Introduction to Funnelocity®
For Sales Operations

How Funnelocity® encourages collaboration between Sale Operations & Sales Management

Funnel Metrics, LLC

101 North Addison Avenue, Suite 207
Elmhurst, IL 60126

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Introduction

There is no sales without Sales Operations. Sales teams require organization, process, technology and training for team members to do their jobs. Managers need information, business assistance, technology support and enabling resources to build and manage an effective sales team. Sales Operations and Sales Enablement personnel perform these tasks.

For sales teams to operate successfully, Sales Operations personnel and sales managers collaborate to provide sellers with capabilities and tools to generate revenue, and as important, to manage their performance, doing the right things and perfecting their skills to produce effective results.

However, Sales Management and Sales Operations diverge in their ability to accomplish results in one important way. Sales Management is responsible for producing revenue and doing everything possible to ensure sellers are producing results.. Conversely, Sales Operations focuses on HOW to produce those results, as well as WHY the results occur.

Nevertheless, the HOW, the WHY and the Result come together at some point. Funnel Metrics created Funnelocity® so Sales Operations can produce the information, analysis and support needed to help sales managers more effectively coach their salespeople to optimize performance.

Sales management's primary focus is on hitting revenue goals with a strong emphasis on quota attainment and opportunity pipeline management. Sales Operations' focus is on optimizing performance and improving skills and behaviors that cause seller execution. Funnelocity® provides Sales Operations and sales management with the ability to collaborate, assess sales execution and deliver a more accurate way of predicting a salesperson's future performance.

This white paper explains how Sales Performance Management using Funnelocity® enables successful collaboration between Sales Operations and sales leadership, and how Sales Operations benefits from the capabilities provided by Funnelocity® to improve seller performance.

Funnelocity® & Sales Operations: Background

To understand why Funnelocity® is such a valuable Sales Operations tool, here is some background about how the application was developed. The idea for Funnelocity® originated in 2004 when the founders were the VP of Sales and VP of Sales Operations at a well-known travel services business. Like many sales organizations, our sales management approach was driven by quota and pipeline management, and we had many of the typical challenges found in most sales teams:

- Our salespeople didn't always follow the sales process or update their Salesforce CRM data on a consistent basis, leading to suspicions that the pipeline wasn't that accurate. Management frequently questioned whether the investment in sales technology was paying off.
- Information used to judge pipeline opportunities included numerous subjective details, such as sellers changing opportunity amounts or close dates, reassessing close probability, inconsistent notes or comments about customer meetings, or other inputs that reflected subjective judgments about opportunities, instead of hard facts.
- Only half of the salespeople on the team made quota. Most of the revenue production came from a relatively small group of top performers.
- Since many reps didn't make quota, several were put on Performance Improvement Plans. This created higher turnover because reps weren't making their numbers.

It was clear that something had to change if the team was going to grow and improve. Intuitively, we knew that we had not hired that many bad reps. People were working hard but weren't getting the right results. The VP of Sales became obsessed with figuring out why this was happening. It became clear that the subjective approach to assessing deals was hurting performance and creating attrition problems. Management meetings were held and difficult questions were asked about the team's lagging performance:

- Why do the same reps achieve quota every quarter and others don't?
- How can we identify the activities & skills used by our top sales performers and leverage that knowledge with the team?
- How many months should it take New Hires to reach the average annual revenue performance of our Tenured Reps?
- How do we find sales candidates with the skills & behaviors of our most successful reps?
- Can our CRM help us answer these questions?

To address these questions, the head of sales came to the Sales Operations team and challenged them to look at detailed data from the Salesforce CRM. They created dozens of reports and spreadsheets. Soon, a pattern emerged: there were specific activities that reps didn't do enough to ensure success. For example, reps needed to add more opportunities to their pipeline by converting more of the leads they were given. The length of the sales cycle was not under control. And reps were not executing all the steps in the sales process needed to ensure a successful sale.

A key realization was that most of the insights were based on specific metrics that didn't have anything to do with a seller's subjective judgements about opportunities. Instead, it was critical to focus more on objective measures. For example, all sales probabilities became based on the actual probability a deal would close at a given sales stage instead of a seller's assessment of opportunity quality.

Based on these conclusions, the VP asked the Sales Operations team to create a tool for scoring reps on the quality of their activities. Instead of just interpreting metrics and stack rankings, he wanted a score from zero to 10 to indicate the quality of performance. We started tracking these scores and began to set goals for specific metrics to ensure reps would improve, and therefore score higher on their metric ratings. This scoring approach evolved over time and became the ***Funnel Metrics Methodology***.

