Introduction to Funnelocity®

How Sales Performance Management Co-Exists with Pipeline Management & Forecasting

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Introduction

If you are a sales leader, I'm sure you'd agree that your primary responsibility is to ensure your team makes "the Number." That is why you were hired for the role. That certainly was my perspective as the Chief Sales Officer (CSO) of major businesses in the travel and insurance industries.

The single most important thing I needed to do as a CSO was hit "the Number." I always encouraged my managers to spend time on deals that had the best chance of closing so we could collectively achieve our goals. And I was constantly in Salesforce looking at the pipeline, trying to figure out which deals were still in play and what tactics and strategies could be used to close them before quarter-end.

But at some point, towards the end of a quarter, a CSO sometimes realizes they're not going to hit the forecasted number. I've been there and it's painful. It was at that point I realized something had to change because at the time only 55% of our entire sales team hit quota.

I had a 100-person sales team and only 55 salespeople exceeded quota. That suggested to me the quota goal was still attainable. My managers and I certainly didn't believe the other 45 salespeople fooled us in the interviewing process. They weren't all bad hires.

So, I asked to my management team this question: *How do we get more salespeople achieving quota?* We sat in a room and started asking difficult questions none of us could answer.

- 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?

Addressing the CRM question, our Sales Operations manager explained that Salesforce is primarily used by sales managers for pipeline management and forecasting. Salespeople constantly update opportunity pipeline information. Managers review each seller's funnel, asking questions on sales stages, close dates, and dollar amounts. They're trying to figure out which opportunities have the best chance of closing, so they know where to spend valuable time on deals with their team members. This is important because managers need to hit their quarterly number. And you need all of them to perform so you hit your number. Pipeline management is critical for managing, assessing deals and hitting goals.

If 100% of the sales team always hit quota, then pipeline management tools would be all we'd ever need. But that never happens! The other key responsibility of a sales manager that's sometimes gets neglected in the heat of battle is coaching salespeople on how to improve their performance. But to effectively do so requires a different level of information not found in Pipeline management. That's because the elements of pipeline data are driven by subjective inputs from salespeople.

Sales Performance Management

Sales Performance Management is all about capturing and measuring a salesperson's revenue results that have been driven by activities and skills. **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.

Activities

Once revenue performance is evaluated, managers can gain greater insight by understanding how sellers are performing activities in Funnelocity®. If the seller's revenue is not on par with top performers, there is some reason why that can be explained by assessing the seller's activities. For example, if the seller doesn't convert enough leads to opportunities, at their current close rate they may not be able to close enough opportunities to make quota. The combination of activities that make up most business's sales processes (lead conversion rate, opportunities added, meetings held, wins/losses, close rates, average deal size, length of sales cycle) in Funnelocity® provides insights about where a seller may not be executing.

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 use 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 seller's 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.

The Funnelocity® Advantage

Funnelocity® is Funnel Metrics' Sales Performance Management application that gives managers the right information to quickly and easily make performance improvement decisions that can help team members without impacting their efforts to do opportunity management and revenue forecasts. Funnelocity® takes advantage of the latest technology in Salesforce to automate the process and provide managers with everything they need to assess performance with minimal effort and time investment.

Automated Metric Calculation & Storage

In Salesforce, when activities occur, there is an opportunity to count or calculate metrics based on activities. Code in Funnelocity® captures this data in real time directly from Salesforce and automatically loads and stores sales activity metrics. This saves extensive time that is usually consumed building reports and loading data to spreadsheets or BI tools.

Funnelocity® Scoring

To help managers quickly and easily interpret metrics, Funnelocity® Scoring provides a unique process to assess seller performance. Managers need not invest extensive time and effort reviewing reports or analyzing and assessing metrics because Scoring provides an easy way to see and compare sellers, both on sales metrics and skills evaluations. Scores are based on a 0 to 10 level of scoring, where 10 is Outstanding and 0 indicates the seller Needs Improvement.

Goal Setting

During installation, metric goals are automatically calculated in Funnelocity® based on year-over-year performance. Management can set the percentage of overall improvement to ensure sellers are required to improve over their previous year performance.

Artificial Intelligence

Sales Activity Metrics are automatically calculated and updated on a monthly, quarterly, YTD and on a 12-month rolling basis at the end of each month. All metric results are then loaded into our *Artificial Intelligence model*. Machine learning generates a Funnelocity® Quantitative Metrics Score using a rating range of 0-10 (10 being Outstanding and 0 means Needs Improvement). The AI model identifies the most important activities and metrics that have proven to have the greatest correlation to revenue growth for a given selling role so managers can prioritize selling activities, coaching and training.

The Funnelocity® Quantitative Metrics Score is not a forecast of revenue for the next month or quarter, or a pipeline management or forecasting solution. Our scoring represents a leading indicator, using objective data to determine how successful a salesperson is going to be in generating revenue in the future. The higher a rep's score, the higher probability they're going to be successful generating revenue in the quarters to come. The lower their score, the greater probability they will struggle to achieve strong revenue results.

Skills Evaluation

Funnelocity® includes the ability to easily capture and evaluate selling skills and behaviors. Managers use Funnelocity® to assess and score sellers based on over 40 important skills and behaviors. In addition, the application has been designed to effortlessly input additional skills and behaviors unique to each business. It's easy for managers to evaluate and update ratings both for new hires and tenured reps. Evaluations are done monthly, others maybe just once a quarter, biannually or even just once end of year. HR annual appraisal information can be loaded in the application as well.

Conclusion

While Sales Performance Management is not revenue forecasting for the next month or quarter or a pipeline management solution, our methodology complements manager's pipeline management efforts. Sales Performance Management is all about analyzing revenue results that have been driven by activities and skills.

Funnelocity® is a Sales Performance Management Solution that measures the relationship between revenue performance, activities and skills.

- 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.