The Power of Inside Sales and Sales Acceleration

By Johny Wudel and Jonathan Lautaha

This article examines the practices and technology used to optimize the activity of sales development representatives (SDR) in the profession. The sales development function began a decade ago, and has only recently become widely adopted. Technology software can help companies grow sales by precisely capturing, measuring, and analyzing sales behaviors, which help evaluate and drive effectiveness. Analysis of current sales development research shows the emergence of best practices around SDR activities. Empirical findings will be shared including calling, response times, voice messages, and emailing from over 1.5 million observations. Findings include: 1) 30% of leads are never contacted, 2) after the first hour, the odds of contacting the lead decrease by 10xm, and 3) research shows that call attempts on a lead are maximized at 15, even though the average is just over 1 attempt.

INTRODUCTION

A major shift in sales culture and structure has been taking place over the last 20 years and is continuing to gain momentum. Professional sales teams that work from a central location have become the new normal. This structure is called 'inside sales'. Inside sales is growing 300 percent faster than outside sales and jobs in inside sales are predicted to reach 2.6 million by 2020, compared to 1.9 million in 2010 (http://research. insidesales.com/acton/attachment/1207/f-00ec/1/-/-/-/-/ file.pdf). Lower cost is a big advantage to using inside sales teams either in place of, or in conjunction with, field sales teams. Another advantage is the level of control and the ability to standardize systems and processes, and then the ability to test and iterate on those systems and processes.

Inside sales started as a fringe approach to selling and slowly disrupted the traditional "feet-on-the-street" sales model. With a void of research and standard best practices around inside sales, many practitioners have struggled to find the right formula for fully leveraging the synergies and full power of an inside sales model. The purpose of this paper is to address key findings and concepts that are critical to success for inside sales teams, both to promote improved practices but also to expose new areas of research that can move the industry forward.

Johny Wudel (M.B.A., Harvard Business School), Director of Product Strategy, InsideSales.com, Provo, UT, johny. wudel@insidesales.com

Johnathan Lautaha, Senior Strategist, InsideSales.com, Provo, UT, jonathan.lautaha@insidesales.com

Those concepts include:

- Introduction to sales acceleration

- Specialized sales models with sales development representatives

- Best practices around immediacy of contacting inbound leads, persistency of contacting leads, overall contact sequencing or cadence, and utilizing voicemail and email to increase contact rates

- Technology and systems that can increase productivity, effectiveness, and visibility of inside sales teams

- Predictive analytics as the future of sales acceleration.

In most cases, there is not one right answer that applies to every business, but rather a starting point that leads to testing, iterating, and testing again. The basis for these best practices, or starting points, is deep research into activities around lead response and the result of those activities. The end goal of these activities is to accelerate sales, which is accomplished by doing more and being more effective doing it, and then having the visibility into those activities and the results so you can optimize and drive performance.

SALES ACCELERATION

Over the last two decades, tools have emerged to optimize sales activities at both the top and the bottom of the sales funnel. Today, top of funnel activities, like generating are nurturing leads, are automated through marketing software. What was once white space in

the demand generation industry, is now saturated with vendors competing for a limited number of leads.

Bottom of funnel sales activities are now supported by systems for managing leads, contacts, and accounts for account executives and account managers. Customer relationship management (CRM) systems have emerged as the platform for tracking activities with prospects and their progression in the sales cycle.

As inside sales has emerged as a function within companies of all sizes, the need for increased speed and efficiency has become paramount. A missing component of sales automation was the connection between marketing generated leads (top of funnel activities) and the CRM systems (bottom of funnel activities). Business processes for transitioning marketing qualified leads to sales executives were inconsistent at best, and lacked a prioritized, systematized approach.

Within the last 5 years, this void has been filled by solutions now referred to as sales acceleration technology. Productivity, effectiveness, and visibility are at the heart of sales acceleration. When technology systems for increasing productivity, improving effectiveness, and enhancing visibility are combined with specialization (the role of SDRS) the sales process from lead to close is accelerated exponentially.

SPECIALIZATION

Specialization as a concept goes back tens of thousands of years when some people in a clan or tribe were hunters, others made pottery, and others baskets. People focused on what they were good at and honed that skill. In sales, some specialization can be traced to the early 1980s when companies started using sales development representatives (SDRs) to find and qualify leads. Oracle was one of the first companies to invest heavily in sales development, and Mark Benioff, founder of Salesforce, got his start at Oracle as a sales development representative.

