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BCI Selling System™

Key Performance Indicator Guidebook

Key Performance Indicators: The 2mm Shift

They are the outputs and results that are measured “after the fact”. In most companies, this category gets a lot of attention because they tend to be in reports to executives and shareholders. They basically tell you the score of a game without telling you how you got there.

Other numbers however show you the likelihood of achieving your goals. These are called Leading Indicators. These numbers help managers coach and develop their teams. These are the numbers that can actually help you change the future. They provide visibility into the current activities that will impact future results. They allow you to identify and close gaps as the game unfolds. They provide insight into how the team and each member of the team are actually playing and give managers a coaching blueprint to follow. They are tactical actions that directly link to strategic vision of your organization and include things like:

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“Not everything that can be counted counts, and not everything that counts can be counted.

-Albert Einstein

A google search for “Sales KPI’s” reveals 3,560,000 results. Everyone knows the top 7, 3, or 5 KPI’s that every sales manager should know. There’s so much more to it than that.

A key performance indicator is a quantifiable measure a company uses to determine how well it meets the set operational and strategic goals. Different businesses have different KPI’s depending on their performance criteria or priorities. These indicators do, however, follow an industry-wide standard.

At CloudCoaching International, we’ve gathered KPI’s that are meaningful and relevant to company’s specific initiatives for growth and overall success.

These KPI’s are broken down into eight 7 sections that are meant to encompass Sales Performance Management in its entirety – from generating leads to analysis of your historical trends & adoption best practices to drive results.

KPI’s for sales professionals can be defined by 2 distinct types: lagging or leading indicators. The truth is, like most other things in business, selling is a numbers game. Most sales organizations keep track of their numbers in some way. But not all numbers are created equal. Some tell you the score, and others can help you impact the score you will get.

That is the difference between Lagging and Leading Indicator. They are both important but have completely different purposes.

Lagging Indicators tell you how you are doing. These include things like:

- **Total Sales**
- **Total Margin**
- **Total Customers**

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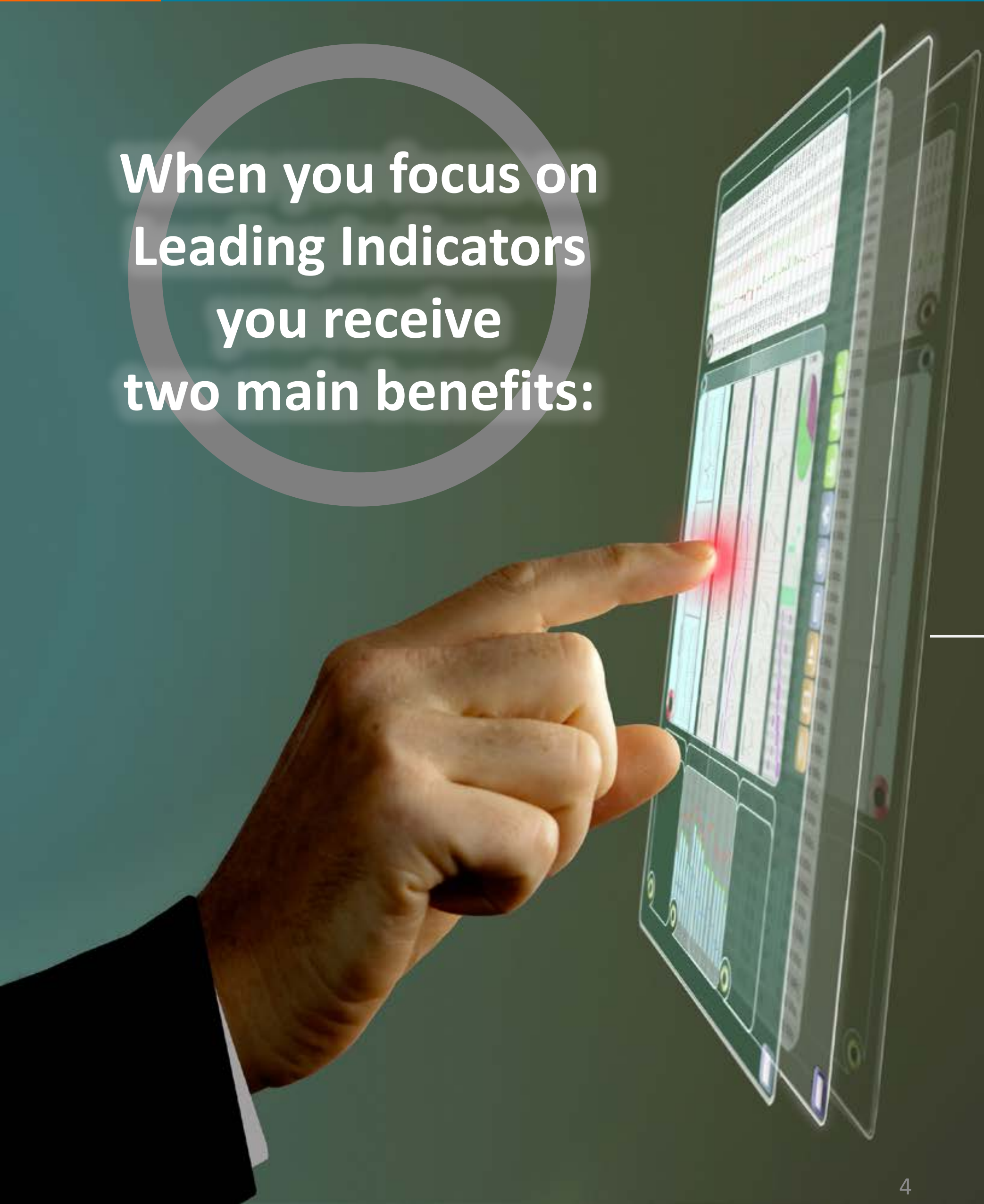