Funnel Metrics is the result of over 15 years of collaboration to develop operations and management practices for Sales Performance Management. It came from a partnership between Sales leadership and Sales Operations to produce information and techniques that have been used successfully to increase sales performance in numerous businesses. In every case where it has been implemented, Funnel Metrics has enabled sales force effectiveness improvements by increasing the percentage of reps attaining quota, reducing turnover and creating significant revenue growth. In 2017, our founders (the two VP's above) began the development process of converting our scoring methodology into a more scalable solution built directly on the Salesforce platform.

Funnelocity® is a Sales Performance Management solution that measures the relationship between revenue results, activities, metrics, skills and behaviors. Funnelocity® plugs directly into Salesforce and co-exists with pipeline management tools

Revenue

Funnelocity® can be used to understand seller revenue performance. For example, Average Annual Revenue per Seller can evaluate if a tenured salesperson is doing better or worse than average performers. Based on revenue performance and drilling down into the seller's activities, Managers can use Funnelocity® to determine what caused a seller to achieve revenue results. They can also see how long it will take a new hire to attain the same level of revenue as an experienced tenured seller. By assessing the lifetime average revenue of a seller, managers can determine in Funnelocity® how much value the seller has added over time to evaluate when they should be supported or put on a performance improvement plan

Sales Activity Metrics

The key to improving sales performance using Funnelocity® comes from asking questions that explain why sellers perform at varying levels of quota performance. While revenue results (those that come from pipeline analysis) or predicting revenue results in forecasts can tell management whether they are going to make their quota, they don't provide enough insight into WHY they make their quota. To understand the WHY, look at HOW reps are executing the process instead of looking only at revenue results.

Sales Operations understands this, and they examine seller activities and behaviors to better understand and analyze performance. *Sales Activity Metrics* are the **basic measurable selling activities reps perform every day by inputting those activities into Salesforce**. In Salesforce, these metrics are generated every time a new lead is added, when a meeting occurs, when an opportunity is added or when a Lead is converted to an Opportunity, when an Opportunity amount is entered, and when an opportunity moves to a closed status, meaning a win or a loss. Funnelocity® automatically **triggers sales and stores metric updates directly from Salesforce** whenever any of these basic activities occur for an opportunity.

Skills

Once activities pinpoint where a seller is deficient or excelling, Funnelocity® provide managers the ability to capture and easily evaluate selling skills and behaviors. Managers can us Funnelocity® to assess what makes each seller skilled or lacking in executing the sales process. For example, a seller may be an outstanding prospector, but have poor product knowledge. Or they may have great presentation skills, but everything falls apart when they negotiate a deal. The sellers skills and behaviors determine how well they execute activities in the sales process. If a seller is deficient in specific activities, it's likely they need help to improve the skills associated with that activity.

Co-Existing with Pipeline Management

How does this automation and subsequent reporting and dashboards produced in Funnelocity® help Sales Operations?

It's a common practice for Sales Operations to produce the reporting and analytics management needs to support pipeline management and forecasting. If a business uses Salesforce forecasting methods, this can involve extensive management and interpretation of reporting data, along with deployment of new features and methods that support Opportunity scoring predictions. Since this is a primary focus of sales management, Sales Operations should prioritize this over other types of analysis and support to ensure sales managers have what they need to make pipeline and forecasting decisions. This is critical to ensuring managers make their revenue numbers.

However, as stated above, it's equally important for Sales Operations to focus on the WHY of sales performance and HOW sellers are executing the sales process. Funnelocity® provides a complete package of analytics and reports that can be used by both Sales Operations and sales managers to better diagnose and make decisions for seller improvement. This allows Sales Operations (or Sales Enablement) to focus more effort and energy on addressing sales performance deficiencies and working with sales team members to either train or assist them to change tactics to improve performance.

Automating Data Aggregation Saves Time and Effort

In Sales Operations, it's a common practice to produce Sales Activity Metrics by creating Salesforce reports and dashboards that aggregate and display data. Each metric usually requires a report, and subsequently, key metric information is abstracted into Salesforce dashboards. To get the information, the reports are frequently regenerated and potentially reconfigured. If 5 to 8 key sales activity metrics are monitored and management wants to see them aggregated on a monthly quarterly, YTD and rolling 12-month basis, several reports must be produced to do this, and consequently, several dashboards. Snapshots can be produced, but these also need to be maintained and managed to produce report results over time.

