TOPO

2019 SALES DEVELOPMENT BENCHMARK REPORT

An executive summary focused on the strategies and tactics of successful sales development organizations.

Dan Gottlieb, *Sales Development Analyst*

April 25, 2019

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By Dan Gottlieb
With Kristina McMillan
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Sales development is arguably the most critical investment for developing pipeline in today's B2B businesses. To better understand the impact and best practices, TOPO surveyed 179 sales development leaders and compiled the results and strategies in this 2019 Sales Development Benchmark Report. This executive summary provides insights organizations can apply to adopt or evolve their sales development practice in 2019 and beyond.

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Sales Development Playbook, July 2018

Sales Development Framework, September 2017

Sales Development Touch Report, August 2017

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SURVEY OVERVIEW

Objectives

To better understand the strategies, tactics, and benchmark metrics of successful sales development organizations. The research also shares insights organizations can leverage to develop and/or improve their own sales development initiatives.

Data Views

Our research surfaced three defining characteristics that shape an organization's sales development practice:

- **Average annual contract value (ACV).** A proxy for target market, grouping average deal sizes offers insights and metrics tailored to deal complexity.

- **Company size.** Larger companies have access to more sales development resources than smaller companies.

- **Team structure.** Whether sales development teams are inbound, outbound, or a hybrid of the two changes the team's goals and how they execute.

SURVEY DEMOGRAPHICS	
# of Respondents	179
# of Data Points Surveyed	72
Data Collected	Q4 2018

ANNUAL REVENUE	% OF RESPONDENTS
$0 - $50M	49%
$50M - $500M	39%
$500M+	12%

ANNUAL REVENUE GROWTH	% OF RESPONDENTS
0% - 25%	30%
26% - 39%	22%
Over 40%	48%

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DEMOGRAPHICS

This executive summary is based on survey data gathered from sales development leaders in mostly high-growth B2B companies.

Job title

Other
6%

VP and above
19%

Manager
27%

Director/Sr. Director
48%
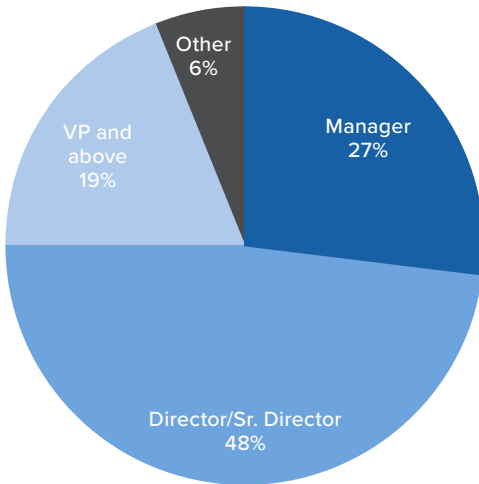
67% of respondents were director level and above

Annual contract value

$250K+
10%

$0-$25K
20%

$75K-$250K
29%

$25K-$75K
41%
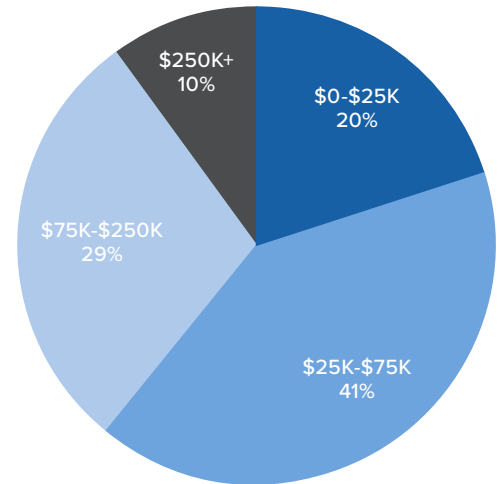
39% of respondents have ACVs greater than $75K