When you focus on Leading Indicators you receive two main benefits:

They set expectations and improve communication by highlighting the activities that produce results, and provide a blueprint for coaching conversations. Once the team understands the activities they are supposed to concentrate on, they will devote more time and energy to them. This takes the guess work out of evaluation and coaching. Without them, it is difficult to have any objective basis for evaluating performance.

They keep the execution of high impact activities consistent. What gets measured gets done. When teams understand what you are going to review every week, they are much more likely to execute consistently on what matters most.

Key Performance Indicators: The 2mm Shift

Each company needs to determine its own most important Leading Indicators, but there are three fundamental principles you should follow:

1

Focus on Leading Indicators in two separate categories

- The Prospecting Cycle
- This is what happens before a qualified opportunity is identified
- The Sales Cycle
- This is what happens from the time an opportunity is qualified until it is won or lost

2

Don't focus on too many. Teams that are given many goals tend to achieve only a few of them. Focus on the vital few that matter most to your business and hyper focus on them.

3

Make them visible and review them in team, one-on-one, and executive settings

Key Performance Indicators: The 2mm Shift

I

SALES STRATEGY & PLANNING

Which accounts are critical to delivering revenue?
Do we have a systematic process to create, grow & manage key relationships?

II

LEAD GENERATION & MANAGEMENT

Where does my business come from? How is it generated & what is my lead ROI?

III

SALES CYCLE ANALYSIS - HISTORICAL TRENDS

What are my historical sales trends and statistics?
How can I use this data to produce accurate forecasts?

IV

PIPELINE HEALTH

Pipeline heath check to accelerate quota retirement.
What is your organization's pipeline value & sales cycle velocity?

V

COMPANY PERFORMANCE - GROWTH

What is your organization's revenue pace?

VI

COMPANY PERFORMANCE - SALES

What is the value of your organization's sold business?

VII

SALES PERFORMANCE - TEAM

How much revenue sales teams generate?
Which sources & teams bring most sales?

Key Performance Indicators: The 2mm Shift

I

Sales Strategy & Planning

- Strategic Accounts Lists
- Sales Mix Ratios
- Negative Growth Rates

Account planning has a valuable role in formulation & execution of corporate strategy.