Sales development filled a need that allowed account executives to focus on closing business instead of filling their time with activities at the top of the sales funnel. SDRs have the principal role of qualifying leads and passing them along to sales representatives or account executives. This is typically done as an appointment,

demo and/or qualified opportunity. SDRs can be focused on inbound leads, outbound prospecting or a combination.

In most business models, specialization can significantly improve sales efficiency. A study by Oldroyd, found that specialization resulted in a 7-point increase in close rates – meaning 10% versus 17% with a specialist model (Elkington and Oldroyd, 2007).

However, the role of SDRs does not necessarily fit all business cases. In "The Sales Development Playbook" by Trish Bertuzzi, she cites a quote from venture capitalist Scott Maxwell from OpenView Venture Partners: "Every company that we invest in either has or will have a sales development team. Unless the price point of the product is so low that it's impossible to justify, sales development is a necessary ingredient."

Business models with very short sales cycles and highly transactional sales lend themselves to a generalist model, where one rep takes the lead from prospecting to close. However, when a sale is more complicated than transactional, specialization is a more efficient and productive sales model.

BEST PRACTICES

Today, specialization has become widely adopted by high-performing sales teams that handle a large amount of inbound leads. Now a linchpin within sales organizations, teams are increasingly looking to optimize for sales development efficiency and productivity. Oldroyd's Lead Response Management Study highlighted several of the most important variables in lead development: immediacy, persistency, cadence, and best practices in voicemail and email.

Immediacy

Oldroyd's research on activities by inside sales teams and key factors to successfully contacting leads. The research covered 3 years of data, 15,000 unique leads and 100,000 call attempts. A significant finding from their research shed light on immediacy. Two supplemental studies by InsideSales.com included Omniture and a "secret shopper" study done with Dreamforce attendees (http://www.leadresponsemanagement.org/images/omniture_study.pdf and http://www.leadresponsemanagement.

org/images/dreamforce_study.pdf). These studies showed that the average time from lead creation to first contact attempt is 61 hours. Imagine going into a store to buy shoes and the sales associate says she'll be with you in 3 days. When someone submits a lead, they are in the discovery and buying motion. They want to hear about the company's product, features, and benefits. Yet, on average, these hand-raisers are not contacted until almost 3 days after reaching out. Even more alarming, about 30 percent of leads are never contacted!

Oldroyd's LRM research found that after the first hour, the odds of contacting the lead decrease by 10x and the odds of qualifying the lead decrease by 6x. The optimal response time to maximize contact and qualifying ratios, it was found, is 5 minutes or less, as seen in Figure 1.
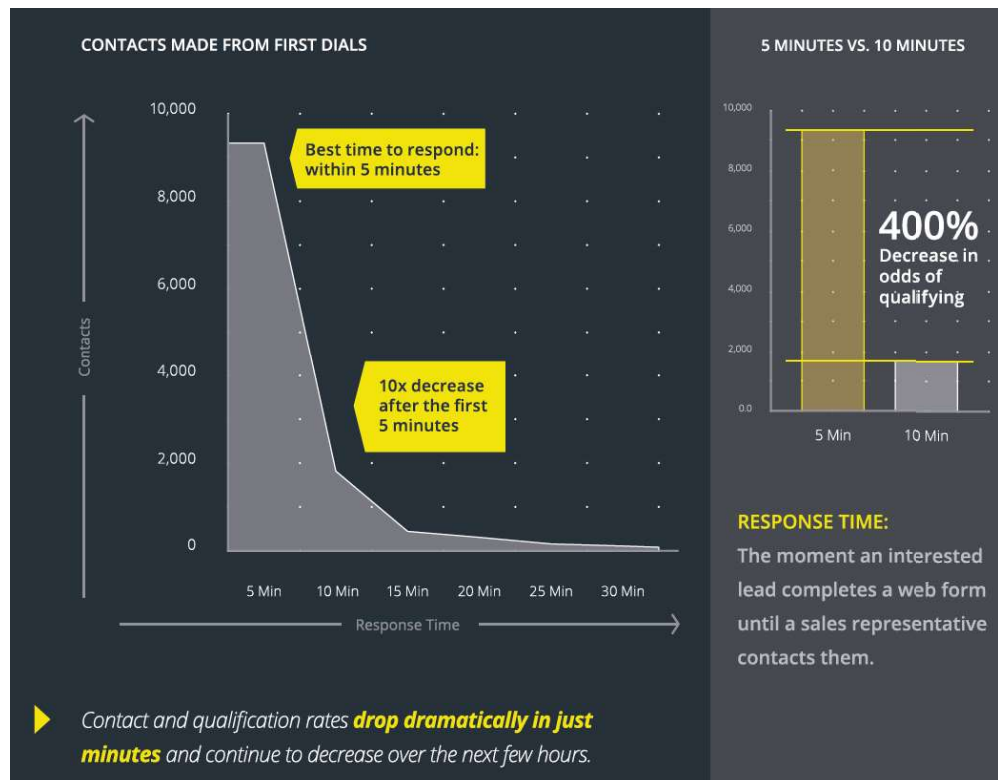

