The State of Sales Productivity

Second Quarter 2020

Survey Results and analysis

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MODERN SALES PROS

INTRODUCTION

In Q2 of 2020, SetSail partnered with the Modern Sales Pros Community and 225 sales organizations to understand their

- 2019 and projected 2020 performance
- Adjustments due to the economic crisis
- Sales organizational priorities (e.g. onboarding, sales coaching)
- Use of technology
- Use of incentives

ABOUT SETSAIL

SetSail is a first-of-its-kind Sales Behavior Management platform. By tracking deal progress through customer-to-rep communication data, discovering what's working in the sales process, and motivating reps to follow best practices through an innovative micro-incentive model, SetSail is driving measurable sales productivity gains of over 15% in under 12 weeks for customers like Dropbox, Lyft, and Pendo.
Find out more at www.setsail.co

ABOUT MODERN SALES PROS

With a *community first* approach, Modern Sales Pros has built the largest peer education community for sales operations, enablement, and leadership professionals in the United States.
Find out more at www.modernsaleshq.com
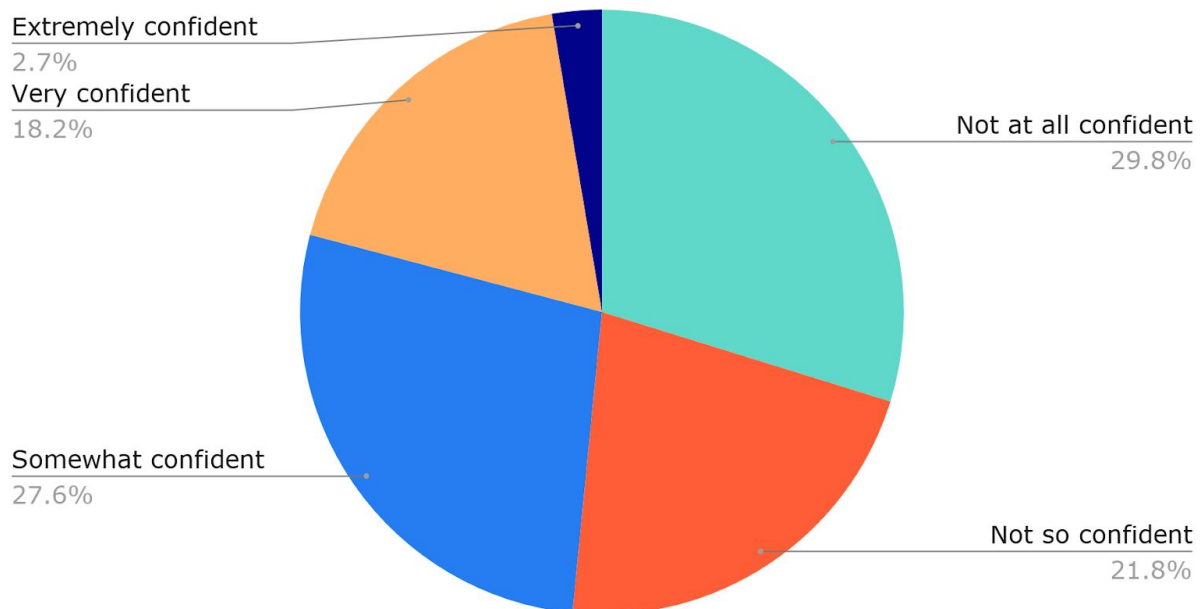
EXECUTIVE SUMMARY

KEY TAKEAWAYS

- Nearly **80%** of organizations aren't confident they'll hit their number in 2020
  - Two things made a huge difference: technology satisfaction of their teams (43% improvement), and their ability to leverage incentives to drive productivity (35% improvement)
- **73%** of organizations had 70% or more of their reps miss quota in 2019
  - Rep ramp times played a massive impact (<2 months 4x better than >6)
  - High technology adoption scores had a +63% impact on performance
- Due to the economic crisis:
  - **53.8%** of organizations are changing compensation plans
  - **40%** of organizations are changing quota plans
- Sales org priorities: the usual suspects continued to dominate as the top 3 2020 priorities:
  - Overall productivity: 67%
  - Pipeline management/forecasting 48%
  - Methodology/process: 41%
- ...but companies with high confidence in hitting their 2020 number have largely tackled these three challenges and instead were more likely to focus on:
  - Ramping new reps (74% more likely)
  - Recruiting (46% more likely)
  - Automation/efficiency through technology (45% more likely)
  - Training (39% more likely)
- The majority of organizations were satisfied with their sales technology solutions but struggled to measure the associated ROI

2020 PERFORMANCE FORECASTS

Nearly 80% of organizations weren't confident they'd achieve their number this year.

As of today, how confident do you feel that you are going to meet your revenue goals this year?

Extremely confident
2.7%

Very confident
18.2%

Not at all confident
29.8%

Somewhat confident
27.6%

Not so confident
21.8%

Surprisingly, the following things that had little impact on revenue confidence for 2020 (i.e. < 10% impact):
- Company size or location
- Rep quota sizes or rep OTE
- Manager to rep ratios
- Sales org size and composition (AE/SDR/AM, inside/outside split, remote team %)
- Sales strategic priorities
- Last year's quota performance
- Technology solutions they use today (the two exceptions were sales engagement platforms and content management tools which showed some improvement)

Two areas that had the biggest impact on a company's 2020 revenue confidence were:
- The technology satisfaction of their sales organization: high tech satisfaction resulted in 43% more confidence
- How well a company leveraged their comp plans: strong ability to leverage their incentives to drive productivity resulted in 35% more confidence

2019 PERFORMANCE METRICS

27% of orgs had 70% or more of reps hit quota last year.

What percent of your Sales Reps achieved quota last year?

90 - 100%
6.7%

80 - 90%
5.3%

70 - 80%
14.7%

60 - 70%
20.4%

0 - 25%
14.2%

25 - 50%
16.9%

50 - 60%
21.8%
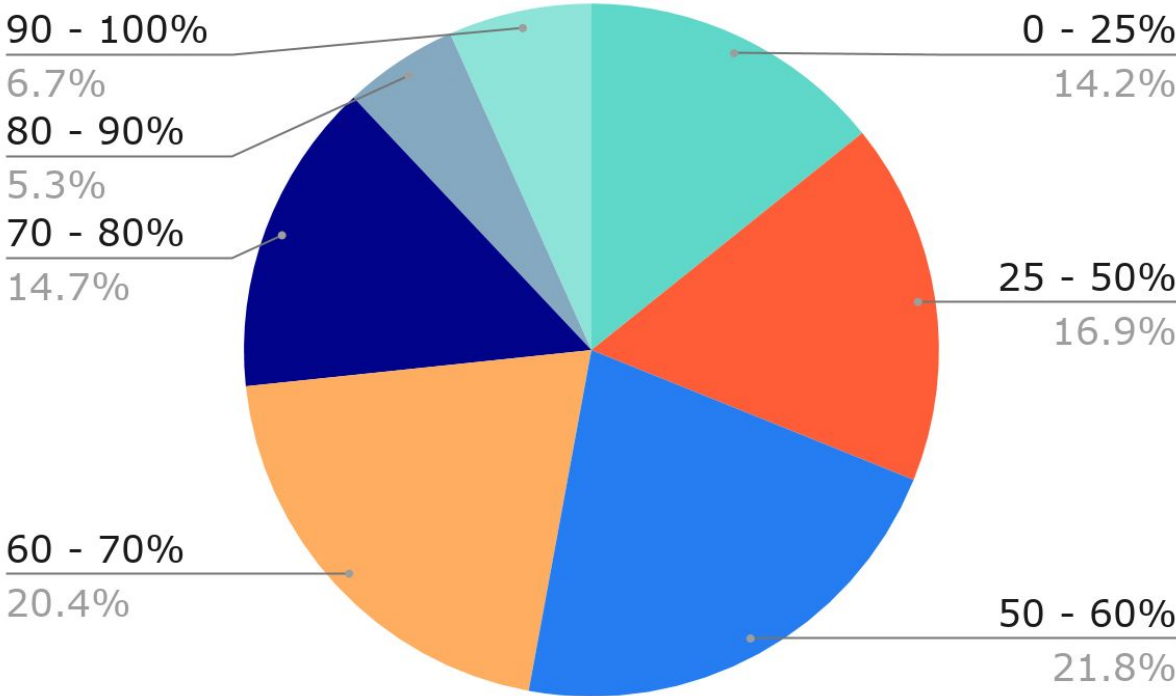
When we break this into percentiles, the performance bands look like this (e.g. if 90% of your reps achieved quota last year you're in the 93% percentile of companies):

