



# 2009 Inside Sales Lead Generation Metrics & Compensation for Technology Companies

***Building Pipeline  
through Lead Generation  
& Nurturing***



The  
**Bridge**  
Group, Inc.

*Build. Evolve. Validate.  
Sales Strategies.*

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## 2009 Inside Sales Lead Generation Metrics & Compensation Report Overview

In Q4 of 2008, The Bridge Group, Inc. surveyed over **125 North American technology companies** on inside sales implementations. The focus areas were: metrics and compensation.

This report delivers the results as it relates to the **Lead Generation** model. For the purposes of this report, we define Lead Generation as an Inside Sales model responsible for:

- Pipeline generation
- Appointment setting
- Lead qualification
- Lead nurturing

We hope this report will provide guidance as you build out your strategy and/or allow you to make changes that will bring you into alignment with industry standards.

To receive ongoing updates on Inside Sales best practices as well as tips and techniques to increase productivity, please sign up via [RSS](#) or [email](#) for the [Inside Sales Experts Blog](#).

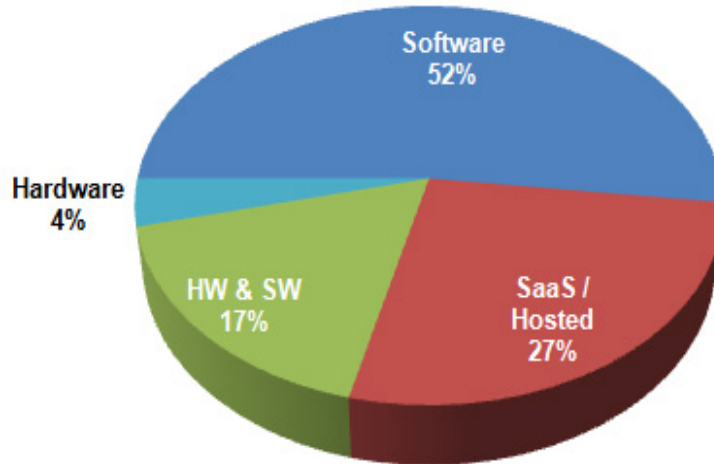
## Lead Generation Implementation Model

The *Lead Generation* model is typically implemented when:

- ⇒ **Company has moved beyond the start-up phase.**  
They are then able to invest in an organization that is focused on creating pipeline via both inbound inquiry conversion and outbound calling.
  
- ⇒ **Company is established enough that Marketing generates a consistent pipeline of inquiries to be qualified.**  
They also have sales distribution channels that are focused on opportunities further along in the sales process which mandates that Lead Generation:
  - Not only creates leads  
- *but also* -
  - Nurtures them till they are ready for sales intervention.
  
- ⇒ **Company is selling to the *innovator* through *early majority* technology buyer.**  
These buyers need to be educated and require more touches by both sales & marketing. Lead Generation is a low cost, yet effective, way to accomplish this goal via a combination of phone conversations & various marketing interactions.

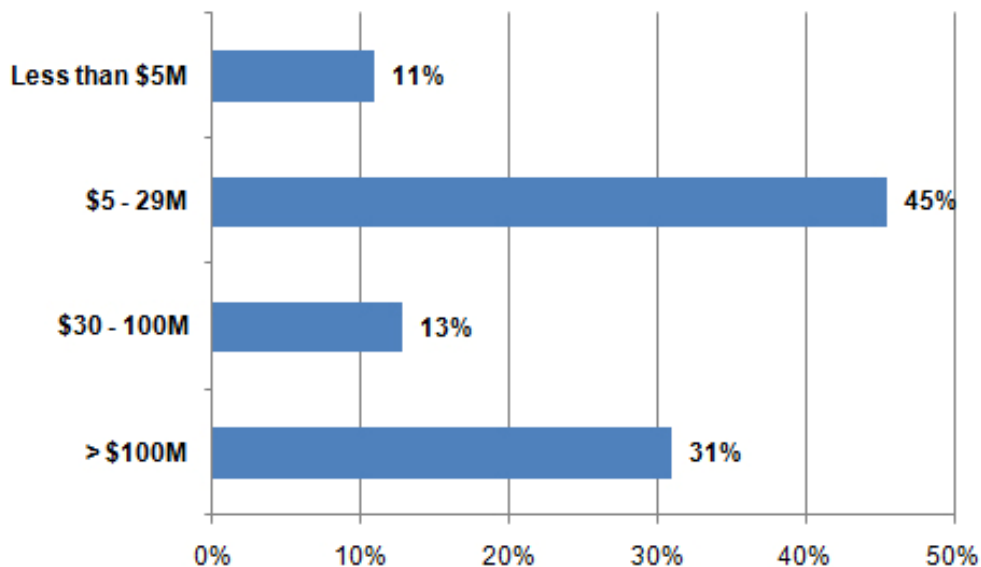
## About the Technology Companies that Participated

### Which best describes your solution?

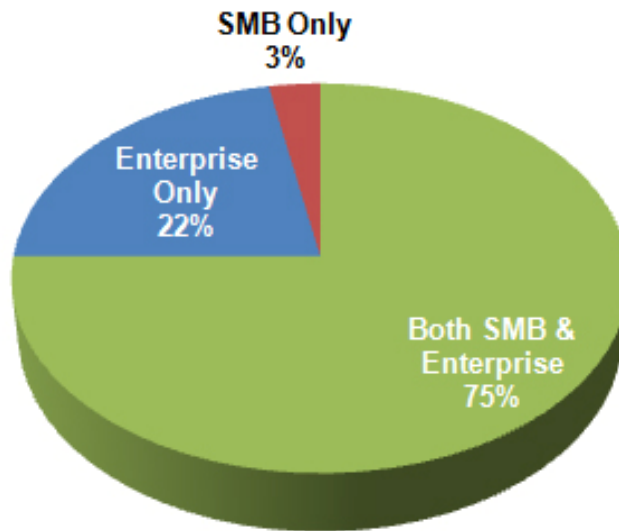


The majority of companies that participated in this report are in the software space. The emerging trend of offering hosted solutions / software-as-a-service (SaaS) is something we will continue to track in future surveys. It will be interesting to note its impact on metrics and compensation.

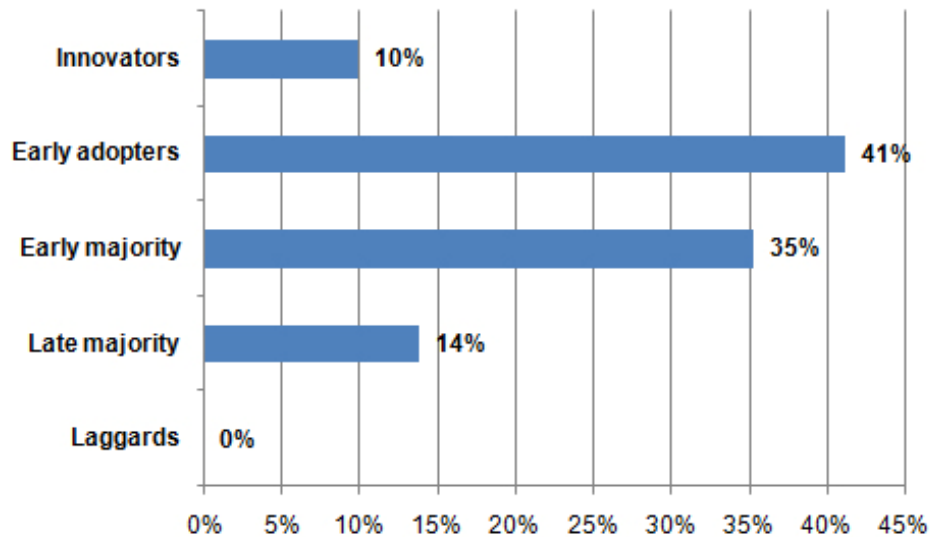
### What are your annual revenues?