This provides just the basic information required to support sales performance analysis. Reports must be continually verified and updated to ensure reports are producing the right information. Once the reports and dashboards are produced, sales management must review and interpret the information. This often requires Sales Operations to be involved so that managers can properly interpret the data without expending significant time and effort.

Funnelocity® automatically aggregates and calculates 32 metrics based on monthly, quarterly, YTD and 12-Month rolling methods. Additionally, over 150 other metric calculations interpret those metrics in several dashboards. Sales Operations is not required to produce these metrics, thus saving extensive time, effort and technical maintenance of Salesforce reports and dashboards.

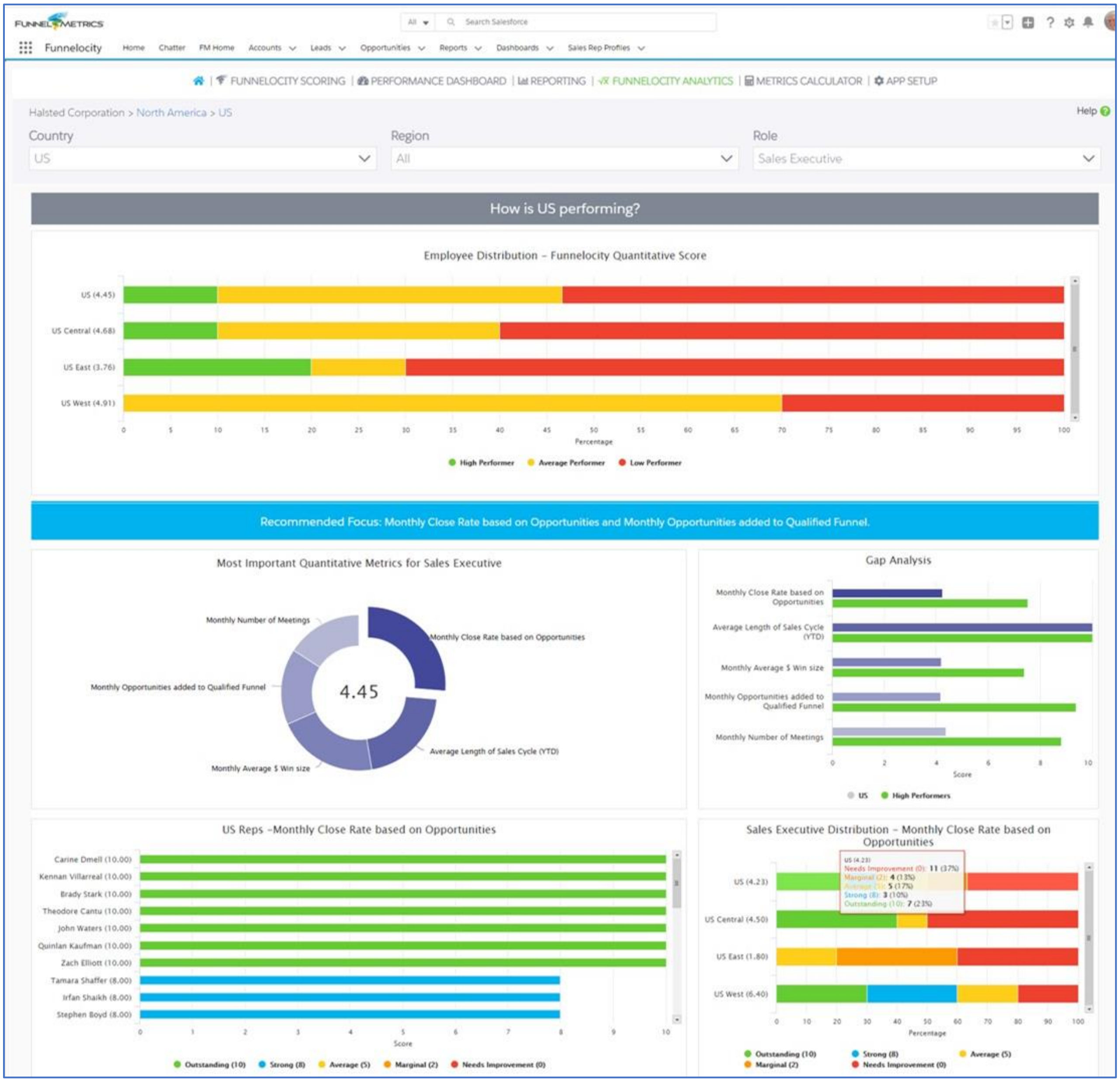
Artificial Intelligence Scores

Metric results are loaded into Funnelocity's AI model at the end of every month. This machine learning model identifies the most important metrics that consistently correlate to strong revenue growth. The model then calculates a Quantitative Metric Score using a ratings range of 0-10, 10 being Outstanding and 0 means the seller needs improvement. The model produces a Funnelocity® Quantitative Metric score for every salesperson on the team. The higher a rep's score, the higher probability they're going to be successful generating revenue in the months and quarters to come. The lower their score, the greater probability they will struggle to achieve quota.