Which accounts are critical to delivering revenue?
Do we have a systematic process to create, grow & manage key relationships?

Key Performance Indicators: The 2mm Shift

II

Lead Generation & Management

Lead Funnel Load

Lead Velocity

Lead Follow Through & Performance

Where does my business come from?
How is it generated & what is my lead ROI?
Is marketing driving leads & how many are converted?
Are your sales reps holding up their marketing-sales lead response SLA?

Key Performance Indicators: The 2mm Shift

Revenue History
Sales Cycle Efficiency
Opportunity Lifecycle
Opportunity Win/Loss Ratios

III

Sales Cycle Analysis Historical Trends

Sales forecasts are central to measuring overall company's health. The best way to predict the future is to analyze the past.

Sales history statistics helps organizations intelligently project future performance & contribute to major decision making such as:

- Industry trends alignment
- Meeting corporate goals
- Setting future sales budget
- Product & Service development
- Promotional budgets & efforts
- Go-to market strategies

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IV Pipeline Health

- Pipeline Outlook
- Sales Funnel Load
- Sales Velocity
- Stagnant Pipeline
- Leaky Buckets
- Performance Against Budget
- High Priority Deals

Pipeline management focuses on the daily tracking and study of your organization's end to end sales cycle.

Regular analysis of pipeline can reveal competitive trends and performance variances by region, product or customer segment.

Monitoring Pipeline KPIs helps to create lead flow necessary (both in quality & volume) to meet established sales targets & marketing efforts associated with them.

- Estimate deals' pace, value & win rate
- Prioritize sales effort
- Forecast inventory
- Determine gaps within business cadence
- Improve forecasting & overall sales effectiveness

Key Performance Indicators: The 2mm Shift

Pipeline Outlook

- What is the quality of our pipeline?
- Does our pipeline support current sales target?
- How much new business is generated each month?

Why

- Provides forecasting snapshot
- Assesses overall pipeline health
- Illustrates deal flow & velocity

Metrics to track

- Total Annual Outlook –Value & Deal Record Count
- In-Period Pipeline Value & Deal Record Count
- Out-Period Pipeline Value & Deal record Count
- Pipeline Today vs. Won vs. Quota Gap

Key Performance Indicators: The 2mm Shift

Sales Funnel Load

- how many & what type of deals sales teams generate in a given period?

Why

- Evaluates & scores marketing initiatives
- Provides pipeline visibility & sales cycle management trends on a rep level
- Offers market acquisition & cross selling trends insight

Metrics to track

- New Opportunities Entered by Period
- New Opportunities by Stage Entered
- New Opportunities by Region/Product/Type
- Net New Business Entered

Key Performance Indicators: The 2mm Shift

Sales Velocity

- how quickly do deals progress through the sales cycle & where are the bottlenecks?
- What are the reasons deals skip/reverse process order?
- where does my funnel leak? Which stages produce the highest fallout rates and why?

Why

- Identifies gaps in sales process
- delivers targeted coaching to bridge those gaps
- allows for forecasting evaluation & adjustment

Metrics to track

- Opportunity Age
- Opportunity Stage Duration
- Opportunity Stage Conversion Rates
- Opportunity Stage Progression Rates
- Opportunity Stage Regression Rates
- Leaky Buckets

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Stagnant Pipeline

- Where is my pipeline bloated and why?
- How many open deals with past due close dates are in pipeline
- Are we adding quality deals and driving the necessary activities to bring them to closure?

Why

- Assess proper sales cycle management
- Provide realistic status on open deals
- Identify stages that produce the highest fallout rates

Metrics to track

- Overdue Pipeline
- Neglected Pipeline
- Pushed Deals Record Count
- Stuck and Stale Deals Record Count & Ratios

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Leaky Buckets

- Where does my Funnel leak?
- What stages have the highest fallout rates?