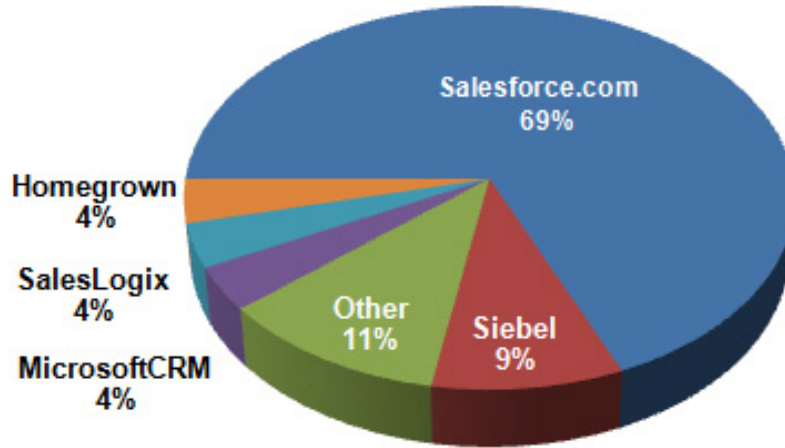
## What market space do you target?



## Where does your solution fall in the technology adoption lifecycle?



**Which CRM do you use?**



**2007 Report Findings**      **60% of all companies using Salesforce.com**

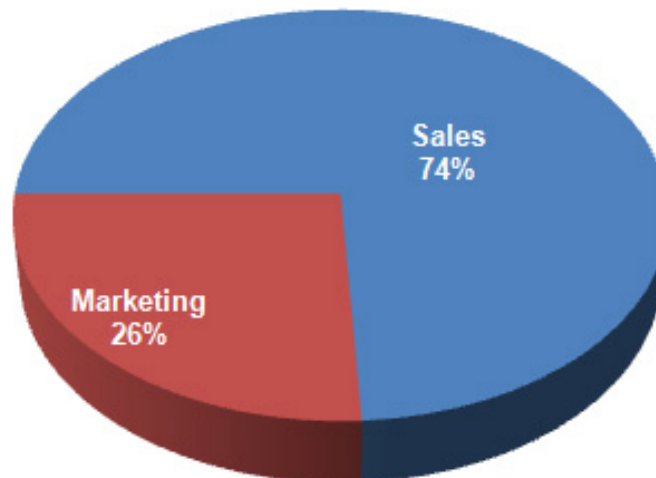
The data clearly indicates that Salesforce.com is the market leader in CRM for technology companies.

This is particularly true for smaller organizations as market share increases for companies under \$100M in revenue.

	<b>% Using Salesforce</b>
<b>Companies Under \$30M</b>	<b>87%</b>
<b>Companies Under \$100M</b>	<b>79%</b>
<b>All Companies Surveyed</b>	<b>65%</b>

## Lead Generation Groups

### Does the group report to Sales or Marketing?



#### 2007 Report Findings

**68% of Groups reported to Sales (vs. Marketing)**

It appears organizations are increasingly putting the Lead Generation function under the **Sales** umbrella.

We believe this transition is occurring as the role evolves:

- From **qualifying inbound leads & setting meetings**
- To taking more ownership of the **front end of the sales process**

This includes:

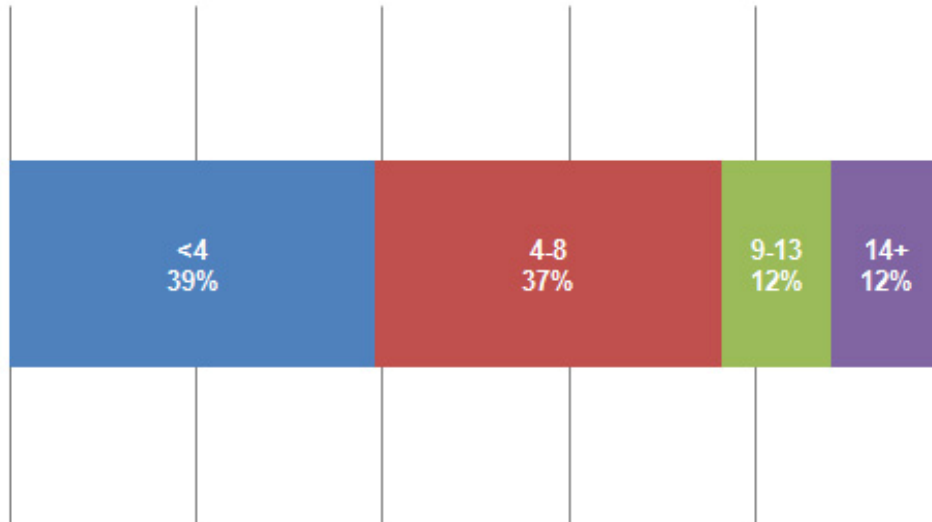
- Account Research
- Account Mapping
- Preliminary Needs Analysis
- Preliminary Interest Development

We also believe the group that should own the function should be the group that has both the experience **and** the bandwidth to do so.

Please read [Your Inside Sales Strategy](#) for more detail on our view of this situation.

## How many Reps make up the group?

The average group size is 6 Reps.



### 2007 Report Findings

Average group size was 4 Reps.

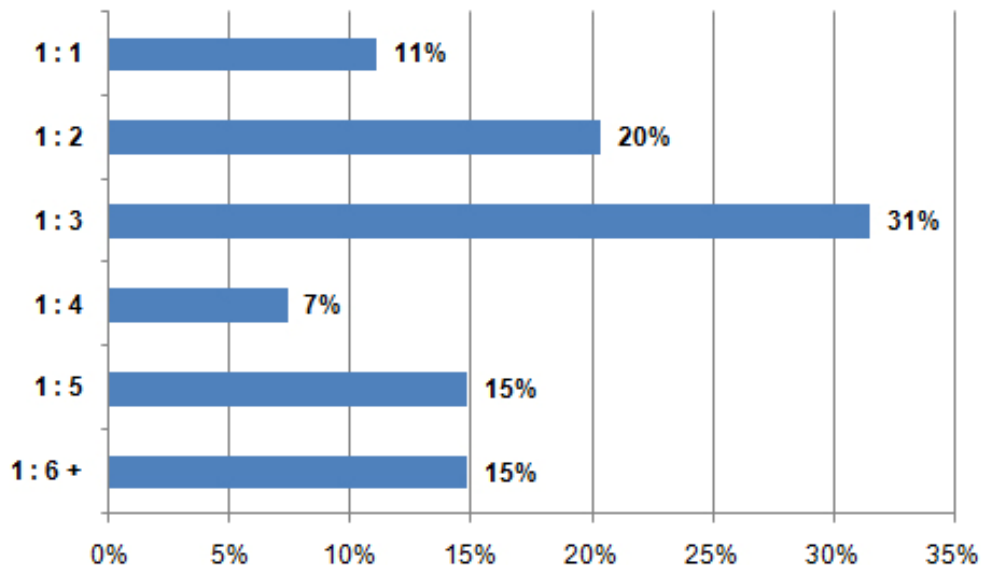
Technology companies are increasingly **front ending** the sales process with a Lead Generation function.