What percent of your sales reps achieved quota last year?	Performance percentile
90 - 100%	93 - 100%
80 - 90%	88 - 93%
70 - 80%	73 - 88%
60 - 70%	53 - 73%
50 - 60%	31 - 53%
25 - 50%	14 - 31%
0 - 25%	0 - 14%

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The high impact of ramp times on quota performance

Rep ramp times had the biggest impact on the percentage of reps that achieved quota in 2019. Organizations with ramp times of 2 months or less had nearly 4 times the chance of over 70% of their reps hitting quota.

Percentage of orgs where 70% or more of reps beat quota, segmented by ramp time for new reps:
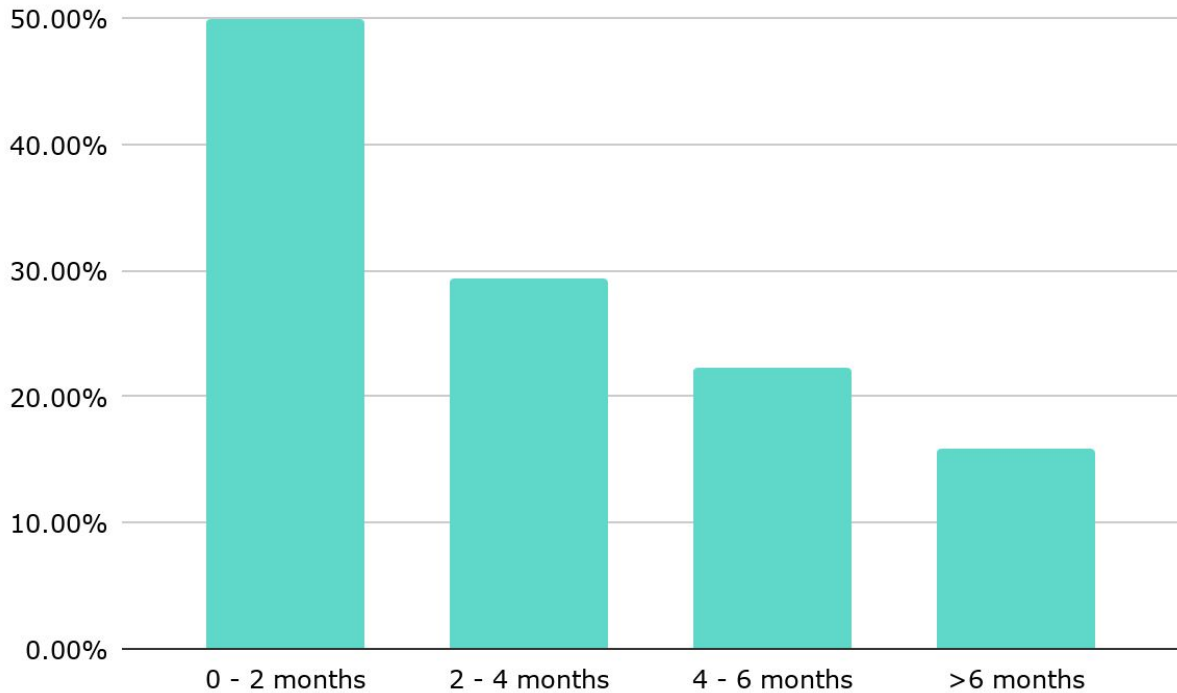
Technology adoption speed matters

A company's technology adoption speed was another major driver of rep quota performance. Top technology adopting companies were **63%** more likely than their slow adopting counterparts to have 70% or more of their reps hit quota in 2019.
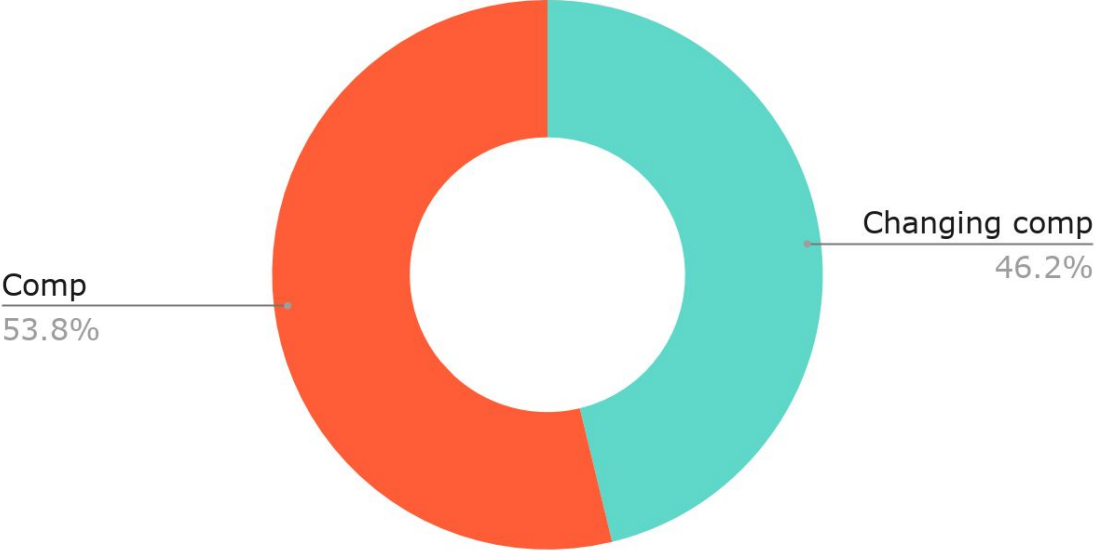
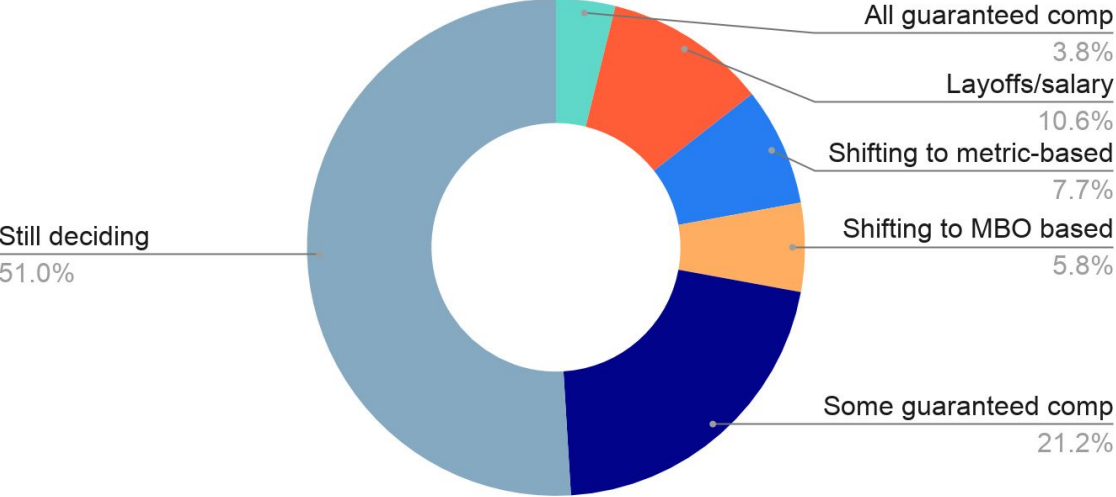| Percentage of organizations where 70% or more of reps hit quota:	
Low to average technology adoption score	**24%**
Very or extremely high technology adoption	**39%**