Why

- Identify problem sales process stages
- Increase conversion rates

Metrics to track

- Stage Conversion rates
- Deal Loss Point & Stage Age
- Lost Reasons & Recyclable Potential

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Performance Against Budget

- How are sales teams performing against set goals?
- How are we going to promote growth?

Why

- Shows current attainment & projects future performance
- Assesses sales rep Efficiency
- Encourages competition

Metrics to track

- Quota Attainment
- Pipeline vs. Won vs. Quota Gap
- Run Rates
- Deal to Win Ratios

Key Performance Indicators: The 2mm Shift

High Priority Deals

- Where should teams focus sales effort to retire most quota in any given period?

Why

- Assess impact price has on your sales funnel
- Prioritize sales effort
- Maximize pipeline value

Metrics to track

- Opportunities closing this period/next period
- Top 5 open opportunities
- Top 5 opportunities closing this period
- Proposals to Close Rate

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V

Company Performance GROWTH

YTD Sales & Growth Rates

Negative Growth Accounts

Top Growth Accounts

Sales Growth Trends

What is your organization's revenue pace?
Helps with:

- growth projections & performance assessments
- sales goals setting & target attainments
- building strategies & normalizing values

Key Performance Indicators: The 2mm Shift

VI

Company Performance SALES

What is the value of your organization's sold business?

- Measure "recognized" revenue over specific period of time for future forecasting & financial analysis
- Reduce sale associated costs
- Identify top & underperforming accounts/products/territories
- Recognize & develop new sales talent

Key Performance Indicators: The 2mm Shift

Overall Sales

Sales Score Board

Lost Business

Sales Team Trends

VII

Sales Performance TEAM

How much revenue do sales teams generate?
Which sources & teams bring most sales?

Tracking & evaluation of sales performance on a team level will:

- foster competitive environment
- identify successful sales strategies
- establish best practices
- recognize top performers, coach lagging performers

all of which will contribute to overall long term sales growth

Sales Managers need to capture the following information on actual sales per team & each sales rep.

- Overall and by category
- Performance to Budget
- Performance to Last Year
- Performance to Benchmark

Addendum - Establishing Significant KPI's

As we move more and more into an era of Digital Transformation, where SaaS (Software-as-a-Service), the IoT (Internet of Things), AI (Artificial Intelligence), ML (Machine Language), and the moving of a company's data to the Cloud play a more dominate role in selling, we're often asked what KPI's are most meaningful to track. That's a tough question to generalize on, because a lot depends on your internal initiatives around this movement, but the answer is that most of the same KPI's are still relevant.

For example, you might be focused on these key business outcomes as examples, which would in turn highlight and move different KPI's to the top of your analytics:

- New Market Penetration - (New Logo's, etc.);
- New Product Launch - (Specific Sales Targets, Sales per Rep, Product Performance, etc.); and
- Key Account Retention & Growth - (Retention and Churn Rates, New & Expansion MRR, etc.)

To show you the most relevant KPIs, the following pages are 19 of the top sales KPIs used by sales teams in the Digital Transformation era.

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Top 19 Sales KPIs Used in Digital Transformation ERA

(Source Klipfolio, July 3, 2017, Mindful Metrics, Katya Zeisig)

1. Monthly Sales Growth
2. Average Profit Margin
3. Monthly Sales Bookings
4. Sales Opportunities
5. Sales Target
6. Quote To Close Ratio
7. Average Purchase Value
8. Monthly Calls (or emails) Per Sales Rep
9. Sales Per Rep
10. Product Performance
11. Sales by Contact Method
12. Average New Deal Size/Length
13. Lead-to-Sale %
14. Average Cost Per Lead
15. Retention and Churn Rates
16. Customer Lifetime Value
17. Average Conversion Time
18. New and Expansion MRR
19. Number of Monthly Onboarding and Demo Calls