Significantly, we note that in two (2) years the average **headcount has grown** by two (2) full time employees.

It is apparent that as the cost associated with “*feet on the street*” continues to rise; phone and web based selling will continue to play an ever larger role in both pipeline development & revenue generation.

## What is the ratio of Lead Generation Reps to Field Sales Reps?

The average ratio is 1 Lead Generation Rep to 3.5 Field Reps.



### 2007 Report Findings

Ratio was 1 Lead Generation Rep to 4 Field Reps.

We are often asked by Clients “What is the optimal ratio of Lead Generation Reps to Field Reps?”.

**In our opinion, the optimal ratio is 1:3.**

Extremely large territories or strategies that require penetration of large accounts may warrant ratios of less than that, but for most organizations a 1:3 ratio works best.

**Downside of ratios greater than 1:3:**

- ⇒ Reps will work with those Field partners they “like” the most and ignore the rest
- ⇒ Reps will work those territories that receive the **most inbound leads**
- ⇒ The requirement to communicate with >3 field partners **impacts the Reps productivity**

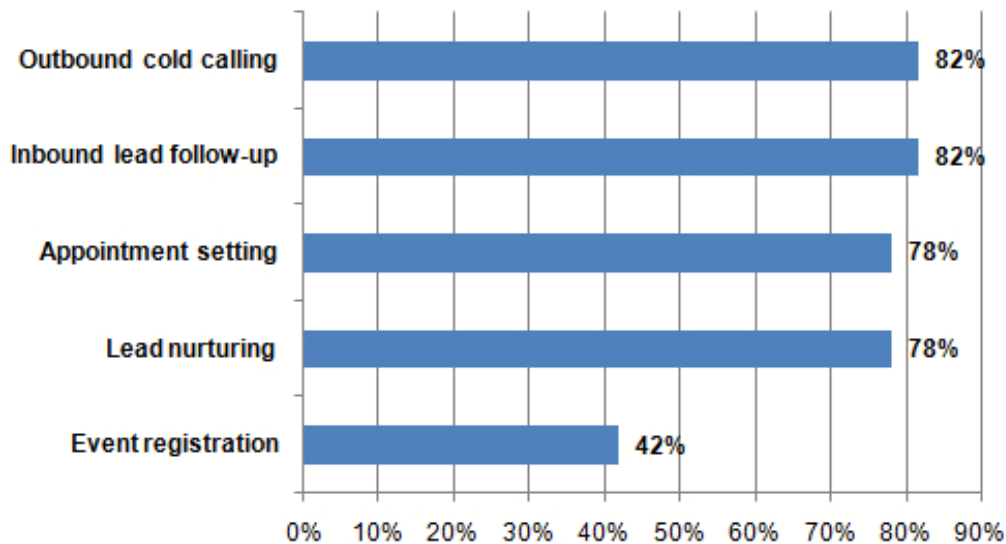
Many organizations make basic mistakes when building a partnered plan. Here are some tips on what not to do:

- ⇒ **Do not** try to dictate that the Reps generate an **equal number of leads** from each territory.
- ⇒ **Do not** try to **split the Reps time equally** among the territories.

Reps should be focused on creating opportunities that fit your Ideal Customer Profile. Some territories are more ripe with these prospect profiles than others.

Let the Reps use their own judgement as to how to achieve their goals within the overall territory that you have provided. **Don't try to force fit arbitrary goals.**

Select the primary functions of the group. (Select all that apply)



As you can see, Lead Generation Reps are now wearing many hats. This, however, is a double edged sword.

**How do you develop metrics and compensation plans that drive desired behavior for a jack of all trades?**

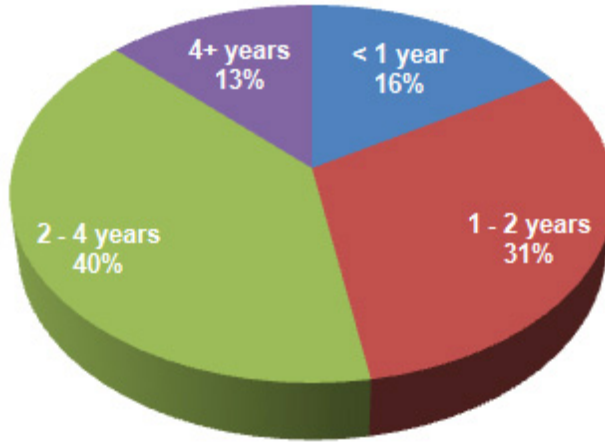
We recommend that you:

- ⇒ Select the top two (2) or three (3) **primary functions** you want the Reps to focus on - *and* -
- ⇒ Develop metrics for measuring success and compensation plans **based on those functions**

All of the functions above can be supported by the Lead Generation role, but to be productive you have to focus your group on those goals that will have the **most impact** on your overall pipeline.

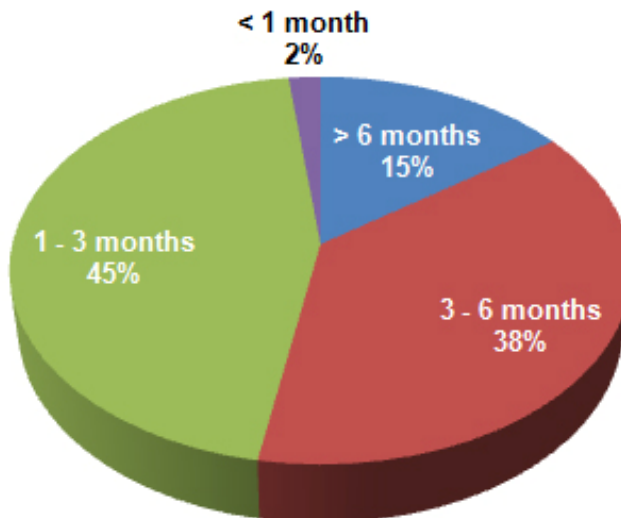
### What do you require as experience when hiring?

The average requirement is 2.4 years experience.