Figure 1: Immediacy
Data Source: http://www.leadresponsemanagement.org/images/lrm_study.pdf

Typically, buyers submit inquiries with 3 vendors. 78% of buyers chose the vendor that responds to their needs first. This means that speed to lead is king. Companies should assume that their competitors have a solution that is a perfect fit for the potential customer, and the only advantage is getting to the customer first.

Persistency

Off the top of their head, sales manager often attest to their SDRs calling leads 5-6 times before giving up. In reality, the Dreamforce Response Analysis showed that, on average, sales representatives gave up after 1.14 calls (http://www.leadresponsemanagement.org/images/dreamforce_study.pdf). Many companies only dial a lead once. Even worse, some SDRs resort to email marketing tools to blast emails to a large numbers of leads, only call the ones that respond. These methods burn through leads before providing the optimal effort towards them.

Most people don't answer or respond simply because of busy schedules. According to The Radicati Group, a business professional can receive up to 84 emails a day (http://www.radicati.com/wp/wp-content/uploads/2011/05/Email-Statistics-Report-2011-2015-Executive-Summary.pdf). Factor in Twitter, LinkedIn, other social media outlets, text messages, and phone calls, and you find a lot of noise through which an SDR has to navigate.

The Oldroyd LRM study indicates that at least six call attempts on each lead will extract 90% of the value of the lead. In comparison, two attempts only extract 60% of the value. More attempts can yield an increase of up to 70% in contact rates. See Figure 2.

Figure 2: Persistency
Data Source: http://www.leadresponsemanagement.org/images/lrm_study.pdf

Best practices dictate that call attempts to inbound leads provide diminishing returns after 6 attempts, but outbound prospecting calls can still yield value even after 15 attempts. Like all the best practices listed here, through testing and data, practitioners can find the appropriate persistency for their customer and sales process.

Cadence

Rules of engagement for when to contact a lead, what method, and how often, is commonly referred to as cadence. Successful SDRs have an established cadence that they've tested and optimized. The ideal cadence has a mix of call attempts, emails, voicemails, and potentially social media, spread over a two-week period. See Figure 5.