Goal Setting

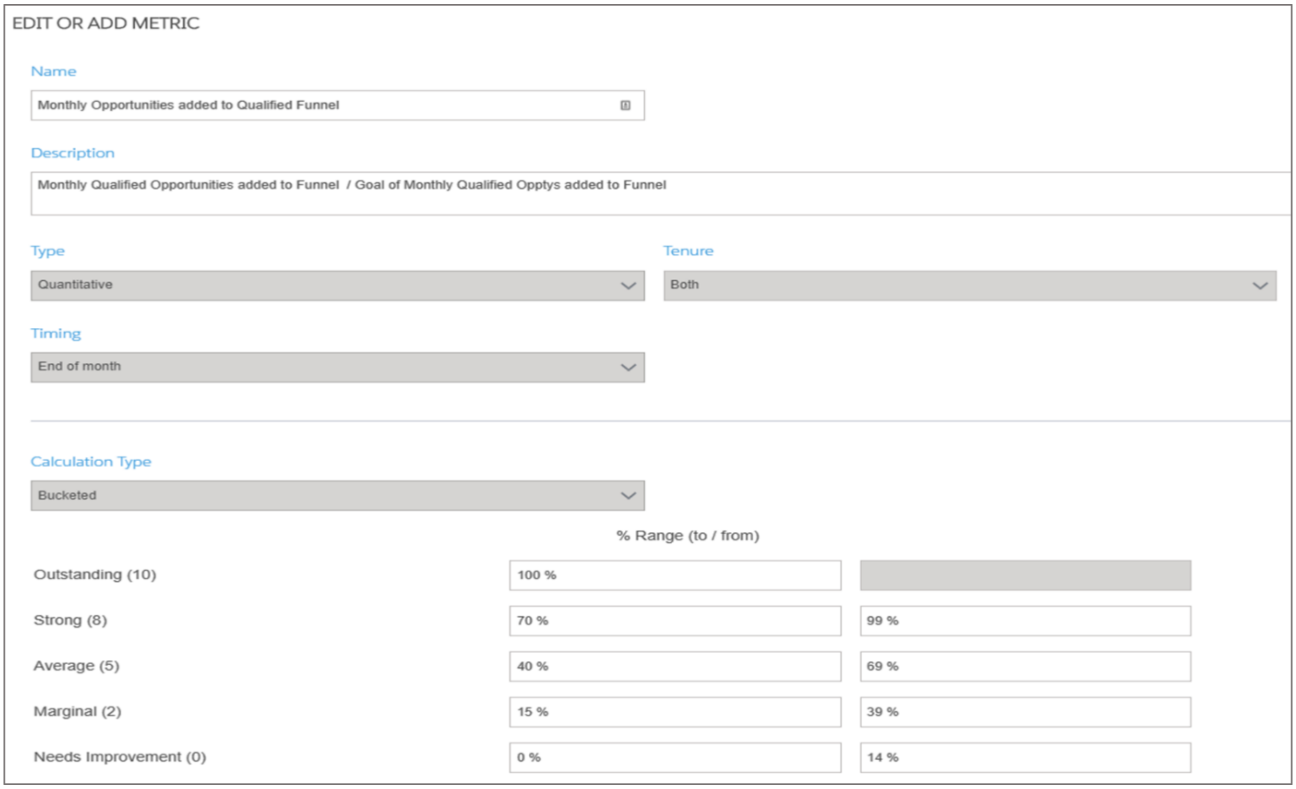
Even if accurate reports are produced and the data is properly interpreted by sales managers, two things still need to happen. First, managers and Sales Operations determine steps to make improvements based on this extensive reporting data. Second, there must be some way to measure the results. How do you know reps are improving on these metrics over time? Better still, can a system of continuous improvement be enabled to ensure sellers are constantly working to improve performance?

The best practices approach that has evolved in Funnel Metrics is based on setting Goals for key metrics. For a seller to improve on a key metric, there must be some way to observe how they are improving and a benchmark to determine whether the seller has changed sufficiently to increase sales. Funnelocity® includes a metric scoring function that rates individual metrics for each salesperson based on a percentage of performance against the goal for each metric. Reps receive a zero to 10 score based on the percentage of accomplishment.