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2020 ADJUSTMENTS - ECONOMIC CRISIS

Over half of companies are adjusting their comp plans in Q2 2020 amid the COVID-19 crisis and resulting economic downturn. Most of those companies are still deciding how to move forward, with most of the decided companies opting for guaranteeing a portion of rep compensation.
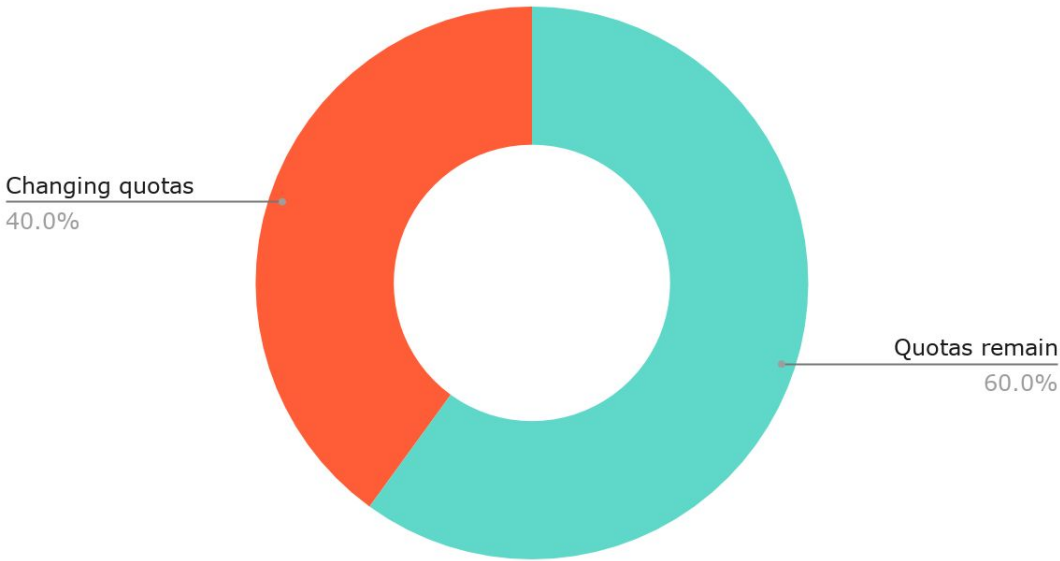
Are you adjusting your comp?

Changing comp
46.2%

Comp
53.8%

How are you adjusting your comp?

All guaranteed comp
3.8%

Layoffs/salary
10.6%

Shifting to metric-based
7.7%

Shifting to MBO based
5.8%

Still deciding
51.0%

Some guaranteed comp
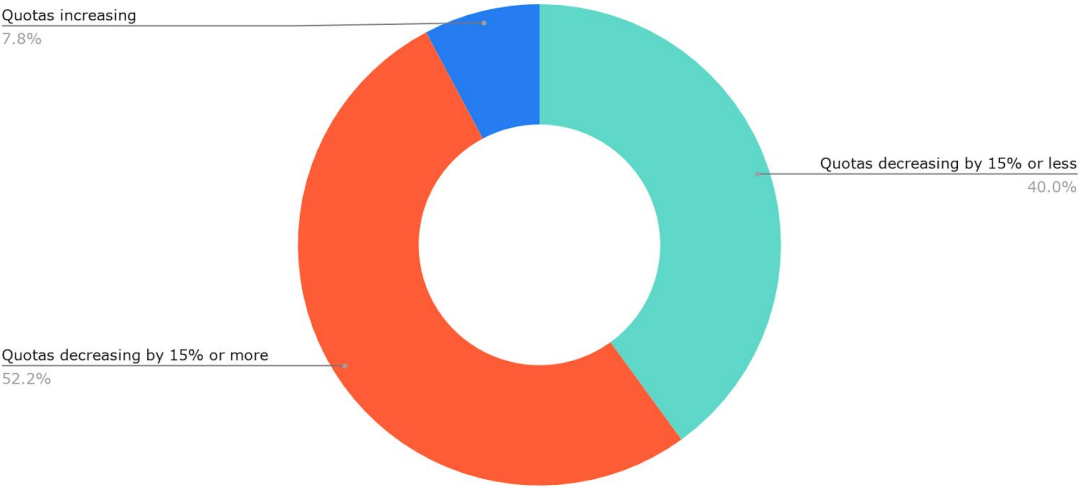21.2%

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Even 33% of the companies that are "extremely confident" they'll hit their sales targets in 2020 are still adjusting comp to relieve stress on their reps, mostly to a partially guaranteed comp model.

Likewise, 40% of companies are also adjusting their quotas. While over 92% of companies changing their quotas are adjusting quotas down, just over 3% of all companies are seeing a tailwind due to the crisis and are actually increasing targets as a result.
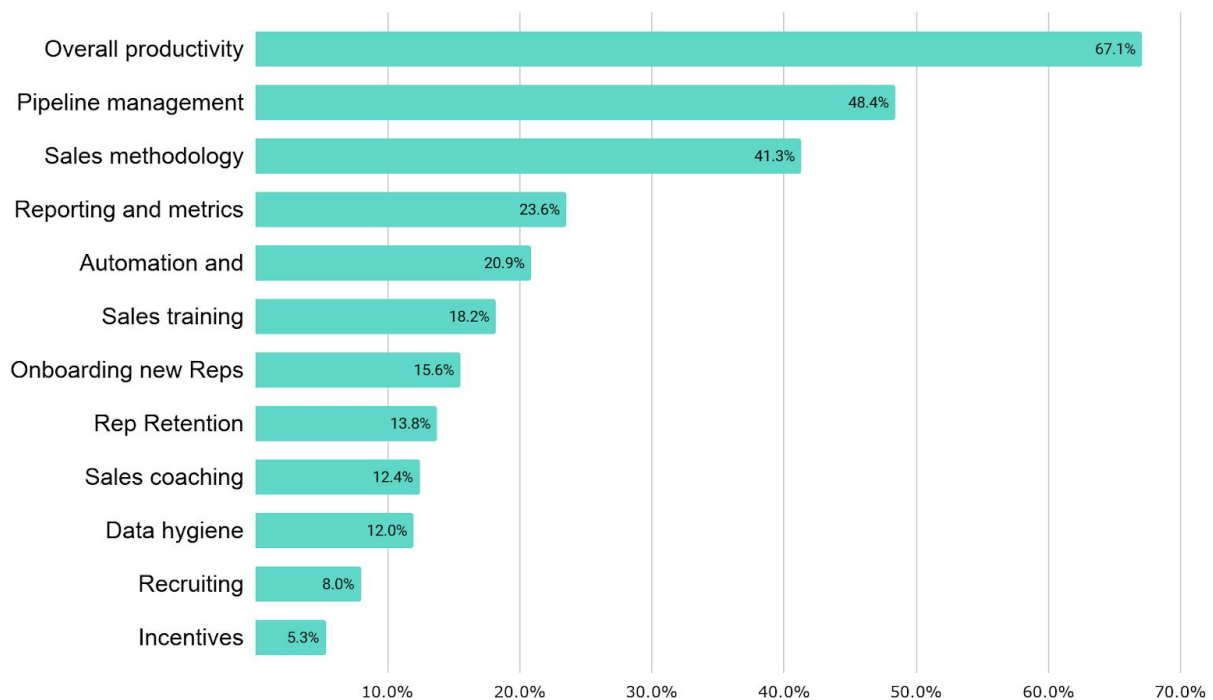
Are you adjusting your quota targets?