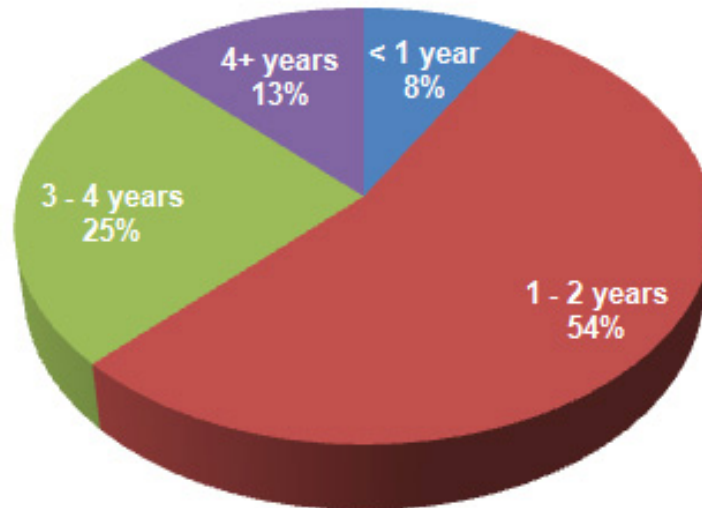
### How long does it take for a new Rep to be fully productive?

The average ramp time is 3.5 months.



## What is the average tenure of a Rep?

The average tenure of a Rep is 2.4 years.



Experience, time to productivity & tenure are challenges companies face when building and maintaining a Lead Generation group.

### ⇒ Experience

Companies are hiring fairly inexperienced Reps. In all likelihood, this is probably their 2<sup>nd</sup> job out of college.

How effective they will be is dictated by how well they were trained in their previous job.

As shown above, Reps now perform a variety of functions. To hire successfully, it is imperative that ***in the hiring process*** you determine:

What kind & how much training/coaching the Rep received in their last job.

Do the functions they performed match the functions you would like them to focus on now? For instance: if you are hiring a Rep to do outbound cold calling and lead nurturing, you may not want to hire a Rep whose sole experience was inbound lead conversion.

Read our [6 Rules for Successful Inside Sales Hiring](#) for more detailed information.

⇒ **Productivity**

Getting a group up to speed requires a significant investment. Reps are often the first impression your prospects have of your company.

Here are the top 3 mistakes managers make:

***Providing product training not sales training.***

Prospects really don't care what your product does; they just want it to address their business issues. Train your Reps on how to translate your technology speak in to business speak that will resonate with your buyers. Did you know that only 12% of all Inside Sales Managers are satisfied with the training they currently have in place? See our [2008 Inside Sales Training Report](#).

***Not providing a documented process supported by compelling sales tools.***

Do not let your Reps figure it out on their own – they do not have the experience. Help them be successful by giving them a roadmap they can customize to accommodate their style. Among other things, these roadmaps should detail best practices and also provide them with voice mail and email templates that deliver a consistent and compelling message.

***Not providing coaching.***

Managers are stretched thin in today's market and what has fallen by the wayside is good old fashioned coaching. If you are not listening to each of your Reps make live calls on a weekly basis, do you really know what their strengths and weaknesses are?

⇒ **Tenure**

Reps stay for an average of 2.4 years.

We find that the top 3 reasons they leave are:

- Money
- Lack of career path
- No challenge, no mentor & not learning anything

What is your **attrition rate**?

How would **you rank yourself** in each of these categories?

## Lead Generation Compensation

### What is the average base salary for a Rep?

The average base salary is \$47.5K

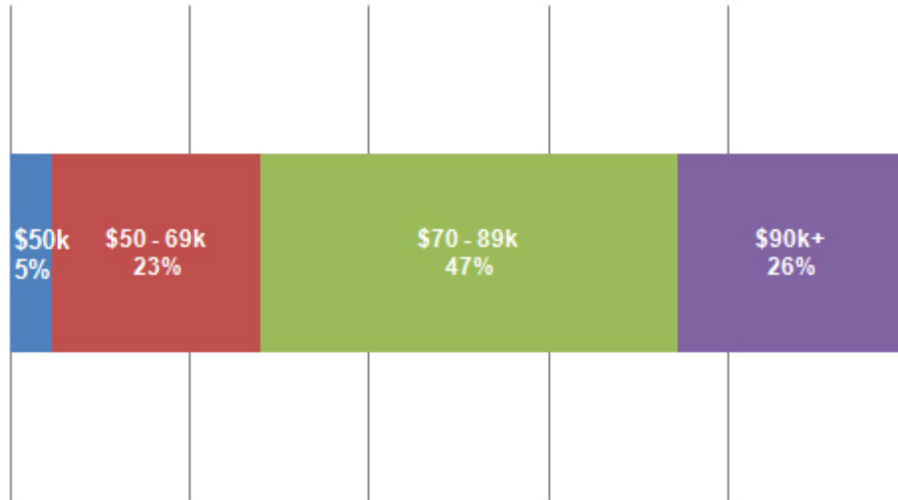


#### 2007 Report Findings

Average base salary was \$47k.

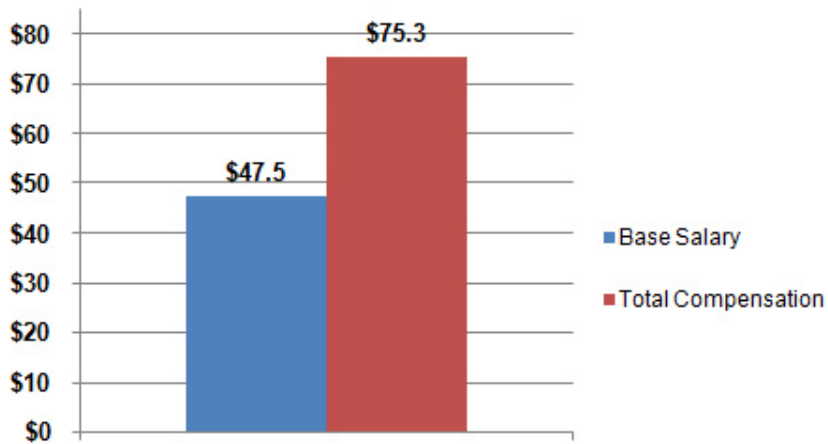
## What is the total compensation for a Rep?

The average target compensation is \$75.3K



### 2007 Report Findings

Average target comp was \$77K



**Note** that base pay & target incomes have not really risen in the last 2 years.

- ⇒ That does not mean they are making less money than they were in 2007. Most likely, these Reps have moved on to other positions that pay more. Hence the 2.4 year tenure

**Please note that we are reporting on compensation “averages”**

- ⇒ 73% of all companies surveyed offer their Lead Generation Reps target earnings of **over \$70K** but the *average* is \$77K.

**So, how do you know what to pay your Reps?** Some basic rules apply:

- ⇒ **If you have name recognition in the market, sell a product in the early majority or laggard space and the Rep’s job is qualifying inbound inquiries:**  
your target income should be on the **lower end** of the spectrum.

This also holds true if you are selling into the SMB space as it is easier to reach and communicate with decision makers.