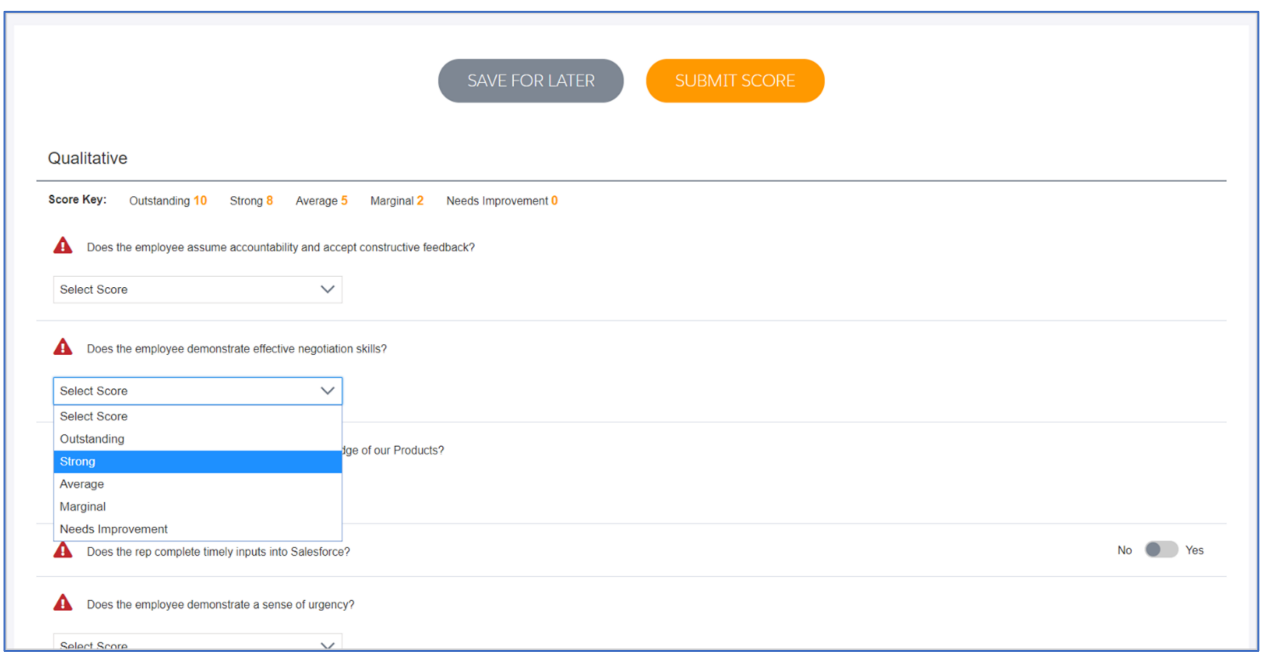


The Funnelocity® Quantitative Dashboard combines Artificial Intelligence model outputs with individual seller scores to produce a complete picture of what metrics are driving performance. Peer comparisons to top performers and groups within an Organization Level help round out the analysis.

During installation, the application determines pro forma goals for each metric by sampling performance data for each seller based on their past performance. This is compared to overall team performance to provide a recommended goal for each Sales Role or individual seller, as preferred by Sales Operations and the sales management team. Goals can be adjusted or updated as necessary, and goal assessment can be performed through the same recommendation feature on a periodic basis to evaluate the need to update goals-based accomplishment for continuous improvement.



The Metric Goals are defined based on comparing the actual performance of a seller against a goal set up in their user profile. This screen shows how goals are evaluated for Opportunities Added based on the percent of goal attainment.



A simple survey form makes it fast and easy for managers to complete seller skill evaluations (as described below.)

Skills (Qualitative Measures)

Qualitative Measures are the skills, tendencies and behaviors that management wants to assess for sellers in each Sales Role. We use the word "Measures" because unlike metrics, which are automatically collected from Salesforce, a Qualitative Measure requires a manager's input to evaluate the skill or behavior. Qualitative Measures can be unique based on Sales Role, industry, products being sold or selling channel.