Average sales cycle

12+ months
3%

6-12 months
28%

0-2 months
31%
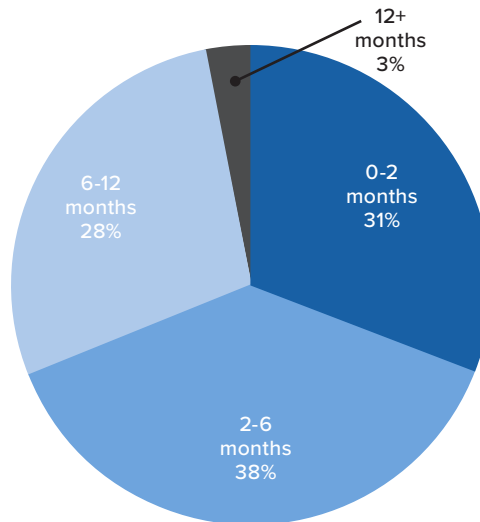
2-6 months
38%

66% of respondents have an average sales cycle of between 2-12 months

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INTRODUCTION AND TAKEAWAYS

Sales development is a critical function for world-class B2B sales and marketing teams

Sales development teams continue to be viewed as a strategic component by driving revenue growth for B2B sales and marketing, as seen in the amount of pipeline and revenue that flows through or is generated by the team. With agreed-upon best practices for inbound and outbound channel strategies across multiple industries, SDRs have become so dependable that revenue leaders are finding new applications for sales development across the business, including customer expansion and channel programs.

However, the biggest story is the role sales development plays as a centerpiece of account based programs—one of the most disruptive go-to-market transformations in B2B sales and marketing today.

In this new paradigm, change is constant for sales development. Leading organizations are building teams that are resilient and can adapt quickly. Therefore, sales development organizations need a way to evaluate:

1. Where their shifting priorities fit into the overall go-to-market strategy

2. Whether or not they have effective people, process, technology, and tactics

3. Whether the metrics for governing their organization help them optimize their programs

For the 2019 Sales Development Benchmark Report, TOPO surveyed nearly 180 practitioners at leading sales development organizations to identify patterns and metrics. This executive summary provides the insights organizations need to navigate change or evolve their sales development strategy in 2019 and beyond.

Key takeaways

- **SDRs are the most significant pipeline drivers in world-class companies.** SDRs generate $415K in pipeline per month, on average, and 57% of overall pipeline.

- **SDRs are the most important channel for successful account based programs.** Account based is the most significant strategy for go-to-market teams today and SDRs are the cornerstone of that strategy. Of account based marketers, 88% cite outbound SDRs as an important channel in their marketing strategy. Because of this success, 41% of organizations have built a dedicated account based SDR team.

- **Sales development is moving beyond its direct, net new pipeline generation heritage to supporting expansion and the channel.** Sales development is such a proven commodity, it is being applied to multiple go-to-market strategies. Of survey respondents, 19% have SDRs dedicated to customer expansion, and 12% have a team dedicated to support channel partners.

- **More organizations are assigning resources dedicated specifically to support SDRs.** High-growth organizations with more than 20 SDRs have dedicated SDR enablement and SDR operations (versus shared resources with the sales team).

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- **Continuous development and recognition is keeping SDRs in the role longer.** We saw the average tenure of the SDR increase from 14.3 months in our last benchmark to 15.5 months, while ramp times remain constant. This is largely driven by innovations in career paths as SDR leaders segment the SDR role, offering continuous skill development and recognition throughout an SDR's tenure, thus keeping them engaged and productive longer.

- **SDRs are having conversations with prospects again.** The most effective and scalable channel for initially connecting with prospects has been email. The by-product of the massive increase in digital communications was significantly fewer SDR conversations. Today, organizations are creating processes and enablement to bring live SDR conversations back into the qualification process. And it works, with 40% of respondents citing live call execution as the key factor in their success.