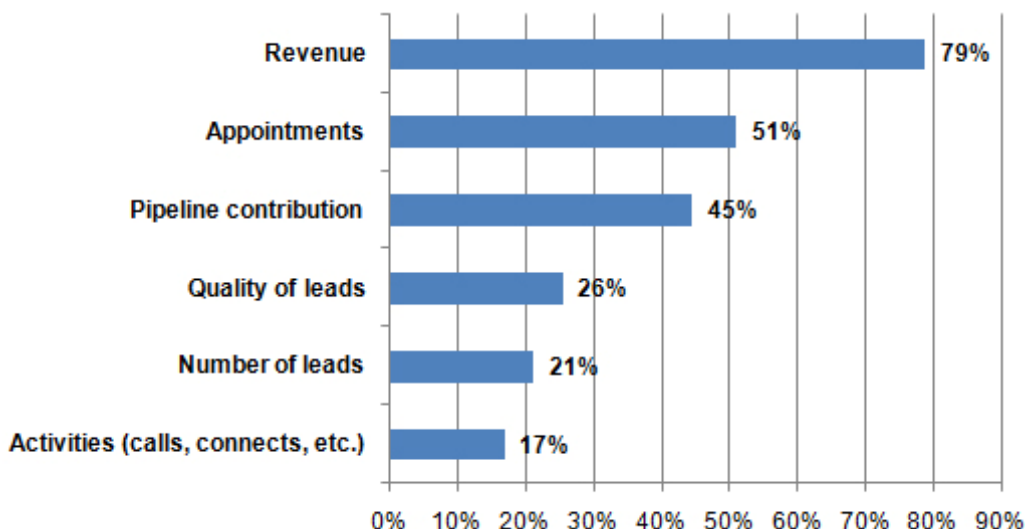
- ⇒ **If you do not have name recognition in the market, sell a product in the innovator or early adopter space and the Rep’s job is qualifying inbound inquiries as well as targeted outbound calling:**  
your target income should be on the higher end of the spectrum.

This also holds true if you are selling into the enterprise space with an enterprise message.

These are just guidelines and you have to pay what the market bears to attract the talent you need. ***Just remember, the days of telemarketing are long gone.***

Lead Generation Reps are your front line to the market and, just as in everything else, you get what you pay for.

## How is incentive compensation calculated? *(Select all that apply)*



### **79% of all organizations compensate their Reps based on revenue.**

We completely agree with this strategy but with one caveat.

⇒ We recommend that **no more than 20%** of the total compensation be tied to revenue.

Yes, you want the Reps to focus on the end game which is revenue but you also want them to have control over their income.

Our view is that if the Reps put a target account or lead through an effective qualification process and the lead was not ready to buy...they still did their job.

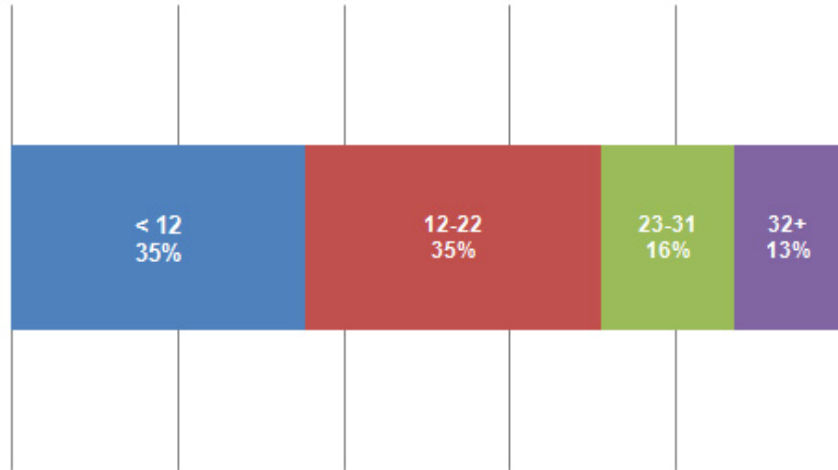
The same should hold true for the leads passed to Sales that are lost to competition or no decision.

### **Pay them on what they can control.**

- ⇒ Doing a great job of targeting your Ideal Customer Profile
- ⇒ Delivering compelling messaging
- ⇒ Asking great questions

**If applicable, what is the monthly quota for appointments set / leads passed?**

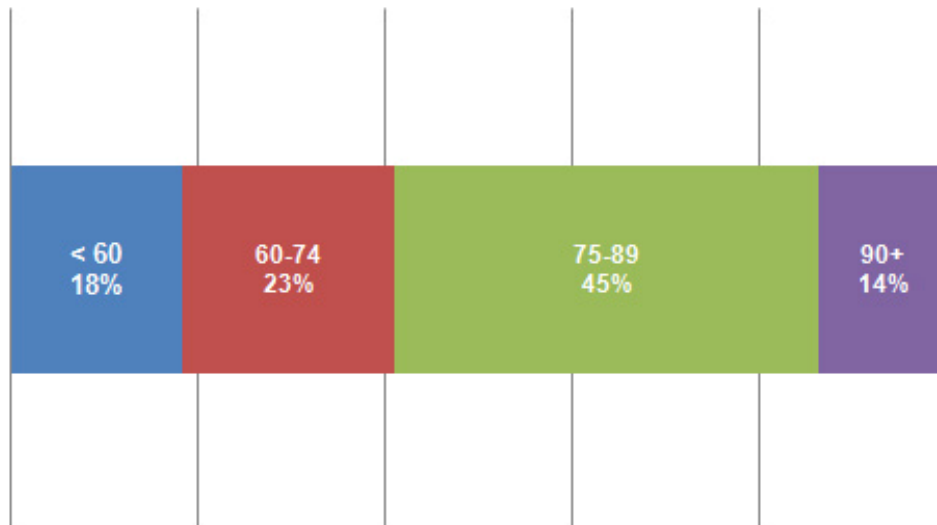
The average monthly quota for appointments set / leads passed is 16.



	Appts. / Leads
Companies Focused on SMB	12
Companies Focused on Enterprise	20
All Companies Surveyed	16

**What percentage of the group achieves quota?**

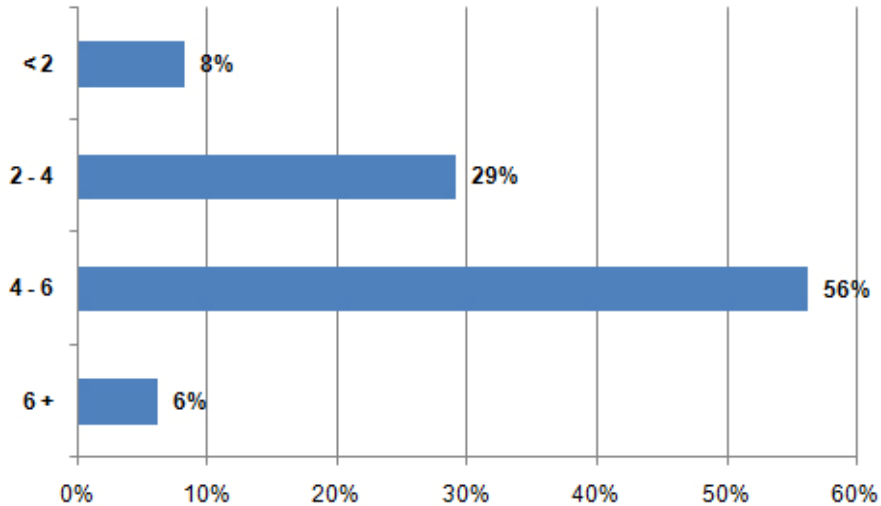
On average, 72% of Reps are achieving quota.