A critical variable to attempted outreach is the day of the week and the time of day when the call is attempted. The optimal outreach days and times can vary by industry. For example, doctors tend to be the most accessible at lunch time. The research spanning a variety of industries shows that Wednesday and Thursday are the best days to make contact with leads, and the best time periods are 8 to 9 am and 4 to 5 pm. Sales teams should leverage these peak periods for call blitzes, avoiding administrative work or meetings during these call blocks. See Figures 3 and 4.
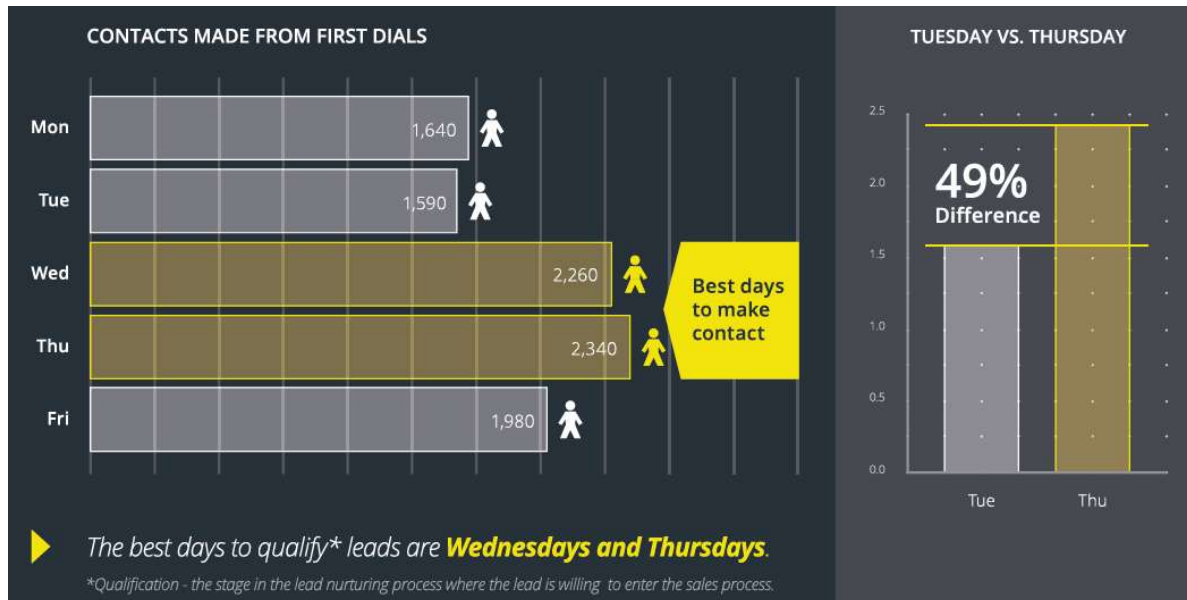

Figure 3: Contact by Day of Week
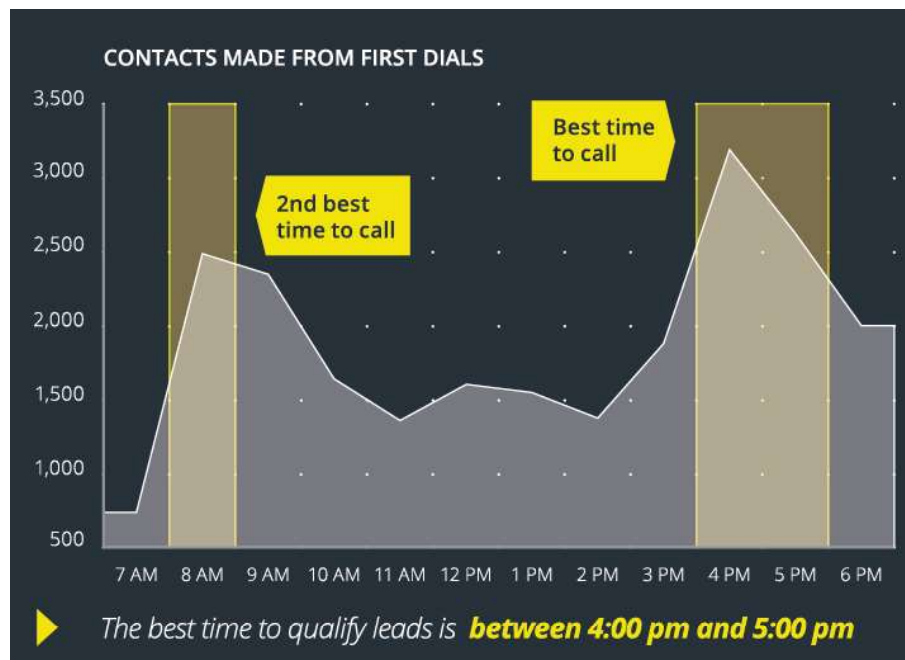Data Source: http://www.leadresponsemanagement.org/images/lrm_study.pdf

Figure 4: Contact by Time of Day
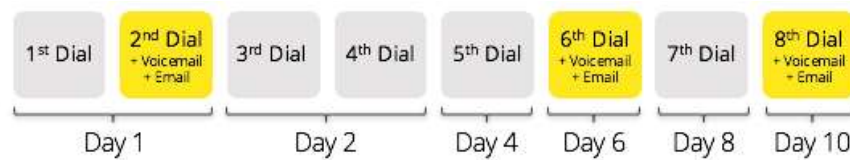Data Source: http://www.leadresponsemanagement.org/images/lrm_study.pdf

Figure 5: Contact Sequence

BEST PRACTICES IN VOICEMAIL AND EMAIL

A fundamental belief within the sales acceleration industry is that everything can be tested and optimized. This includes email subject lines, message text, and voicemail content. To provide data-backed direction for SDRs, years of testing by InsideSales.com has shown several insights for crafting successful voicemails and emails.