Changing quotas
40.0%

Quotas remain
60.0%

How are you adjusting your quota targets?

Quotas increasing
7.8%

Quotas decreasing by 15% or less
40.0%

Quotas decreasing by 15% or more
52.2%

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2020 GOALS AND PRIORITIES

When asked about their top 3 sales priorities, 3 priorities took significant precedence: overall productivity, pipeline/forecast management, sales methodology/process improvements.

What are your top 3 Sales Strategic Priorities for 2020?

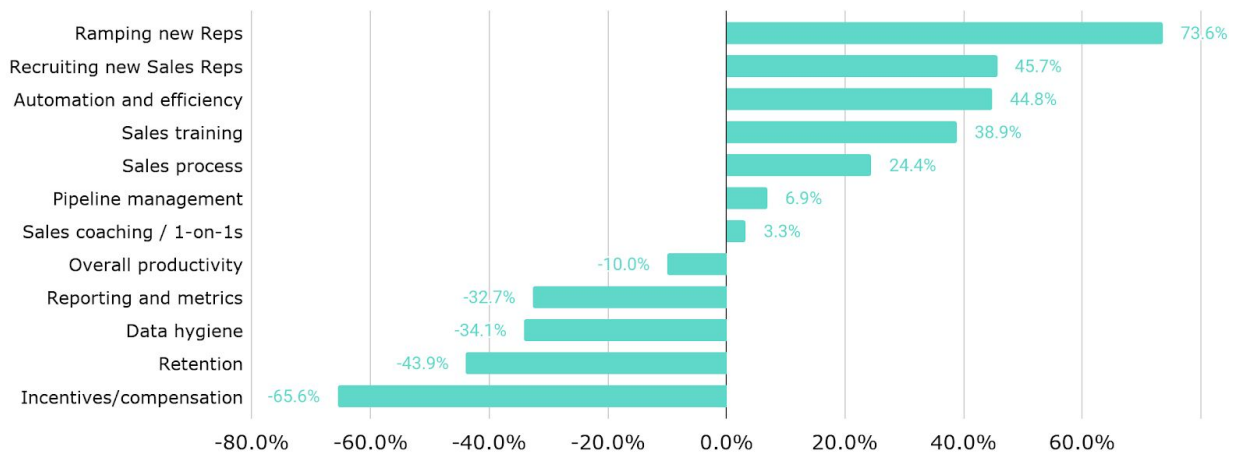| Priority	Percentage
Overall productivity	67.1%
Pipeline management	48.4%
Sales methodology	41.3%
Reporting and metrics	23.6%
Automation and	20.9%
Sales training	18.2%
Onboarding new Reps	15.6%
Rep Retention	13.8%
Sales coaching	12.4%
Data hygiene	12.0%
Recruiting	8.0%
Incentives	5.3%

SALES PRIORITY INSIGHTS

- **At between 50-200 reps, companies solve their onboarding challenges**
  Companies with 50-200 sales reps are 4x more likely than >200 sales rep companies to prioritize onboarding, indicating that this is the inflection point where most companies invest in solving for rep onboarding with sales enablement resources.
- **The ability to prove out tech ROI proceeds automation initiatives**
  Companies that are above average at proving tech ROI are 2x as likely to focus on automation. By building a framework to evaluate solutions, companies position themselves to easily build internal support and budgeting for solutions that can help their reps scale in time and efficiency.

Confidence in hitting the 2020 number makes a huge difference in priorities
Companies with higher revenue confidence in 2020 had different priorities than companies with lower confidence. Confident companies were more likely to prioritize: ramping, recruiting, automation, training, sales process, and pipeline management
...and less likely to prioritize: Coaching, overall productivity, reporting, data hygiene, retention, and incentives. This was in large part because they've already conquered these initiatives and have a competitive advantage as a result.

Below is a graph that shows the increase or decrease to a strategic priority for high revenue confidence organizations:

Where revenue confident orgs re-prioritize their time

| Priority	Value
Ramping new Reps	73.6%
Recruiting new Sales Reps	45.7%
Automation and efficiency	44.8%
Sales training	38.9%
Sales process	24.4%
Pipeline management	6.9%
Sales coaching / 1-on-1s	3.3%
Overall productivity	-10.0%
Reporting and metrics	-32.7%
Data hygiene	-34.1%
Retention	-43.9%
Incentives/compensation	-65.6%

TECHNOLOGY USAGE

Technology satisfaction and adoption lead maturity and ROI measurement

Overall, sales teams are satisfied with their technology solutions and they are seeing relatively strong adoption, but their use of data and technology to drive productivity and measure tech ROI are lagging behind.

Technology Satisfaction: How would you rate the overall satisfaction of your sales team with the technology solutions
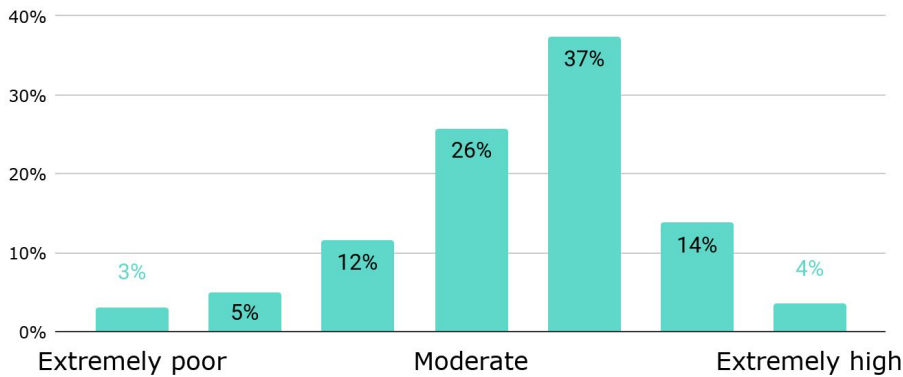

Technology Adoption: How well would you rate the technology adoption speed of your Sales Reps?