## Lead Generation Activity

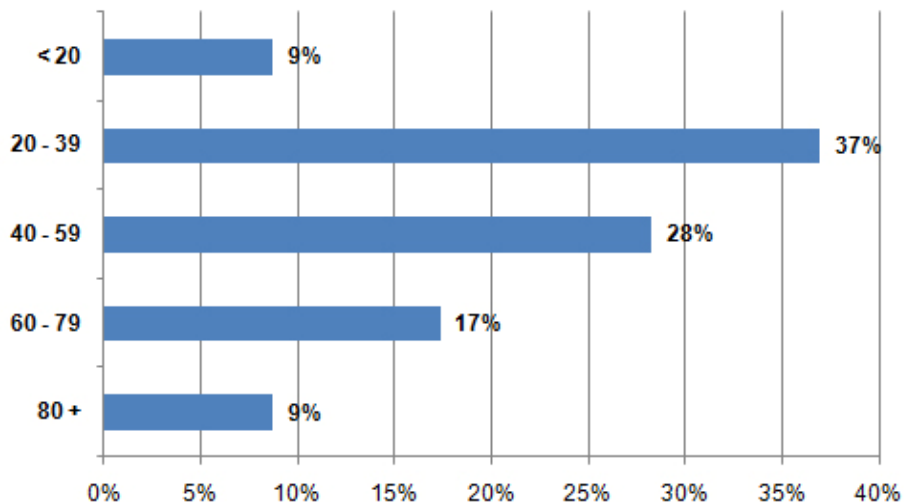
On average, how many hours a day are the Reps on the phone?

The average phone time is 4 hours per day.



What is the average number of calls per day per Rep?

The average number of calls per day is 46.



2007 Report Findings

Average calls/day was 52

The average number of calls per day has dropped to 46 from 52. Interesting...

***A full 4 hours is all you can reasonably expect a Rep to spend on the phone.***

They have many other tasks to complete and 4 hours of focused selling is quite a bit. But why the drop in call volume? **Answer:** email.

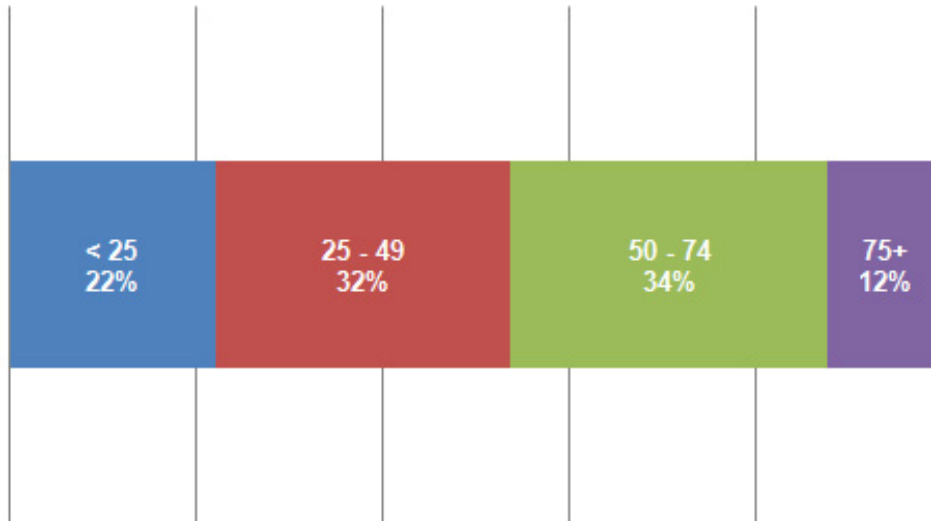
Inside Sales Reps are becoming incredibly email focused. They think they are getting a better response from your prospect base by using email and they probably are. ***But are email responses moving the sales process forward or truly qualifying the prospect?***

The usage of email in the sales process is a raging debate. We have written twice on this topic: [Pen Pals or Prospects](#) and [Pen Pals or Prospects Part Two](#).

Quite a discussion was started, make sure to check out the posts and comments!

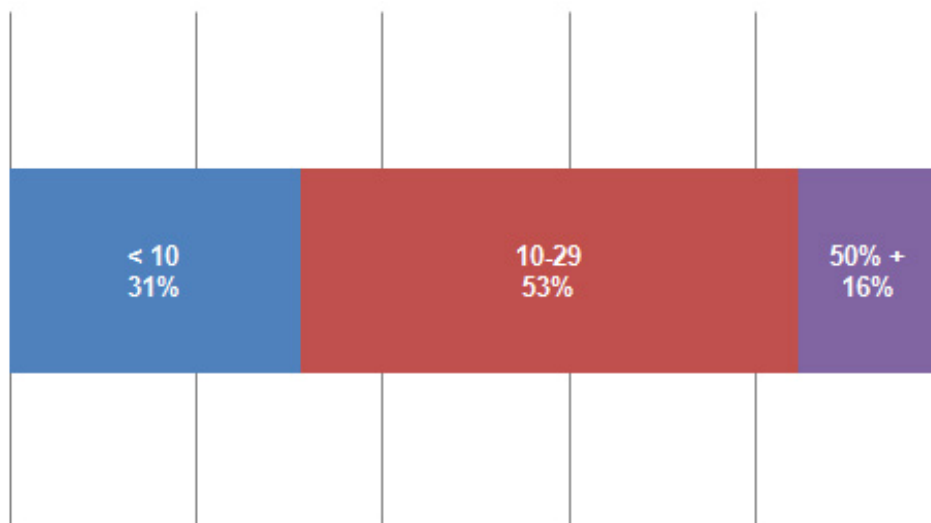
## What percentage of calls are placed in response to leads generated by marketing?

On average, 45% of calls are placed in response to marketing sourced leads.



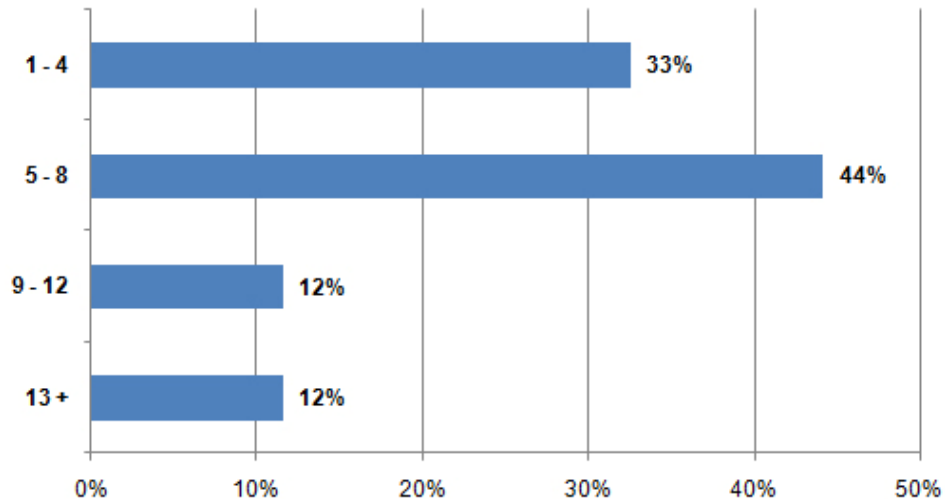
## On average, what percentage of leads convert to qualified opportunities?