Voicemails

Many representatives don't leave voicemails, feeling they are an inefficient use of time. In reality, sales representatives lack the tools and training on the purpose of voicemails and voicemail best practices. Typically, voicemails are not a setting for a features and benefits discussion or giving the company boilerplate.

Voicemails are most effective as a branding tool. In the same way that seeing multiple commercials for Pepsi makes you think about Pepsi when you are thirsty, emails and voicemails can work together to keep a rep's name or company top of mind. This is can be further supported when SDRs reference the recently left voicemail in a follow-up email. And in the voicemail message, referencing and email that will be sent with more information.

Additional Voicemail Best Practices

1. Length of voicemails should last 18-30 seconds (every second after 30 seconds the net response rate drops by 2%)

2. Repeat your name twice

3. Leave 2-3 voicemails over a 2-week time frame

4. Reference email sent or that will be sent

Email

Email can be an incredibly effective sales tool, but is typically more effective later in the sales cycle. SDRs can often become dependent on email and stop making phone calls. Similar to voicemail, email should be used to keep a rep and company top of mind.

The following practices have been shown to be successful in getting email responses:

1. Using hashtags in the subject line

2. Using images (even if it is just a headshot of the rep) in the email signature

3. Shorten subject lines to ensure they are mobile friendly

4. Reference a voicemail

5. Eliminate formal greetings

TECHNOLOGY & SYSTEMS

While aforementioned best practices can be implemented through manual effort, sales acceleration technology can help operationalize these efforts, scale them across organizations, and increase the ability to measure effectiveness and iterate. For example, technology can be used to systemize cadence or automate leaving voicemails.

Three areas that tend to be both the biggest impact points for inside sales organizations as well as the biggest pain points are productivity, effectiveness, and visibility. Leveraging the best practices mentioned previously as well as technical solutions, sales organizations can make a big impact in these three areas.

Productivity

Productivity is the volume of activities a sales representative completes, such as dials, talk time, and emails. The goal for sales teams is to increase productivity to the point that maximizes results. This is accomplished by creating a streamlined process for dialing, logging call notes, and moving to the next call. Productivity gains can lead to a net increase of dials, talk time, and contacts, or it can allow SDRs to do more in less time. In a test of maximum productivity, this allowed SDR dials to as high as 300 dials in a day. However, at 300 dials there was diminishing returns and quality was compromised.

Effectiveness

Creating more productivity without directing it in the right direction can lead to inefficiencies. Technology can provide solutions for prioritizing leads and directing an SDR's activity to the leads that are the best – meaning the most likely to answer the phone and the most likely to buy. See Figure 7. This includes dialing lists that leverage business rules defined by the company, in tandem with machine-learning predictive analytics. In addition, local caller ID area codes are an incredibly effective tool that can increase contact rates by up to 30%. With local presence numbers, the customer sees a local number on their caller ID instead of a toll-free number or different area code.
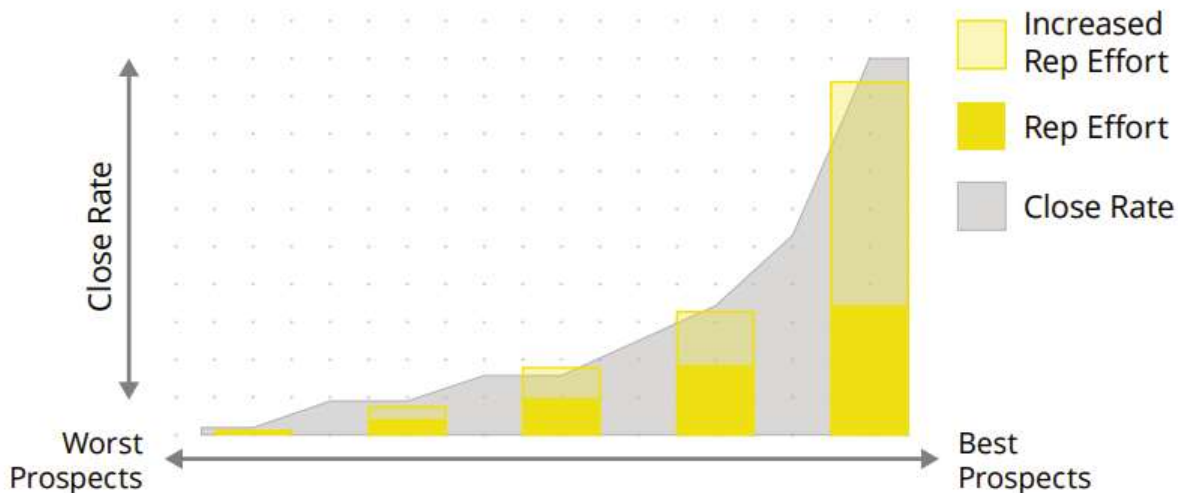