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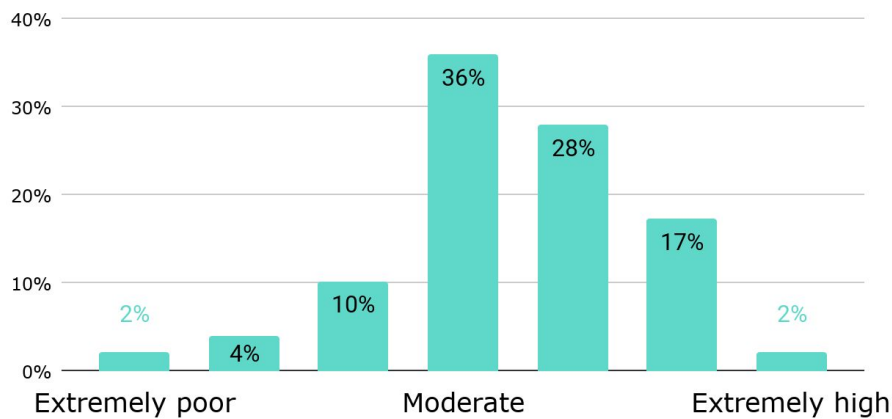
## Technology Maturity: How mature would you rate your company's use of data and technology to drive sales

40%

30%

20%

10%

0%

28%
31%
16%
15%
4%
6%

Low maturity   High maturity
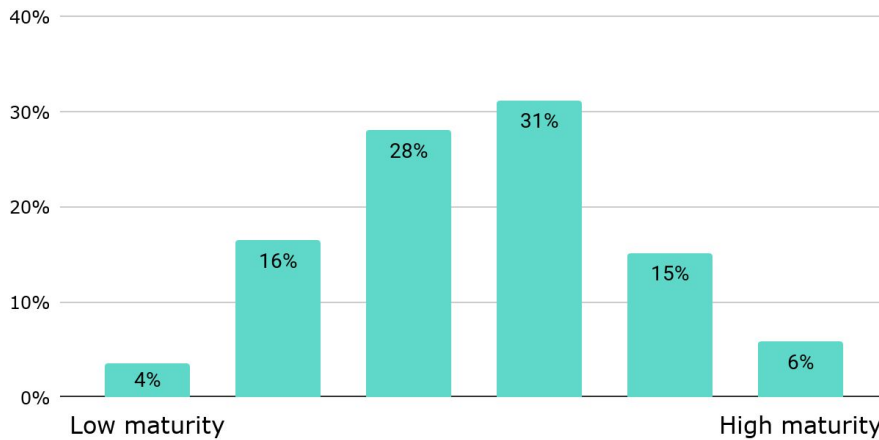
Technology ROI: How confident do you feel in your ability to measure the ROI of your sales technology?

30%

20%

10%

0%

30%
29%
17%
12%
5%
6%

No confidence   Extreme confidence
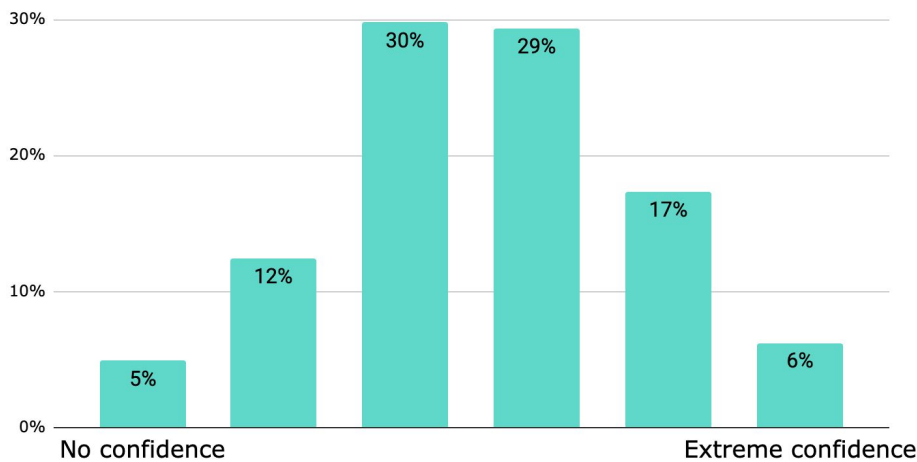
What drives technology ROI?

The biggest indicator as to whether a company can achieve ROI from their technology is their ability to leverage incentives to drive sales productivity. While the connection may not immediately seem obvious, our research at SetSail has found that the best way to drive productivity and organization change has been through the creative use of incentives to motivate rep behavior. This led to the building of our micro-incentives platform to surgically motivate best practices at scale. Below is a chart that shows the correlation between technology ROI and incentive usage:

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## Technology ROI vs. ability to leverage incentives
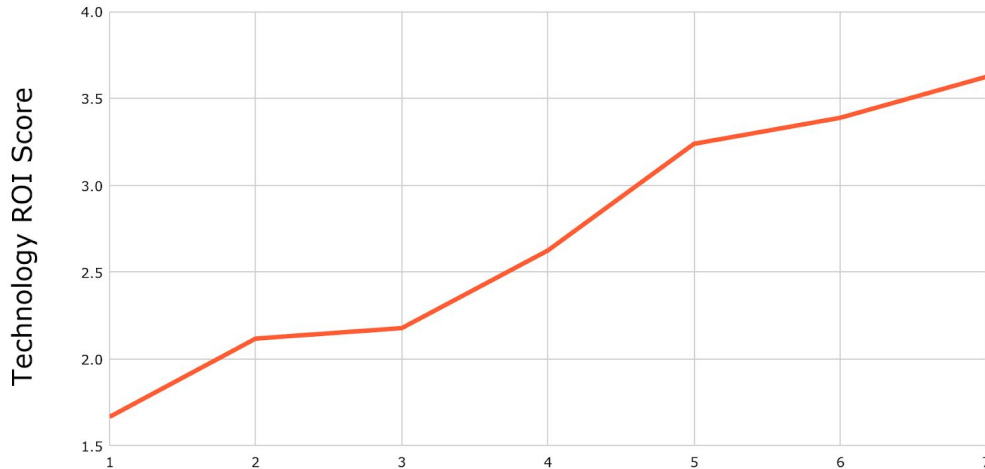
How well does your organization leverage incentives to drive

**Popularity and impact of major sales technologies**

Sales Engagement solutions showed the strongest popularity among sales technology solutions, followed by Linkedin Sales Navigator, and e-signature solutions. Gamification solutions continue to struggle to gain popularity due in part to their inability to track and drive increases in the quality of engagement from sales reps and long term adoption and ROI.

Popularity of major sales technology solutions
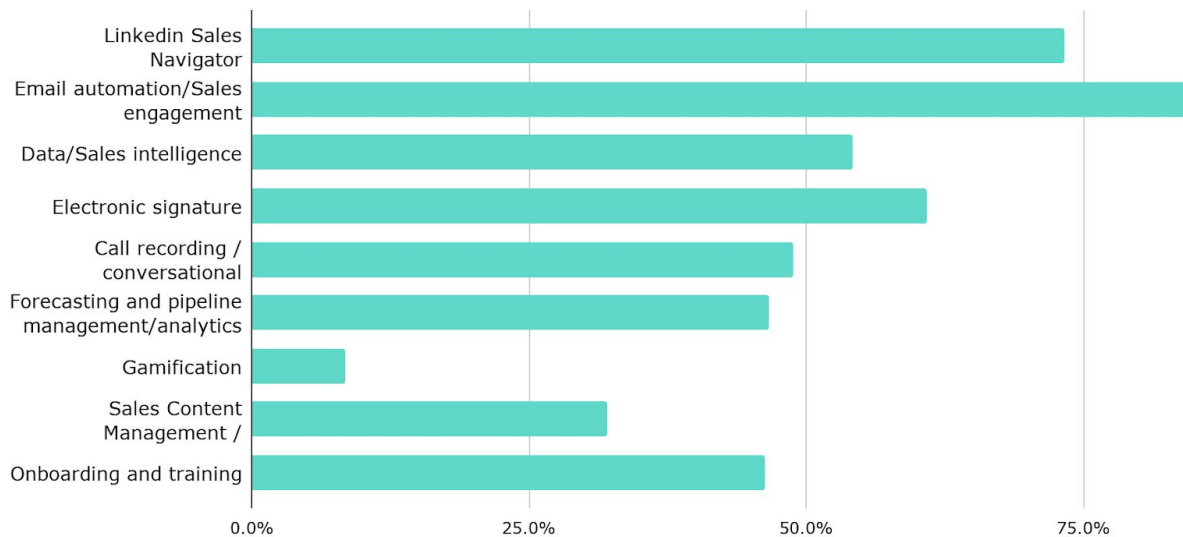
The good news is that nearly all sales technology solutions drove increased revenue confidence for organizations.