- **LinkedIn has the potential to become the top outbound channel.** GPDR and cluttered inboxes are forcing SDR teams to increase usage of LinkedIn. The triple touch (phone, email, LinkedIn) has been widely used for the last 4-5 years. Now usage is increasing, with 42% of respondents reporting between 2-5 LinkedIn touches in their touch patterns. Faced with strict enforcement of email and phone restrictions, European SDR teams are largely adopting LinkedIn, with some SDRs reporting LinkedIn as their only outbound channel.

- **Chat will be the next "table stakes" SDR channel, with AI bots soon to follow.** Today, 25% of respondents cited chat as a channel, and early TOPO buying indicators predict the number will increase by at least 50% in 2019, moving closer to becoming a standard for inbound SDR follow-up. Artificial intelligence is slowly becoming a reality in the SDR tech stacks, with 8% using AI-driven email tools. This number will increase slowly in 2019, with 2020 being a likely launch point for significant bot adoption, particularly around straightforward and non-mission-critical touch patterns.

MARKET OVERVIEW

Live call execution, account based strategy, and technology tools are the greatest challenges

The biggest story in sales development today is the role SDRs play in the account based movement.[1] As the commoditization of digital buying experiences drives the demand for account based experiences, marketers have never been more incentivized to partner with sales development. Of account based marketers, 88% cite outbound SDRs as one of the most effective channel tactics for account based programs. This finding presents a new paradigm for SDRs: Engage buyers with valuable and relevant experiences early in the buying process to differentiate from competitors.

However, 35% of sales development leaders cited the execution of an account based strategy as a top challenge for their teams. While effective when done right, the challenges lies in identifying, selecting, and working target accounts (see Figure 1). For SDRs to effectively execute multi-touch, multi-channel, multi-threaded programs within a target account, strong orchestration plans and regular feedback loops need to exist between marketing, sales development, and sales. In account based sales development

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[1] TOPO 2019 Account Based Benchmark Report

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programs, SDRs are often working 5-9 prospects at a time across different threads, requiring them to hold a compelling conversation with 3-5 different roles simultaneously.

With SDRs under a lot of pressure to perform, it is no surprise that live call execution is cited as a top challenge for 36% of sales development leaders. For the last five years, many SDR leaders let their reps rely on sales email automation to hit quota. Leaders failed to equip reps with a repeatable framework and the conversational skills required to compel a buyer to meet with them, and then hold a relevant and valuable conversation. New expectations shift the narrative from "good-day" metrics (i.e., the number of activities an SDR completes per day) to the buyer's perception of the quality and value of the sum of individual activities completed by an SDR.

Sales Development Challenges (Figure 1)

What are the biggest challenges to your sales development success?

Challenge	Percentage
Live call execution	36%
Execution of an account based go-to-market strategy	35%
Using technology tools to increase rep activity	33%
Clearly defined Ideal Customer Profile (ICP) or target account list for SDRs to pursue	32%
Hiring and onboarding	26%
Alignment with sales on qualified lead definition	23%
Clear expectations for how SDRs should customize messaging	23%
Detailed touch pattern that SDRs follow	22%
Objectively defined process for the SDRs to follow, including handoff to sales reps	20%

