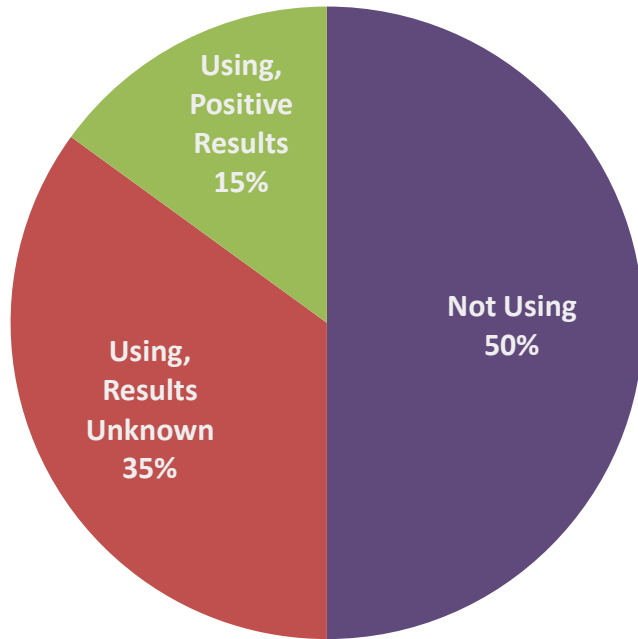
Chart 24: Percent Revenue Generated From Marketing Leads (vs Cold Calling)



Respondents report a higher percentage of revenue generated from marketing leads, up from an average of 31% in 2007.

The improvement in this metric appears to indicate that more companies have implemented lead tracking programs. The respondents which indicated “unknown” to this question should consider implementing Sales 2.0 practices or technology to improve lead tracking.

Chart 25: Social Media Use in Sales Process



Approximately one-half of the respondents have made some attempt to inject social media tactics into the sales process, with 15% realizing positive results. Most respondents who answered yes to social media indicated it was too soon to evaluate the results of this media.

About Phone Works

For more than 19 years, [Phone Works](#) has helped 350-plus technology companies increase sales, reduce sales costs and improve lead management results by implementing Sales 2.0 practices, including

- Sales Development teams that nurture leads to create sales-ready opportunities.
- Inside Sales Teams that carry sales quotas
- Process/Procedures to transition sales accounts from field to inside sales

Working with all levels of management on behalf of the executive team, Phone Works identifies the most effective inside sales strategies to achieve your goals. Then we work with your staff to design and implement pilot programs and build scalable inside sales process to gain velocity and optimize ROI.

For example, at the end of the first year following a Phone Works engagement, Phone Works clients have achieved the following results:

- 40% increase in sales per territory
- \$7 Million in incremental revenue at end of first year
- 15% increase in sales rep productivity with a 17% decrease in headcount
- Sales pipeline tripled
- Sales cycle reduced by 50%
- New sales rep productivity increased by 50%

If you already have inside sales operations, Phone Works will assess your operations and provide a scorecard against industry best practices to ensure your team is working at maximum effectiveness.



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