On average, 17% of leads convert to qualified opportunities.



**On average, how many touches (from both sales & marketing) does it take to convert a "suspect" to a "prospect"?**

On average, it takes 7 touches to convert a "suspect" to a "prospect".



	Touches
Companies Focused on SMB	5
Companies Focused on Enterprise	8
All Companies Surveyed	7

**What does your conversion process from suspect to prospect look like?**

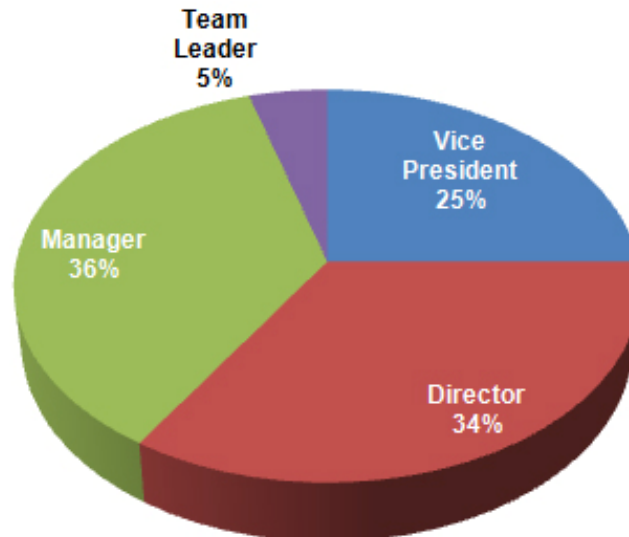
- ⇒ Does your Lead Generation group lob out a few calls and then move on?  
- or -
- ⇒ Have you developed a system in conjunction with the Marketing organization that combines phone calls with some intelligence-based nurture program?

Vanilla/one-size-fits all marketing is dead. Marketing to buyer personas is the wave of the future.

**How are you incorporating this into your suspect to prospect conversion strategy?**

## Lead Generation Management

What is the title of the group's direct manager?



Here are some rules of thumb to employ when thinking about what level of management to add to your organization:

⇒ **Team Leader**

**Never.** *This is a losing proposition.*

A Team Leader is someone who has two (2) full time jobs and has been set up to fail.

They can't do both roles well so which one suffers? In actuality, both do.

⇒ **Manager**

**Works great for a small group – no more than 6 Reps.**

You should hire a Manager when you have an effective process in place and you are looking for someone to “manage” it and the Reps for you.

Managers do not have the skills to design process, evolve strategy and messaging or think about ways to reduce expense and increase productivity.

⇒ **Director**

**If you have a group of 6+ Reps**, you may want to consider a Director.  
Directors can also manage up to 3 Managers.

Directors do have the skills to create process, evolve strategy and messaging and think about ways to reduce expense and increase productivity.

⇒ **Vice President of Inside Sales**

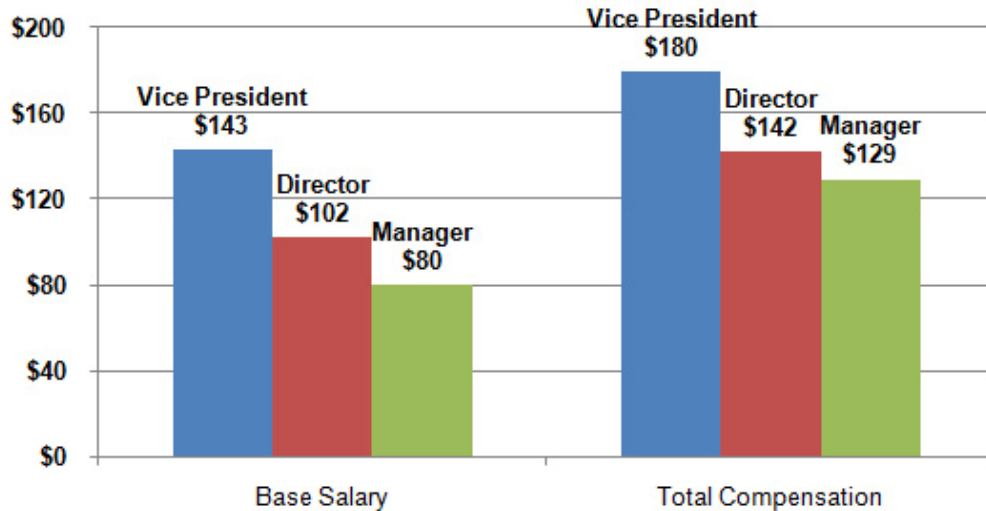
**If you have an organization of 20+ Reps** you should hire at the VP level.  
Especially so if the Reps are quota carrying.

The basis for hiring at the VP Inside Sales level is no different than it would be for Field Sales. You need a person who can think strategically and execute tactically.

These are just rules of thumb. There are many variables that can impact your decision.

The good news is that Inside Sales is a great career and there is much talent in the market. You just have to find the person who is right for your organization!

**What is the base salary for that Executive?  
What is the total compensation package for that Executive?**

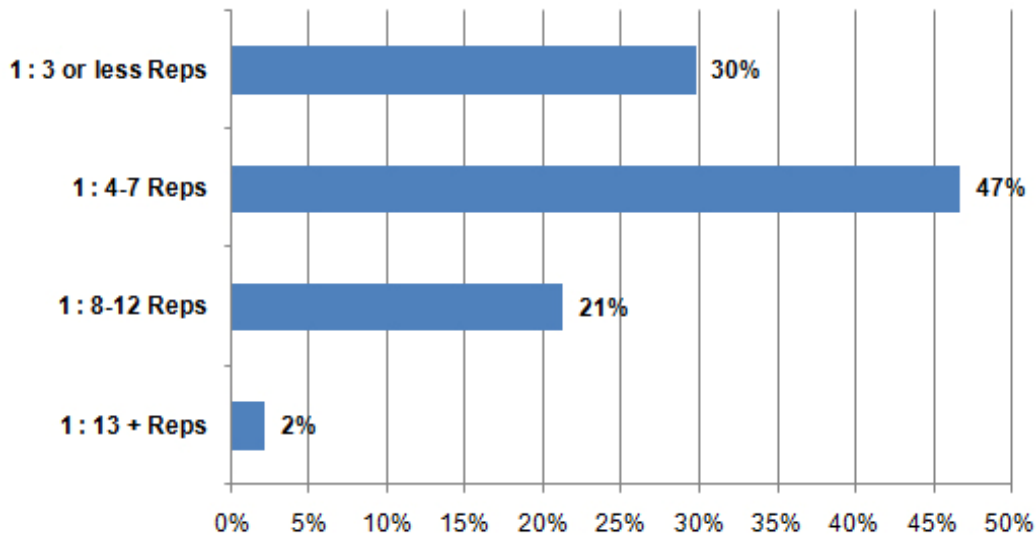


	Base Salary	Total Compensation	% Guaranteed
Vice President	\$143k	\$180k	79%
Director	\$102k	\$142k	72%
Manager	\$80k	\$129k	62%

2007 Report Findings	
Manager Base	\$80k
Manager Total Compensation	\$122k

## What is the ratio between the direct manager and the Reps?

On average, the ratio is between 1:5 & 1:6.