0%   10%   20%   30%   40%   50%

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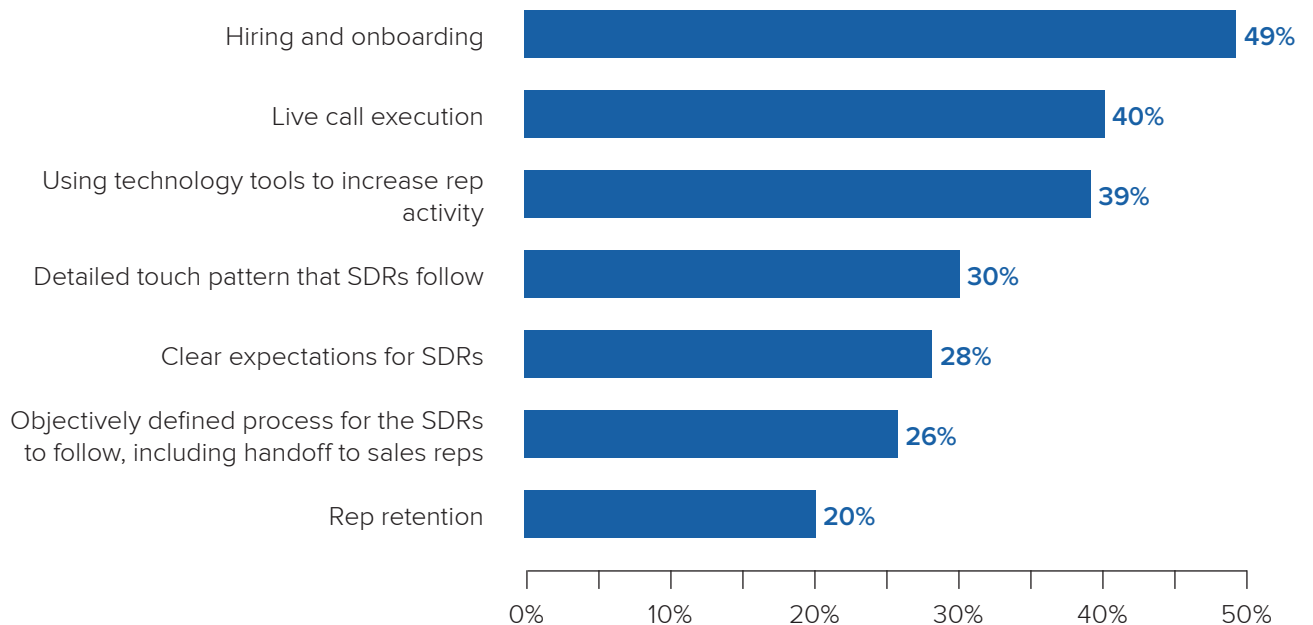## Hiring and onboarding, live call execution, and technology are key factors for success

When we look at the factors that make sales development teams successful, hiring and onboarding tops the list (see Figure 2). Hiring has always been a challenge for sales development leaders, but successful organizations found repeatable strategies that work to fill the hiring funnel with qualified candidates. SDR leaders must rapidly hire and quickly ramp up those new hires to get the maximum number of months of full productivity, since the average SDR tenure is fewer than 16 months. Organizations that zero in on effective strategies can transform this challenge into a success factor.

TOPO expected to see live call execution and detailed touch patterns for SDRs to follow near the top of this list (40% and 30%, respectively). These are core job responsibilities of the sales development role. TOPO research reveals that organizations with a prescriptive and repeatable approach to executing effective calls and touch patterns more regularly achieve quota.

To help SDRs execute calls and touch patterns, leaders cite the use of technology tools that increase activity as a top factor contributing to sales development success. These tools include account and contact data providers, sales engagement platforms, and LinkedIn. By simplifying rep workflow across this disparate toolset, SDR leaders help create focus for their teams. Effective SDR leaders map their tech stack to a desired process with clear expectations for impact on workflow.

Factors Contributing to Sales Development Success (Figure 2)

What are the most important factors contributing to your sales development success?

Factor	Percentage
Hiring and onboarding	49%
Live call execution	40%
Using technology tools to increase rep activity	39%
Detailed touch pattern that SDRs follow	30%
Clear expectations for SDRs	28%
Objectively defined process for the SDRs to follow, including handoff to sales reps	26%
Rep retention	20%

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KEY SALES DEVELOPMENT METRICS

Sales development strategy focuses the organization on delivering pipeline to sales and uses relevant metrics related to the overall company go-to-market strategy to predict impact; this is commonly referred to as a sales development model. When setting up a model, TOPO recommends using key marketing and sales conversion rates to set expectations around what a sales development team will generate. The following table of guiding metrics summarizes both the benchmarks and the TOPO recommendations discussed in this report (see Figure 3).

