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## **Building A Successful B2B Sales Development Organization** *Part I: How to accelerate revenue generation, shorten the sales cycle, and lower the cost of sales through telephone-based prospecting*

*by Mary Gospe*

This is the first part of a three-part series on architecting a highly effective Sales Development function.

Building a robust pipeline of qualified sales opportunities is challenging even in the best of times. With corporations continuing to downsize and curb spending, companies large and small are struggling to meet revenue targets. Finding a way to initiate new sales opportunities while driving down the cost of sales and shortening the sales cycle is essential.

What are companies doing to cost-effectively boost their sales pipeline? Many are integrating telephone-based prospecting teams (Sales Development) into their lead generation mix to generate qualified opportunities for their inside, direct and channel sales organizations.

Sales Development is an outbound sales activity that involves performing company research, navigating to key decision-makers, probing for need, generating interest, qualifying and closing on an appointment or demo. Unlike inbound-based roles such as customer service, order-taking, or telemarketing, sales development requires proactive, quota-carrying reps who are motivated to initiate the sales process.

Incorporating Sales Development into your organization will help you:

**Accelerate revenue:** Sales is a numbers game. The more highly qualified opportunities in the funnel, the more will close. Sales Development Reps (SDRs) can reach many more decision makers per day than field reps making in-person calls. SDRs are experts at researching companies and making targeted cold calls...something field reps tend to avoid if possible.

**Lower cost of sales:** The total target compensation (TTC) of SDRs is typically  $\frac{1}{2}$  -  $\frac{3}{4}$  that of a field sales rep. Using less-expensive resources to initiate opportunities and more expensive field reps to manage campaigns and close deals increases productivity and drives down the cost of sales.

**Shorten the sales cycle:** SDRs diligently qualify new sales opportunities, passing on to the field only those with a high probability of closing. They are also effective at expanding contacts to find technical, financial and business users that influence the purchase decision.

**Improve marketing effectiveness:** By combining telephone follow-up with direct

mail or email campaigns, marketers can increase response rates by 2 to 15% over direct marketing alone. SDRs can also quickly test new messages and offers for marketing prior to rolling them out to the field and channel organizations.

**Go Vertical:** Unlike reps assigned to geographic territories, SDRs can focus on specific vertical markets and become experts in the needs, terminology and competitors in that industry segment.

Overall, integrating a Sales Development function into the sales process provides benefits that will positively impact your bottom line.

### **Outsourcing: When and what?**

Once you're convinced that a Sales Development team is right for your company you'll want to determine whether to outsource the function or build it internally.

Outsourcing is best for tactical projects that don't require critical thinking skills on behalf of the callers. Examples are list cleansing, seminar registrations and market research. These activities can be tightly scripted, require little rep training, and can be activated quickly.

Initiating new sales opportunities, however, requires reps to have in-depth knowledge of your company and products and the ability to carry on intelligent conversations with your prospects. SDRs need to have the sales skills to probe for need, present benefits, handle objections and close on the next steps in the sales process. It is very difficult to outsource this type of activity effectively.

Another key advantage of building the function internally is that you have the ability to quickly modify your sales strategy and tactics. With a service bureau there are fees for change requests and time delays associated with revising scripts and re-training reps. An in-house team also serves as your farm team for promotion into inside or field sales positions.

### **Building an in-house Sales Development Team**

How do you go about building an in-house Sales Development team? How many people will you need? Who should they report to? Here are several tips for setting up a successful Sales Development operation:

**1. Modify your sales model.** There are many sales models you can adopt when incorporating Sales Development into your sales mix. The model most commonly found in today's early stage businesses is shown in Figure 1. Here, Sales Development generates qualified leads, turns them over to the field and then backs off completely. Another approach is to have Sales Development team up with their inside or field rep throughout the entire sales campaign. In the teaming approach, SDRs can be used to expand contacts, initiate opportunities in other divisions or assist with demos and sales proposals.

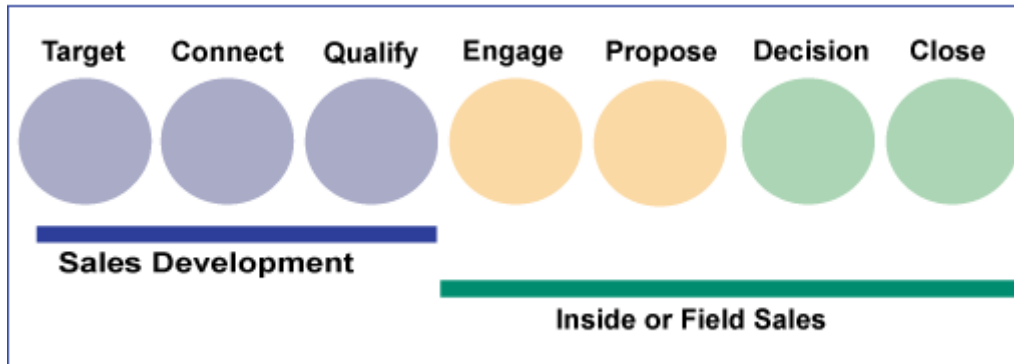


Figure 1

Sales Development is typically used to augment the prospecting done by inside and field reps, not replace it completely. Make sure everyone understands this and set appropriate expectations for the number of qualified leads each rep should receive. It is vital to establish clear roles and responsibilities and communicate them across the organization.

**2. Determine where the function will report.** Ideally, Sales Development should report into sales since the SDRs carry quota for new qualified opportunities and may receive bonuses when their leads convert to revenue. However, the most important key to success with any SD group is a dedicated, hands-on manager. Sales Development teams need constant monitoring, coaching and training for optimal performance. Left on its own, the function will flounder. If the sales manager or VP is constantly traveling, then have the function report into marketing.

**3. Determine how many SD reps to hire.** Many companies will hire one SDR at first to prove the value of the function. An ideal ratio is 1 SDR for every 3 field or inside sales reps. Plan on SDRs spending 30-50% of their time on administrative tasks such as company research, pre-call planning, updating the SFA system, and follow-up activities. In an average day, most SDRs will make 30-50 call attempts and reach 6-10 decision-maker contacts.

**4. Establish metrics and compensation plans.** Set individual and team goals for the number of Sales Development qualified leads and appointments. Build compensation plans that motivate SDRs to only pass on highly qualified opportunities and encourage teamwork. You can do this by setting up specific qualifying criteria and by paying SDRs bonuses when their leads convert to revenue. It's okay to double pay on leads that convert. Typically, SDRs will receive a flat fee on each closed deal versus a percentage of revenue generated.

**5. Set up systems and processes.** A SFA or CRM system is critical for any sales rep, especially a SDR. SDRs will "live" in the SFA application, entering notes, creating tickler files, and adding contacts. This will be the primary way leads are passed from marketing to Sales Development to the field. You'll also want to establish a step-by-step sales process and call guide so that best practices can be replicated across the entire sales organization.

Building an in-house Sales Development team can greatly improve your pipeline and bottom line. The key is to set clear goals for the organization and to have a

dedicated manager. Next month, in Part 2, we'll discuss a model for focused prospecting we call "telescoping." In Part 3, we'll highlight tips for hiring, training and managing a high-performing Sales Development team.

KickStart Alliance can provide a ½ day workshop covering all of these topics. Please contact Mary Gospe at [maryg@kickstartall.com](mailto:maryg@kickstartall.com) for more details.

**About the Author:**

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