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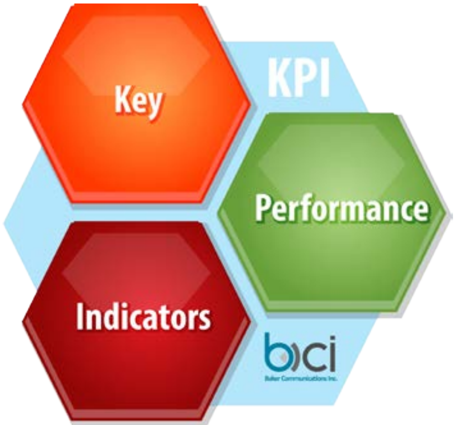

1. Monthly Sales Growth

This sales KPI measures the increase or decrease of your sales revenue on a monthly basis. In the SaaS sector, annual sales revenue is, though still important, often too far of a projection for most startups.

Monitoring sales growth from month-to-month helps modern sales leaders see and act on sales revenue trends as they're happening rather than relying only on reflective reporting to see what happened.

Setting attainable sales revenue goals both on an individual and team basis can inspire performance and keep sales efforts aligned.

(Source Klipfolio, July 3, 2017, Mindful Metrics, Katya Zeisig)

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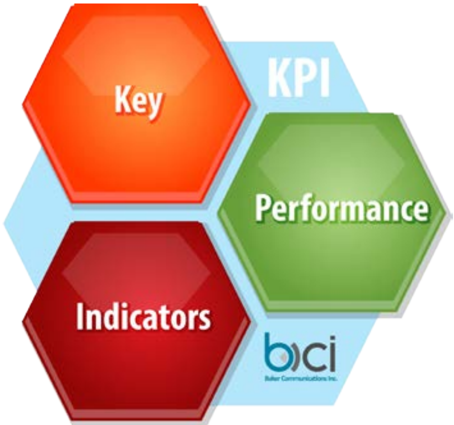

2. Average Profit Margin

This KPI helps sales team assess the profit margins across their suite of products and services. This is especially important for companies with diverse product offerings or packages of offerings, and those that grant their sales reps flexibility in pricing so as to lock in customers.

3. Monthly Sales Bookings

The total monthly "wins" as determined by either a close deal or a signed/committed sale. This sales KPI is what modern SaaS sales teams are driven by, and it can be split out into a variety of categories—such as sales bookings per region and sales bookings per employee.

(Source Klipfolio, July 3, 2017, Mindful Metrics, Katya Zeisig)

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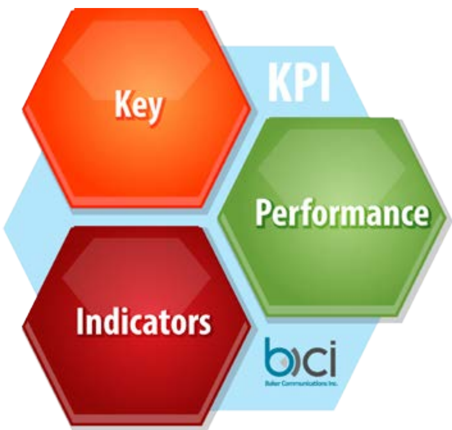

4. Sales Opportunities

This organizational sales KPI allows sales teams to see all pending opportunities as well as to determine which opportunities are perhaps most worth their resources in pursuing.

This KPI organizes prospects based on opportunity value and the probability of a closed deal. Each prospect has an estimated purchase value associated with them to help your team prioritize their efforts.

Sales prospects can be ranked according to likelihood of win, assuming the sales team has collected enough data from their current customer base to have an understanding of what makes for a probable close.

(Source Klipfolio, July 3, 2017, Mindful Metrics, Katya Zeisig)

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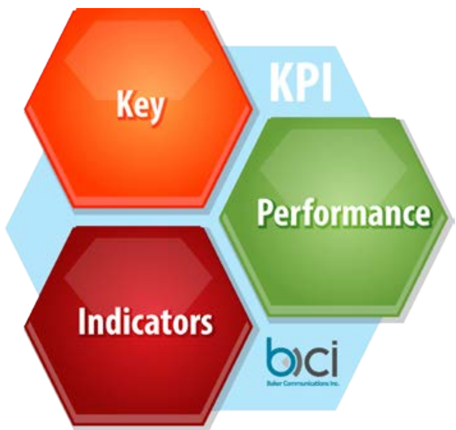

5. Sales Target

This sales KPI compares sales wins over periods of time, and can serve as a way to rally sales teams to improve their performance.