Figure 6: Effectiveness
Data Source: http://www.leadresponsemanagement.org/images/lrm_study.pdf

Visibility

At the core of sales acceleration is using data to drive decisions. W. Edwards Deming noted, "Without data you are just another person with an opinion." Most sales teams do not have visibility into the activities and metrics they need to drive their business. Some phone systems can report on dials and talk time, but many companies either rely on self-reported numbers or don't track these activities at all. Even just logging calls and activities into a CRM is not consistent. Sales acceleration technology doesn't just help systematize data collection but also makes it easier and quicker for sales representatives to complete tasks and enter data, which in turn makes it more likely that all interactions will be captured. With a full set of inputs that are automatically captured, reporting and data analysis can become incredibly powerful tools for sales teams.

The culmination of productivity and effectiveness results in increased effort on the best prospects. Visibility then provides a clear view into the activities and success of those activities. This fly wheel can be accelerated by predictive analytics.

PREDICTIVE ANALYTICS

Predictive analytics is the next wave in sales acceleration. It leverages data science and machine-learning algorithms to predict sales outcomes based on past sales activities.

Predictive analytics has been actively used in marketing for lead scoring, and now is moving down funnel to prioritize sales activities.

Within the sales context, predictive analytics can recommend who SDRs should contact and when to contact them. Leveraging past data points and machine learning, this prescriptive workflow delivers an optimized experience for both the salesperson and the buyer.

CONCLUSION

In the same way that SDRs have become a staple of most sophisticated sales organizations, sales acceleration is becoming a critical component of inside sales success. The next wave of sales organization shifts is focused on optimization and effectiveness. Results used to be driven by putting more people in seats, but that pendulum has shifted to creating the right processes and systems where people can succeed. The combination of processes, best practices, and technology as outlined in this paper combine to create a powerful force for optimization and enhanced sales performance. As sales practitioners test and iterate on these principles and researchers continue to explore new areas of sales insights through the enormous amounts of data generated by inside sales teams, the sales industry can continue to innovate and push to new boundaries.

REFERENCES

Bertuzzi, Trish (2016), Sales Development Playbook: Moore-Lake.

Elkington, David, and James Oldroyd (2007), "Insidesales.com Lead Response Management Study," http://www.leadresponsemanagement.org/images/lrm_study.pdf.

InsideSales.com (2009), "Research Study Measures Response Times to Web and Phone-Based Inquiries," http://www.leadresponsemanagement.org/images/dreamforce_study.pdf.

LeadResponseManagement.org (2008), "InsideSales.com Tests Lead Response Practices of Web-based Companies," http://www.leadresponsemanagement.org/omniture_study

LeadResponseManagement.org (2008), "The Lead Response Management Study," http://www.leadresponsemanagement.org/about_lrm

The Radicati Group, Inc. (2014), "Email Statistics Report, 2014-2018," http://www.radicati.com/wp/wp-content/uploads/2014/01/Email-Statistics-Report-2014-2018-Executive-Summary.pdf

Warner, Ben (2013), "Inside Sales Market Size 2013," http://research.insidesales.com/acton/attachment/1207/f-00ec/1/-/-/-/-/file.pdf.