Solution improvement to 2020 revenue confidence
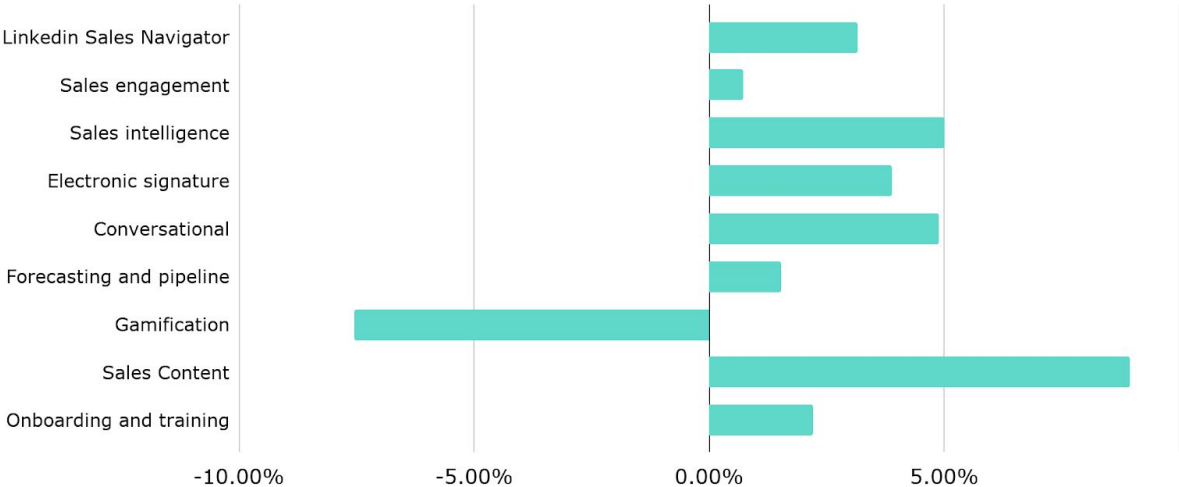
The emerging category of conversational intelligence solutions like Gong.io drove the highest increases in perceived technology maturity amongst organizations while sales engagement platforms like Outreach.io drove both high maturity and high sales team technology satisfaction.

SALES INCENTIVE MATURITY

About half of the companies surveyed are leveraging SPIFFs to drive increases in sales productivity. This number begins to grow after companies hit the $10 million annual revenue mark and jumps to over 85% for companies generating over $200 million in annual revenue.

Do you currently use SPIFFs to drive boosts in team productivity?

Yes
48.9%

No
51.1%

The ability to leverage sales incentives matters
As a company's ability to leverage incentives to drive sales productivity grows, so does their confidence in hitting their 2020 revenue goals.

Revenue confidence in 2020 vs. ability to leverage incentives

Index: Revenue confidence in 2020

How well does your organization leverage incentives to drive productivity?

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APPENDIX: SURVEY DEMOGRAPHICS

The following are the demographics of the 225 companies who partnered on this sales productivity study conducted in Q2 of 2020.

What major metro area are you located in?	
San Francisco-Oakland-Berkeley, CA MSA	20.0%
New York-Newark-Jersey City, NY-NJ-PA MSA	17.3%
Boston-Cambridge-Newton, MA-NH MSA	8.9%
I'm not located in the United States	6.7%
Seattle-Tacoma-Bellevue, WA MSA	6.2%
San Jose-Sunnyvale-Santa Clara, CA MSA	5.8%
Chicago-Naperville-Elgin, IL-IN-WI MSA	3.6%
Atlanta-Sandy Springs-Roswell, GA MSA	3.1%
Denver-Aurora-Lakewood, CO MSA	3.1%
Salt Lake City, UT MSA	3.1%
Austin-Round Rock-Georgetown, TX MSA	2.7%
Los Angeles-Long Beach-Anaheim, CA MSA	2.7%
Sacramento–Roseville–Folsom, CA MSA	1.8%
Phoenix-Mesa-Chandler, AZ MSA	1.3%
Portland-Vancouver-Hillsboro, OR-WA MSA	1.3%
San Diego-Chula Vista-Carlsbad, CA MSA	1.3%
Tampa-St. Petersburg-Clearwater, FL MSA	1.3%
Dallas-Fort Worth-Arlington, TX MSA	0.9%
Nashville-Davidson–Murfreesboro–Franklin, TN MSA	0.9%
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA	0.9%
Buffalo-Cheektowaga, NY MSA	0.4%
Columbus, OH MSA	0.4%
Las Vegas-Henderson-Paradise, NV MSA	0.4%
Miami-Fort Lauderdale-West Palm Beach, FL MSA	0.4%
New Orleans-Metairie, LA MSA	0.4%
Orlando-Kissimmee-Sanford, FL MSA	0.4%
Pittsburgh, PA MSA	0.4%
Raleigh-Cary, NC MSA	0.4%

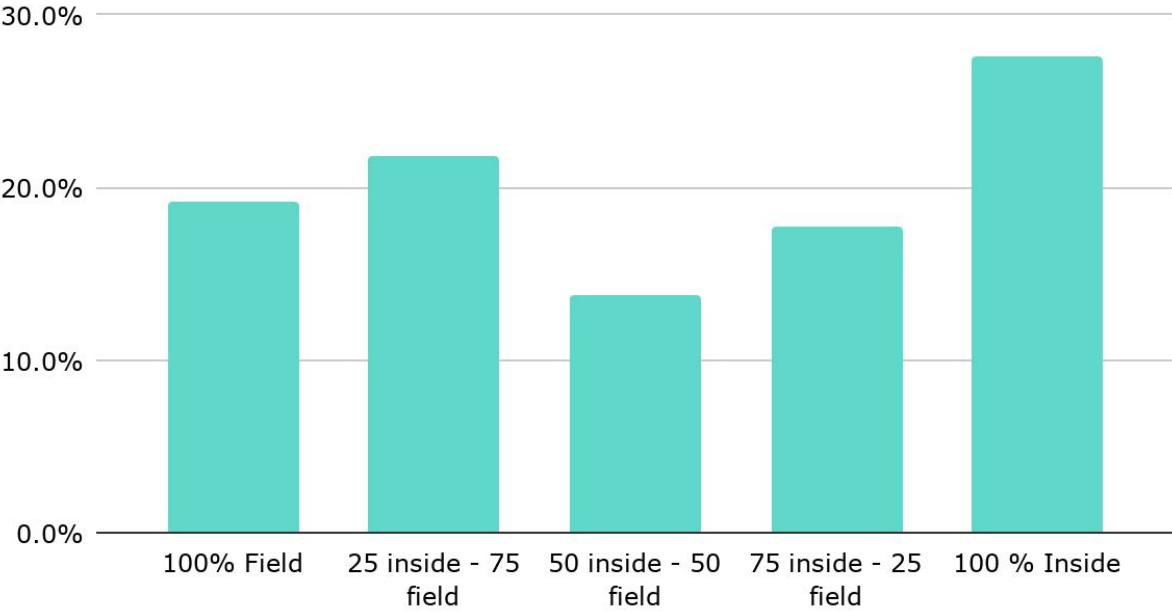|	
St. Louis, MO-IL MSA	0.4%
Washington-Arlington-Alexandria, DC-VA-MD-WV MSA	0.4%
Other	2.7%