With this KPI, however, it's important to create a sustainable framework. Sales teams that are constantly pressured to attain the unattainable are often on the perfect path to burnout. Using this KPI to look at previous performance and establish attainable future goals is the best use case.

(Source Klipfolio, July 3, 2017, Mindful Metrics, Katya Zeisig)

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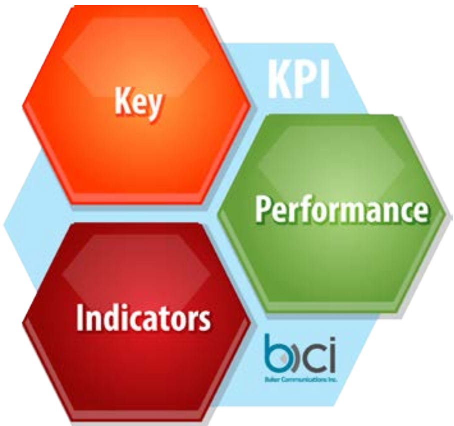

6. Sales Closing Ratio

This KPI finds the ratio between how many quotes your sales team sent out and how many deals they closed.

It's a great KPI for determining how much time a sales employee (or the overall team) spends on pursuing an opportunity.

A high Sales Closing Ratio signals that either the leads coming in are not quality leads and/or that the sales team is spending far too much time trying closing each deal.

(Source Klipfolio, July 3, 2017, Mindful Metrics, Katya Zeisig)

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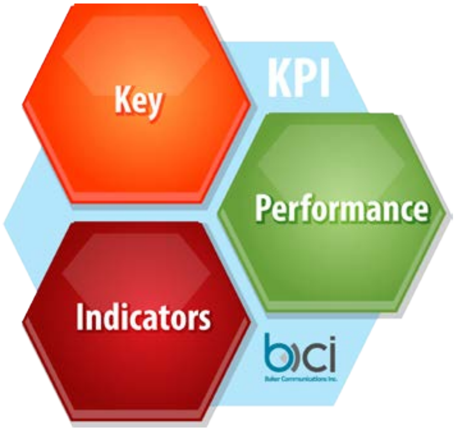

7. Average Purchase Value

This measures the average value of each sale, and therefore helps the sales team place a quantifiable value on each potential opportunity.

This sales KPI, in conjunction with other metrics associated with pricing models, is how a sales team can estimate the true dollar value of each lead.

(Source Klipfolio, July 3, 2017, Mindful Metrics, Katya Zeisig)

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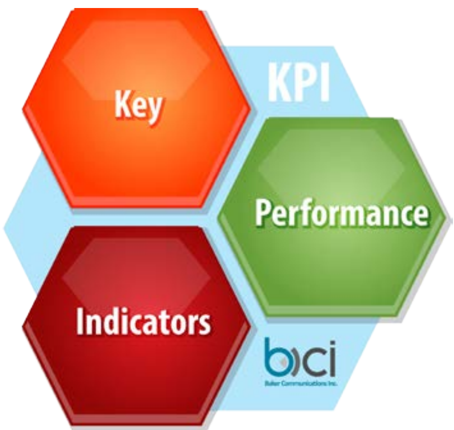

8. Monthly Calls (or emails) Per Sales Rep

For outbound teams, this sales KPI can provide a glimpse into how many calls (or emails, etc.) each sales rep made to potential customers.

This KPI can be further broken down into whether the call was answered (the email opened), the time spent on each call, the general interest level, and how many potential prospects were discovered per # of calls/emails.