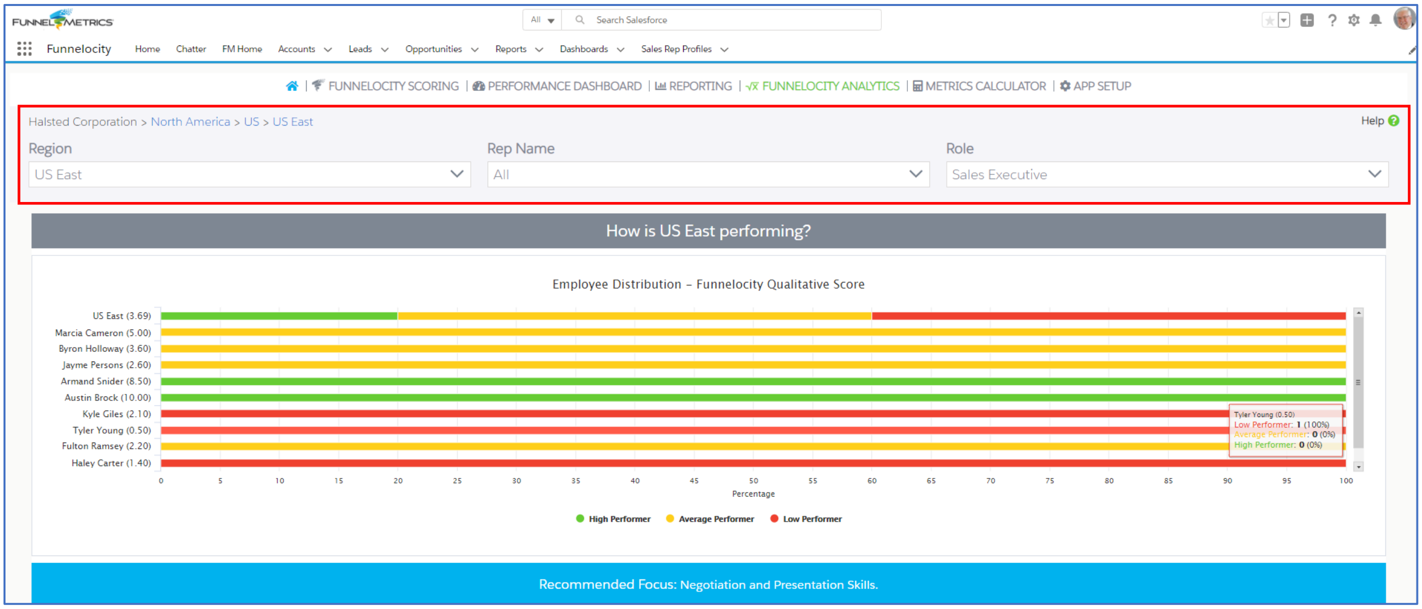
Funnelocity® includes over 40+ default measures into the application as a starting point and customers also can define their own unique set of Qualitative Measures. Managers are informed when a seller requires evaluations on a selected month, quarter, bi-annual or annual period. A simple survey-like user interface permits evaluations to be conducted quickly and easily with minimal effort.

It's important to consider the relationship between metrics and skills. Metrics don't alter themselves. Recognizing the need to enable metrics evaluation in close alignment with skills, Funnelocity's Artificial Intelligence model identifies the skills that are most relevant to top revenue production to provide focus and direction around which skills will provide the most lift if improved. Sales Operations can use this information to design programs and training to support specific skills based on Funnelocity's recommendations.

Sales Navigation

It's critical when analyzing and reviewing performance at various levels of the organization to permit analysis based on the organization's unique org chart. The org chart reflects the various ways revenue and performance metrics are aggregated so that each manager and executive can view the metrics at their level of the organization, or for the groups or people that report to them. This is so important that Funnelocity® has been designed to enable analysis and reporting based on unique organization filtering.

Organization Filters provide the ability to "drill down" into the sales team based on a user's company level within the organization. Each user reviews data at their level based their Sales Role, (such as VP, Sales Manager, Regional Manager, etc.), information for peer organizations and the personnel that report to them within the organization. Unlike the Salesforce Role Hierarchy, Organization Filters are applied on every page of the Funnelocity® application. As the user navigates to different pages, the filtering system retains the same level within the organization no matter which page they move to in the application.