***Please stop the insanity! Any company that has a ratio over 1:6 - that is 1 Manager to > 6 Lead Generation Reps, is doing themselves a disservice.***

Inside Sales is a high volume, intensely driven, prospect interaction numbers game. What happens when you have a greater than 1:6 ratio is that you are managing up and not down.

Managers are forced to spend time preparing reports, putting out fires and communicating with other departments. What gets lost in the shuffle is the ability to coach and mentor the group.

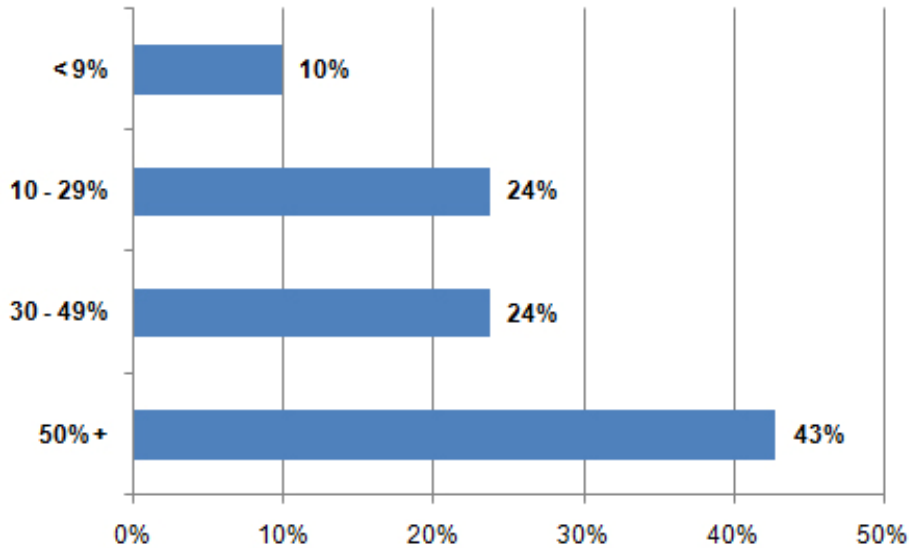
Coaching is the first thing that falls by the wayside, but is also the number one thing that will motivate your Reps.

Please read [Motivating Inside Sales Reps](#) to learn more on our view.

## Lead Generation Pipeline Contribution

### What percentage of pipeline is initiated by the group?

The average contribution to pipeline by these groups is 48%.



#### 2007 Report Findings

On average, 46% of pipeline was initiated by the group.

**Note:** 35% of groups reported 60% or greater pipeline contribution

The average contribution to pipeline has grown 2% over the last 2 years.

That makes sense as headcount has grown as has the overall investment in Lead Generation as an Inside Sales function.

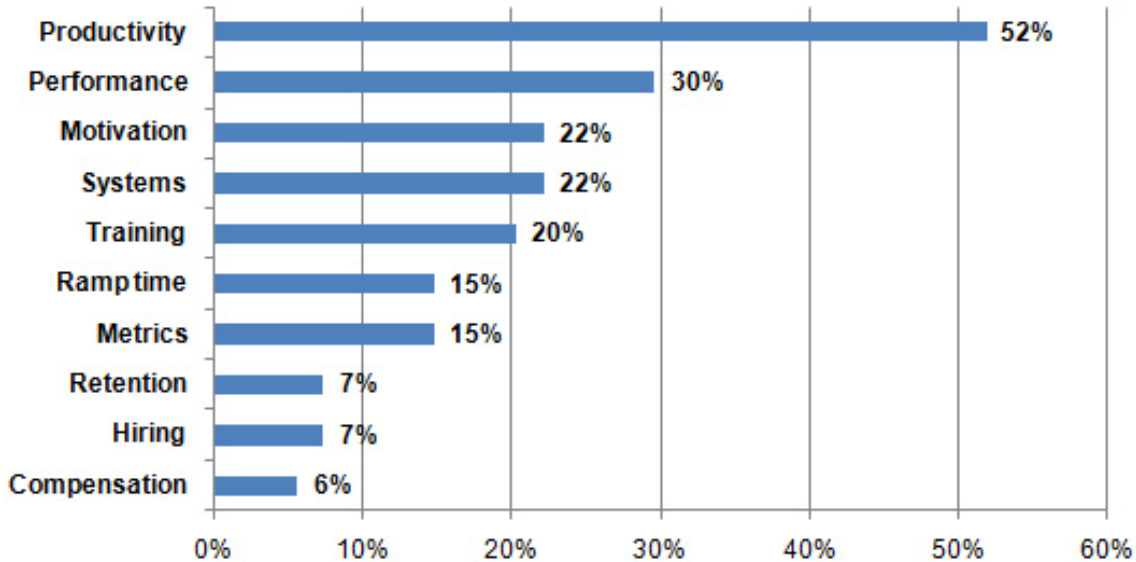
Who owns responsibility for the pipeline is a continuing discussion between marketing and sales. Please read [Pipeline Football Game: Sales v. Marketing](#) for more information.

The most important thing you can do as a Sales or Marketing executive is to decide what percentage of the pipeline comes from Marketing efforts and hold them accountable. You must also decide what percentage comes from Sales and hold them accountable.

***Don't let assumptions or finger pointing get in the way of attaining your goals.***

## Lead Generation Challenges

What are your top 2 challenges? (Select all that apply)



We address many of the challenges listed above in greater detail, with interaction from the Inside Sales Experts community, in our blog.

For a continuous feed of information on Inside Sales best practices please sign up via [RSS feed](#) or [email](#). Please also feel free to join the [LinkedIn Inside Sales Experts](#) group or the [LinkedIn Lead Generation and Nurturing](#) group both of which we manage.

## About The Bridge Group, Inc.

### *Shameless self promotion section*

We hope you have found the information in this report to be of value.

For more information on The Bridge Group, Inc. please visit [www.bridgegroupinc.com](http://www.bridgegroupinc.com).

We are THE Inside Sales Experts. We have a proven track record of success with ***an impressive roster of over 100 technology [clients](#)***.

Need to build, evolve or validate your sales strategy? Then, what are you waiting for? Give us a call at 978.562.2623 or email us at [info@bridgegroupinc.com](mailto:info@bridgegroupinc.com).