

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.