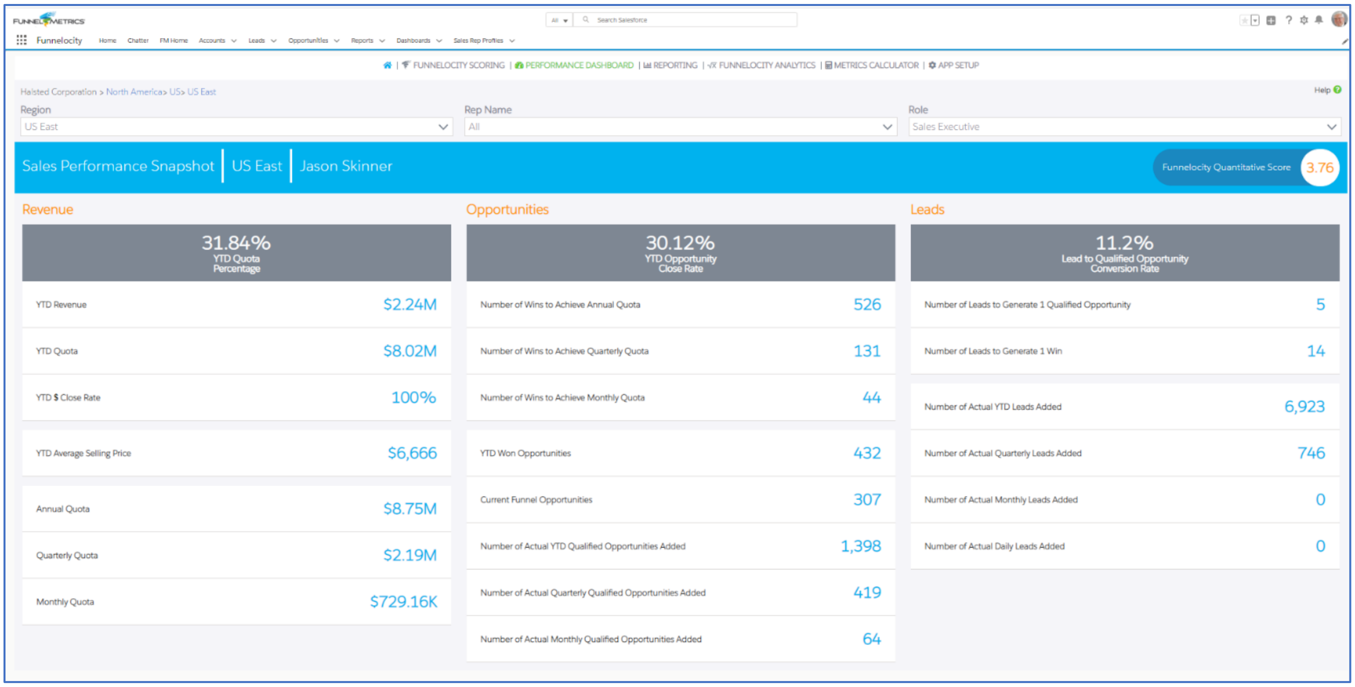


Navigation Fields enable selection of custom organization levels and specific Sales Roles. Breadcrumbs track the organization level and allow users to automatically move back up the organization tree.

Sales Roles

A Sales Role defines the specific responsibilities of an employee within the sales organization, based on the unique attributes of their selling role, including tenure, seniority, territory, skill level, product responsibilities and/or sales objectives. Sales Roles provide a meaningful way to group salespeople to make comparisons and rank team members. Sellers in each Sales Role generally perform the same sales functions, have similar compensation, quotas, or other characteristics in common that make them comparable to each other from a performance management perspective. Examples could include Sales personnel classified as “Hunters” versus “Farmers”, account managers, inside sales personnel, BDR’s, SDR’s, different levels of sales management or even pre-sales personnel.

This ability to define a Sales Role for each employee allows for review and comparisons of personnel across various geographies, at different company levels, or independent of company level. This feature is not found in Salesforce.