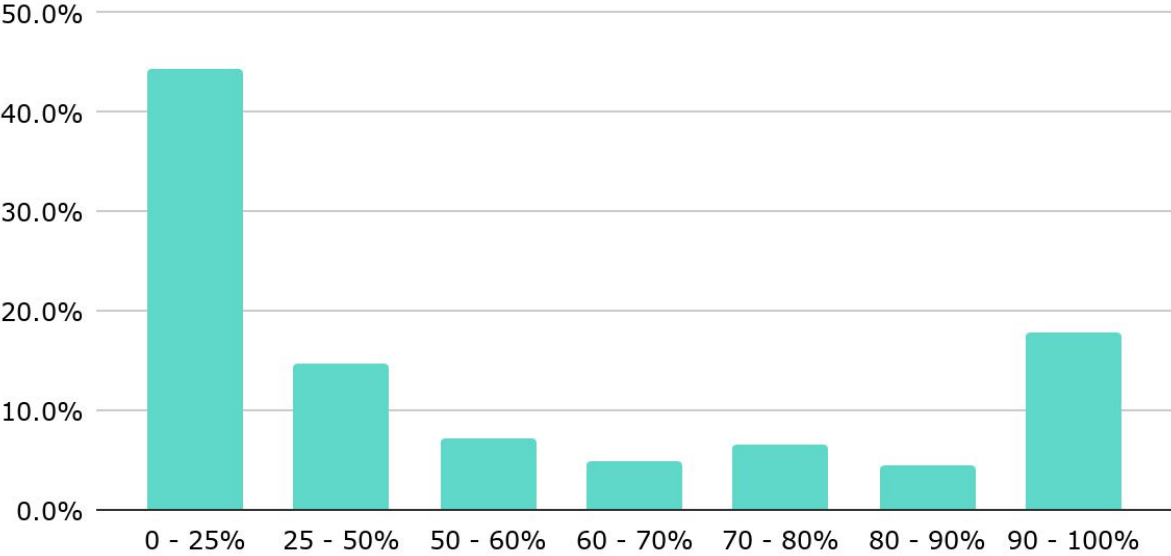## What was your company's annual revenue in 2019?

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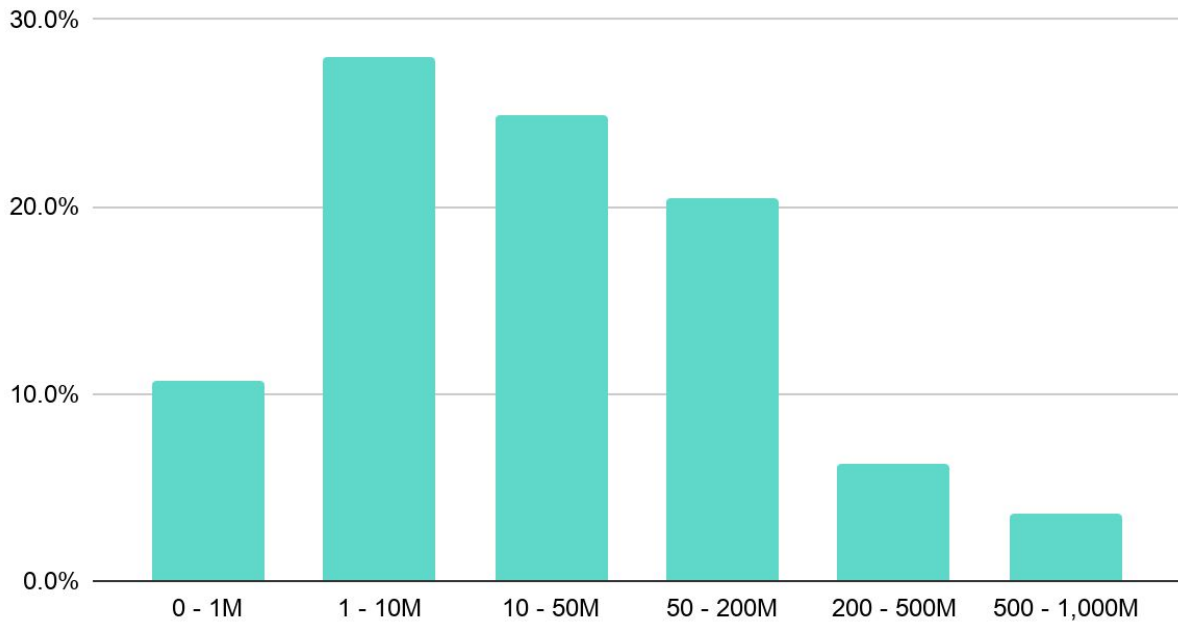
How many quota-carrying Sales Reps do you have?
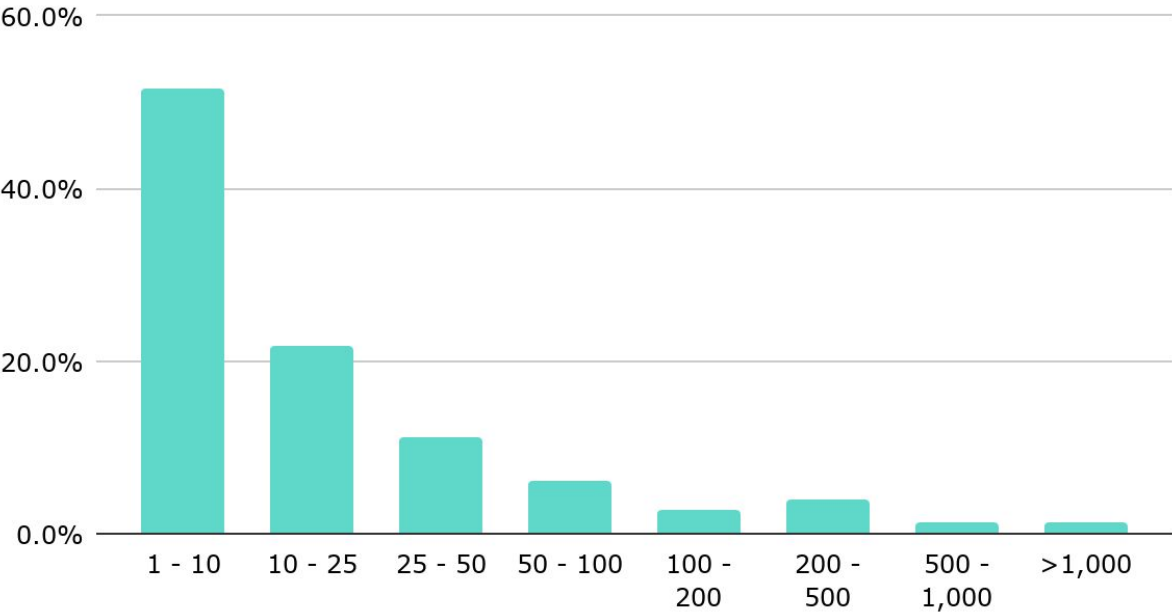
What's your Inside Sales vs. Field Sales split?
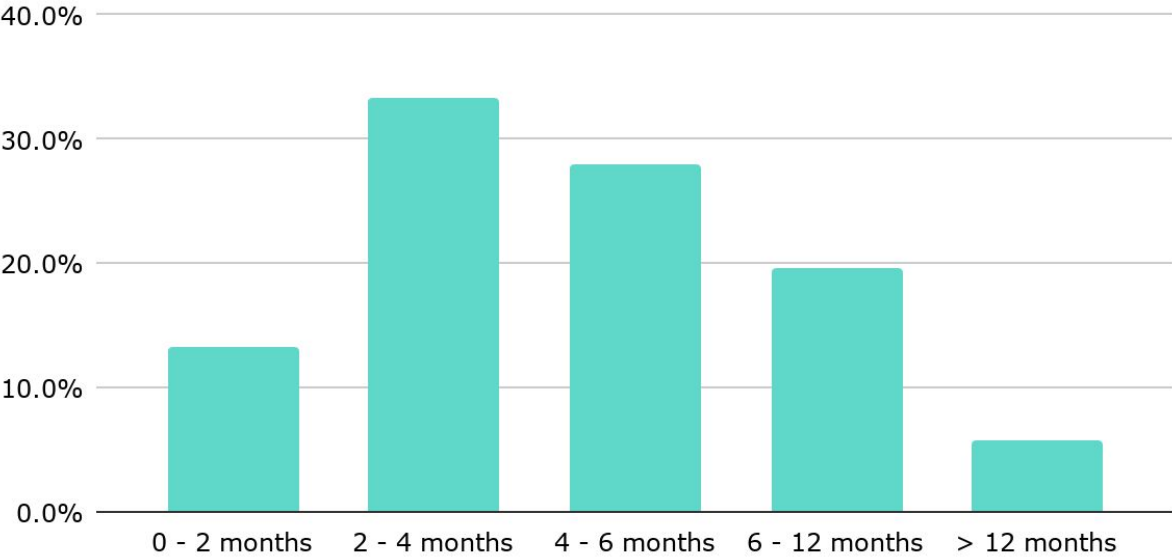