(Source Klipfolio, July 3, 2017, Mindful Metrics, Katya Zeisig)

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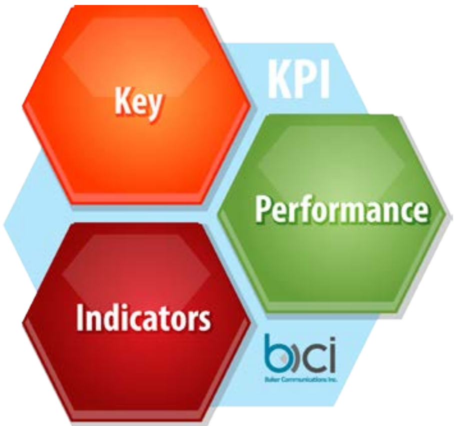

9. Sales Per Rep

This sales KPI allows sales leaders to see, on an employee level, how many sales were made per rep. This KPI can be helpful in establishing a sales baseline (and setting personal goals) and in determining the strengths and weaknesses of each rep.

For example, some reps may take a longer time to close deals but those they do close tend to stay customers longer.

For the sake of sustainability, it's important not to use the sales per rep KPI to create a culture that is first and foremost about competitively comparing each of your sales reps against each other.

(Source Klipfolio, July 3, 2017, Mindful Metrics, Katya Zeisig)

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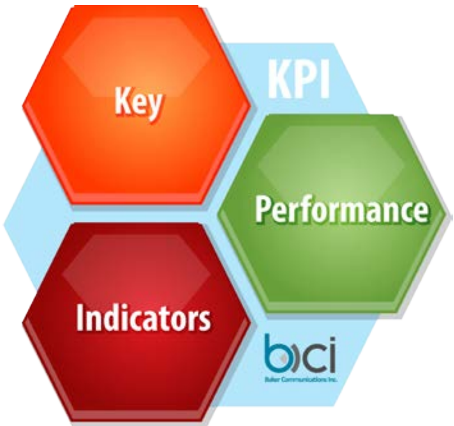
10. Product Performance

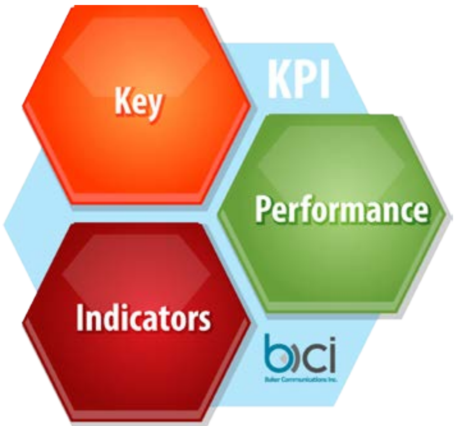


This sales KPI helps the sales team notice trends when certain products and/or packages of products are selling far better than others.

There are a variety of factors that are under the surface and important to take into account here, such as if a product is selling exceptionally well based on a major press mention or, similarly, if a product is not performing well because a competitor recently dropped their price point.

(Source Klipfolio, July 3, 2017, Mindful Metrics, Katya Zeisig)

11. Sales by Contact Method



Which contact method works best for your sales team? This KPI answers that question, and can allow sales teams to double down on what works and potentially think about phasing out or even automating what simply isn't working as well.

Additionally, this KPI can be bolstered by framing it around other metrics—including the costs and time associated with each contact method.

(Source Klipfolio, July 3, 2017, Mindful Metrics, Katya Zeisig)

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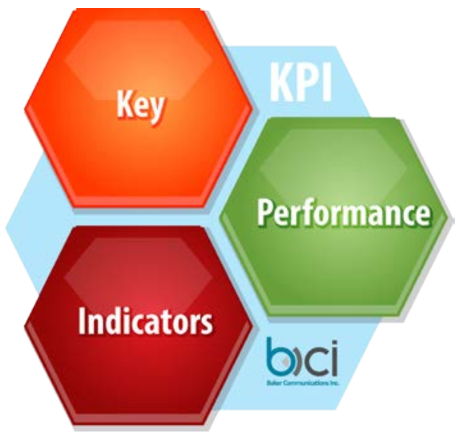
12. Average New Deal Size/Length

