How companies are winning through structure, systems, and process

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EXECUTIVE SUMMARY

There is no such thing as permanently successful companies. All organizations do great things and not so great things. Some leaders get trapped into believing the reason companies grow is because of one factor. These leaders think, "if only we had this or that, we could be successful". Growth is not a one-time thing. It’s a combination of well-executed strategies working in parallel with market forces and trends. Some of the elements of success are more controllable and more easily recognized than others. In most cases, understanding and predicting industry-based economic trends is more difficult than hiring the right talent or building an optimal go-to-market-sales structure. Both are important and both need to be understood but maximizing what is under the span of control of individual leaders is what separates good from great. To do this, leaders should study what their company did or what other companies have done to produce positive results and find a way to replicate it.

InsideSales.com Labs, in partnership with the American Association of Inside Sales Professionals (AA-ISp), Top Sales World, and the Association of Professional Sales (APS) studied 1,151 companies across the focus areas of structure, systems, and people to determine what these entities focused on to win. In addition, the study completed a benchmarking exercise using sales pipeline metrics.

STRUCTURE

It has often been argued that outside sales and inside sales are at odds with one another. Inside sales offers a leaner and more automated approach. Outside sales capitalizes on the in-person interaction and the power of face-to-face communication. Which go-to-market model is better? Which model is right? Using census data, the estimated number of professional sales people in the U.S. in 2017 is 5.7 million and that number is expected to grow to 5.9 million by 2024. According to the research, inside sales professionals (reps who primarily sell remotely) represent 47.2% of the 5.7 million and outside sales professionals (reps who primarily sell face-to-face) represent 52.8%. This trend is different in Europe with companies reporting 37.1% of their sales force as inside sellers and 62.9% as outside sellers. The global numbers will most likely continue towards equilibrium as companies report the ideal split of inside and outside sales should be nearly 50/50 (49.4% for inside sales and 50.6% outside sales). With this shift, the lines between inside and outside sales continue to blur as outside sales reps spend almost half of their time (45.4%) selling remotely (an increase of 89.2% from 2013). In addition, companies report the
primary purpose of inside sales is to create a model which more appropriately supports the field (86.1%).

Outside versus inside is one of many go-to-market structural decisions companies have to make. In addition, other functional role specializations must be considered as well. Our analysis showed that large organizations (revenue > $500M) are currently dominated by field sales reps (71.2%) but this number is expected to continue to decrease to 69.8% in 2018.

Organizations with revenue over $500 million capitalize more than any other on the benefit of the channel function (69.4% higher than the average). Midsize organizations (revenue $50M-$499M) have the highest number of roles with 4.4 (12% higher than the average). This occurs with the introduction of the specialized roles, account management (16.9% higher than the average) and renewals (19.2% higher than the average). Small organizations (revenue <$50M) have the highest percentage of inside sales reps (47%), but they leverage the outbound sales development role more than any other size of company with 67.1% of small companies saying they use this role.

**SYSTEMS**

Sales technology has become an extremely important part of every sales team’s makeup and organization. Using US census data, the overall spend on sales technology is $15.9 billion. In the research, companies reported the average annual spend on sales technology was $4,581 per rep per year, increased 22.0% from 2014 after adjustment to exclude CRM. Interestingly, Europe spent slightly more per rep than the US with an average of £4,508 ($5,950) compared with $4,622.

The $4,581 covers an average of 5.2 categories of sales tools per rep. Low end-commodity tools were as low as $10 per rep per month while high-impact tools were as much as $200 per person per month with the average tool costing $73 per rep per month.

- CRM
- Social prospecting
- Presentations
- Pipeline management
- Data/list services

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1 Because our 2014 study didn’t include CRM, this comparison excludes CRM. The estimate including CRM is $26.2 billion. [Capterra estimated](https://www.capterra.com/) the average spend per CRM license was $150 per month.
Interestingly, technology spend per rep varies significantly by size of company. Large organizations don’t appear to recognize the value of sales technology as their average spend is $3,143 per rep annually compared to $5,207 per rep for medium size companies, and $4,639 per company for small organizations. Large, medium and small companies spend similar amounts on sales technology in relation to their reps’ compensation (5.8% of on-target-earnings). This percentage is expected to increase across the board to 6.5% next year.

### People

To retain top talent, companies need to pay market value for their people. The study revealed the average base salary for inside sales account executives is $42,833 with an average on-target-earnings (OTE) of $96,299. In the US, OTE tends to be higher ($111,170) than in Europe (£73,219 or $98,058). The mix between base and variable was 47/53 split with 47 for the base and 53 for the variable. The average quota for an account executive was $793,566 with 60.9% of reps achieving that number each year. With these compensation structures in place, the average tenure of a rep is four years and it takes 5.2 months on average to reach full production. With tenure and ramp, a rep is at full productivity for 3.6 years.

### Pipeline

Most companies track sales metrics in a similar way but very few tools exist to help companies determine where they are in relation to others on important pipeline numbers. To understand and provide benchmarking capabilities, companies reported sales pipeline numbers. Account executives send an average of 34.5 emails per day—more than any other activity. Phone calls were second on the list with 30.3. After all activities, the typical account executive has 11.9 meaningful conversations a day. About 1 in 20 conversations (4.8%) is turned into meaningful sales opportunities. The average rep creates 17.2 opportunities per month and is closing 12.8 deals per quarter for a market average close rate of 24.8%.

To learn more about the study, contact Labs@insidesales.com. If you’d like to compare your sales pipeline against other great companies go here.