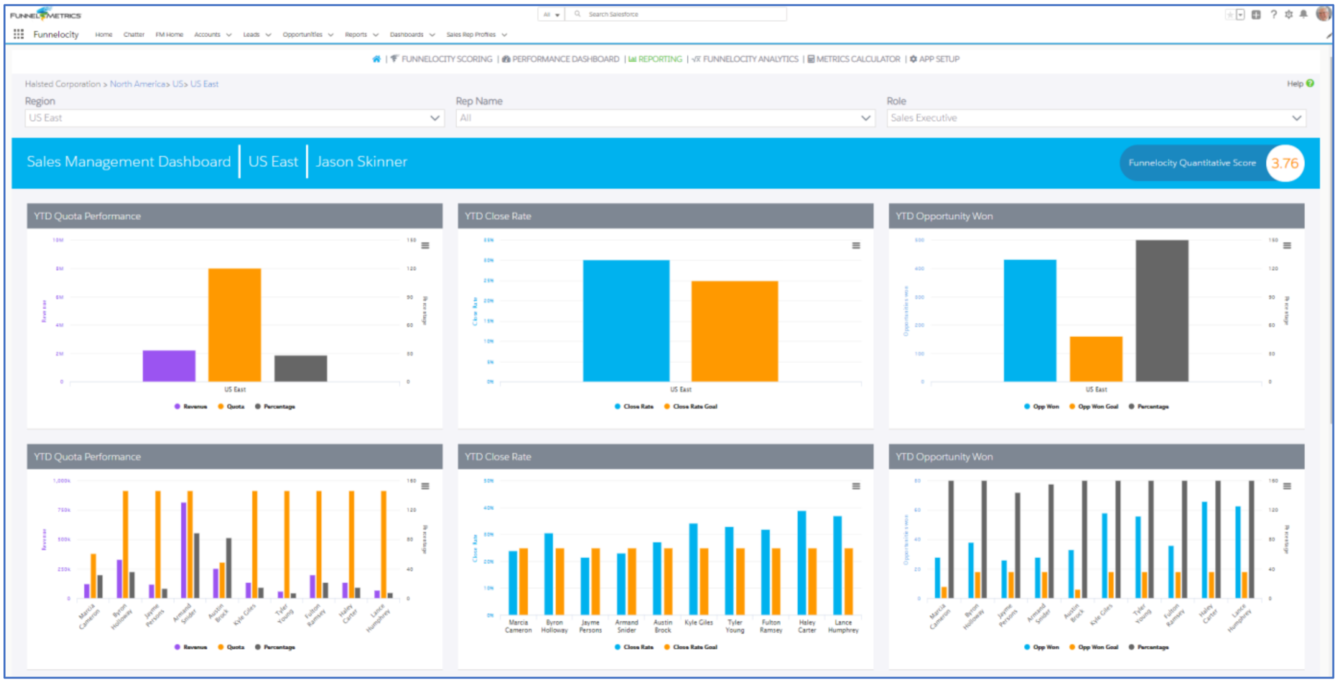
The Performance Dashboard (above) shows key metrics at a glance at any level of the sales organization.

Automated Dashboards

Funnelocity® provides a series of pre-designed unique application pages that enable individual employees and managers to review sales performance based on Sales Metrics, Scoring and using the Artificial Intelligence modelling capabilities that provide detailed insights into the relationships between metrics, scores and performance.

From a Sales Operations perspective, you may want to see the metrics, or the scores, or both. However, your sales management team may only want to see dashboards with graphs and charts instead of numbers. Funnelocity® provides multiple views of the data within the user interface so that you can see the data at the level of detail and complexity you want to see it.

For high level presentations of scores and YTD Revenue the Funnelocity® Scoring dashboard shows all reps organized by any combination of organization level or role. Individual Scores can be seeing via this dashboard for each rep or manager. The Funnelocity Reports dashboard shows scores and revenue but uses chart and graphs. Traditional Sales Management Reporting metrics can be viewed on the Sales Management Dashboard, The Funnelocity® Quantitative Scores and Funnelocity® Qualitative Scoring can be viewed in detail and compared to individual metric and skills scores. There's a view for every preference whether you are in Sales Operations, Sales Management or an individual seller.



The Sales Management Dashboard provide a more graphical view of the metric data that is easy to view and interpret.

Unbundled Reports and Dashboards

A series of 60+ Funnelocity® reports and seven dashboard templates are made available in Salesforce to provide Sales Operations, Sales Enablement, managers and sales users access to reporting information based on the data created and managed in the application. Rather than being created based on standard data objects and report types, all reports are built on Funnelocity® application custom objects.

Additionally, reports can be easily accessed and organized either from Funnelocity® application pages below or via Salesforce Dashboards. Reports are provided in an unmanaged package so that they can be used and customized without restrictions. Standard data sharing rules apply as specified in Salesforce so you can determine who within the sales organization can use or modify the reports.

Conclusion

Sales Operations and Sales Management work as a team to produce effective sales results. While management's focus is on revenue and opportunity pipeline, Sales Operations provides the necessary information, support, technology and training to ensure salespeople are maximizing their performance to produce the best results.

Funnelocity® is a Sales Performance Management Solution that measures the relationship between revenue performance, activities and skills, providing Sales Operations with the tools to focus on sales performance improvement

- Measure *Revenue Performance* by tracking average annual revenue and LTV of all tenured salespeople by sales role, and accurately assess the true length of time it takes new hires to become productive.
- Score and evaluate *Activities* using Funnelocity® Scoring to easily understand and rank seller's performance. Set goals to enable improvement and monitor progress towards accomplishing revenue objectives.

- *Artificial Intelligence* identifies the activities, skills and behavior proven to have strong correlation to revenue growth, scoring each selling role and salesperson to determine **Who** needs help and **What** activities require improvement.