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On January 1, 2020 what percent of your team was remote?
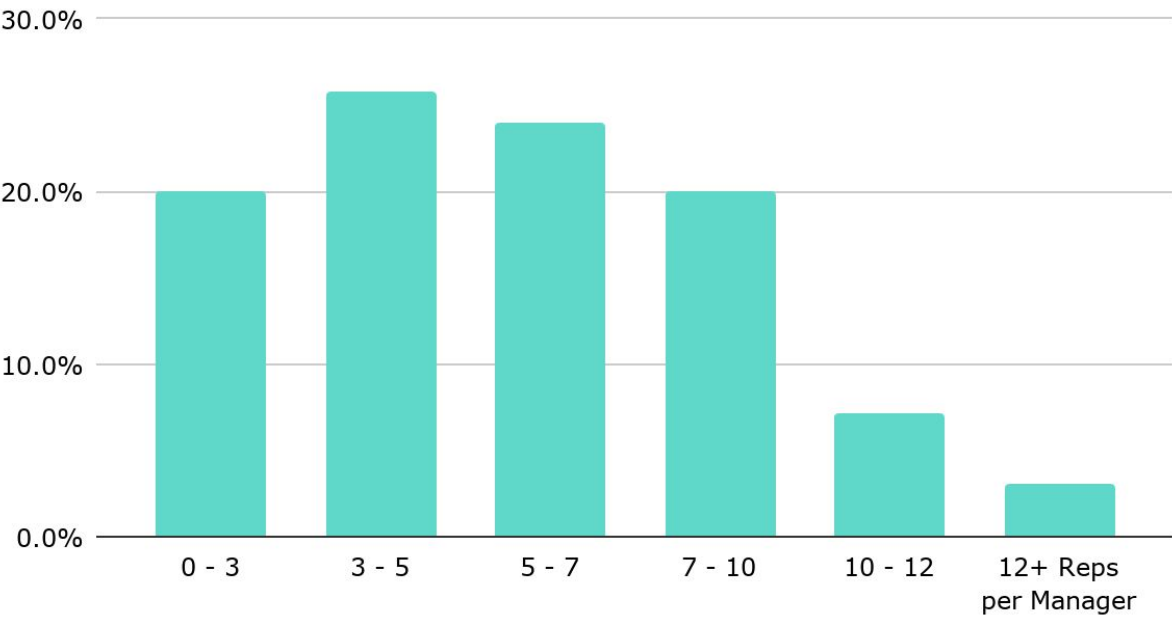

How many years of management experience does the average Sales Manager in your organization have?
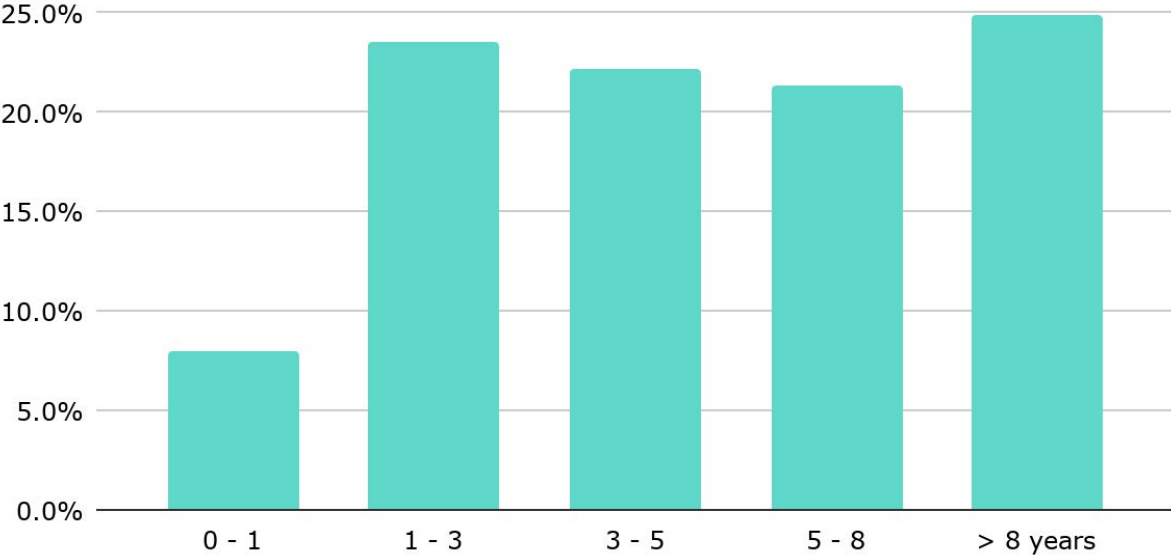
What is your organization's average ramp time per Sales Rep?

Bar chart — percentage of respondents by ramp time:
- 0 - 2 months: ~13%
- 2 - 4 months: ~33%
- 4 - 6 months: ~28%
- 6 - 12 months: ~19.5%
- > 12 months: ~5.5%

What is your organization's Rep to Manager ratio?

Bar chart — percentage of respondents by Rep to Manager ratio:
- 0 - 3: ~20%
- 3 - 5: ~26%
- 5 - 7: ~24%
- 7 - 10: ~20%
- 10 - 12: ~7%
- 12+ Reps per Manager: ~3%

How long is your average sales cycle?

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