Sales Development Strategy Guiding Metrics (Figure 3)

CATEGORY	METRIC	ACV $0-25K	ACV $25K-$75K	ACV $75K-$250K	ACV $250K+
Strategy	# of accounts/SDR	125/month	115/month	100/month	75/month
	# of leads/SDR	300/month	230/month	150/month	100/month
	Inbound lead conversion	23%	20%	17%	14%
	Qual lead to opportunity conversion	63%	57%	62%	50%
	SDR close rate	24%	21%	20%	18%
	% of pipeline	73%	65%	58%	46%
	$ of pipeline per SDR per month	$191,528	$604,297	$652,690	$717,222
Process	Inbound qualification definition	BANT	ANU	ANU	AN
	Inbound quota	31	23	15	8
	Outbound qualification definition	ANU	AN	AN	AN
	Outbound quota	15	12	9	7
Tactics	Inbound touches / touch pattern	14.2 touches	17 touches	16 touches	18.9 touches
	Inbound pursuit duration	19 days	20 days	18 days	23 days
	Outbound touches / touch pattern	20 touches	24 touches	16 touches	19 touches
	Outbound pursuit duration	26 days	25 days	26 days	27 days
	Qualification call length	6-10 mins	6-10 mins	10-15 mins	10-15 mins

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CATEGORY	METRIC	REVENUE $0-$50M	REVENUE $50M-$500M	REVENUE $500M+
Organizational Design	Average SDR tenure	16.8 months	14.2 months	16.5 months
	Ramp time	3.5 months	3.8 months	3 months
	SDR: AE ratio	1 to 2	1 to 3	1 to 4
	SDR: manager ratio	9 to 1	10 to 1	11 to 1

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GUIDANCE

This year's Sales Development Benchmark Report clearly illustrates the importance of establishing a baseline for your sales development organization based on your GTM strategy.

- Improve the impact of your SDR program by modeling expectations (# of leads, # of accounts) and milestone definitions (SQL and Opportunity) on best practices associated with your target market.

- Focus SDR onboarding on the core elements of the job. This includes learning personas, executing qualification calls, prioritizing leads or accounts and contacts, and using the tech tools given to execute these key activities.

- Leverage sales development technologies suited for your GTM strategy to help SDRs execute and optimize well-defined touch patterns and qualification calls. Baseline essentials include CRM, Account/Contact Data, LinkedIn, and Sales Engagement Platform.

- Adopt SDR qualification criteria aligned to your GTM strategy to deliver what sales needs to run a productive meeting.

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ABOUT TOPO

TOPO works with high-growth companies to transform their sales, sales development, and marketing organizations into world-class functions. B2B organizations rely on TOPO research and consulting to make informed strategic decisions that drive pipeline and revenue growth.

We do this by offering:

1. **Data and benchmarks** collected from the world's fastest-growing companies across hundreds of key metrics.

2. **Research, best practices, and tools** that make faster revenue growth a reality by focusing on specific, actionable strategies, tactics and plays.

3. **Personalized advice and support** from sales and marketing's best and brightest—TOPO analysts and your peers from the world's fastest-growing companies.

4. **Consulting** helps clients address big sales and marketing issues in a manner that's deeply specific to you. Our consulting work focuses on areas such as go-to-market strategy, organizational design, and marketing/sales process

5. **Events and peer networking** with industry-leading practitioners to learn and share best practices associated with top-performing sales and marketing teams

About the analyst

Dan Gottlieb, *Sales Development Analyst*

Dan Gottlieb helps sales, marketing, and sales development leaders adopt the patterns and plays of high-growth companies. In addition to supporting his clients, he conducts trend research for the sales development practice. He's spent the last 10 years supporting some of the world's fastest growing companies with a deep background in B2B tech sales.

For more information

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