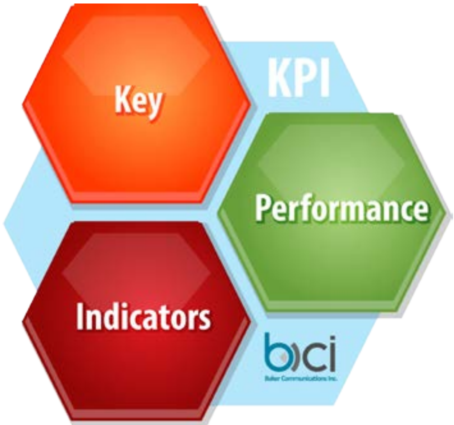


How much does the average sale generate, and over what length of time? This KPI helps sales teams see which packages may be the most profitable for their company.

This KPI can also be broken down on a per employee basis. For example, one sales rep may have closed 50 deals last month, but all deals were for a month-to-month plan. Meanwhile, another rep may have only closed 2 deals, but they were for the company's annual package.

(Source Klipfolio, July 3, 2017, Mindful Metrics, Katya Zeisig)

13. Lead-to-Sale %



What's the ratio between closed deals and the number of leads? This KPI helps sales teams see if leads were quality, which methods may work best in closing future deals, and if particular offerings/messaging made an impact.

This is a KPI that should be shared and routinely discussed by the marketing team and the sales team, as 20 quality leads could be far better (from a win and time perspective) than hundreds of low quality leads.

(Source Klipfolio, July 3, 2017, Mindful Metrics, Katya Zeisig)

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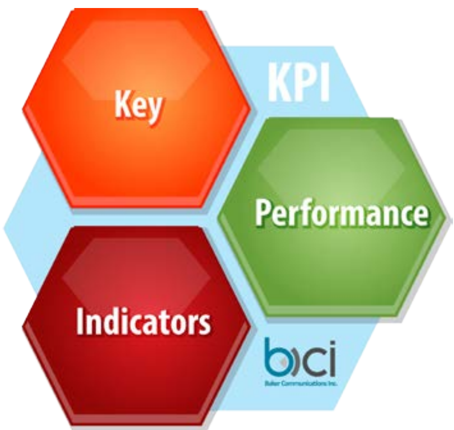
14. Average Cost Per Lead



This KPI answers the question: How much does it cost for us to generate a single lead?

Let's say you're running a Facebook campaign that is generating leads at $20 each. If your product sells for $500/month and you're closing deals left and right, you've found yourself a winner.

The most accurate average cost per lead KPI tallies up all marketing expenses (including employee salaries).

(Source Klipfolio, July 3, 2017, Mindful Metrics, Katya Zeisig)

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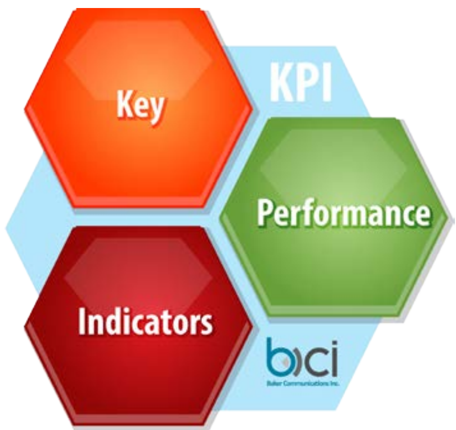
15. Retention and Churn Rates



This sales KPI is truly the mark of how today's sales teams are changing. Many sales teams, especially those inside a company focused on inbound marketing, are tasked with both closing the deal and helping to ensure the customer they closed remains happy (and doesn't churn out).

Customer Churn Calculation: To determine the percentage of customers that have churned, take all the customers you lose during a time frame, such as a month, and divide it by the total number of customers you had at the beginning of the month. Do not include any new sales from that month.

(Source Klipfolio, July 3, 2017, Mindful Metrics, Katya Zeisig)

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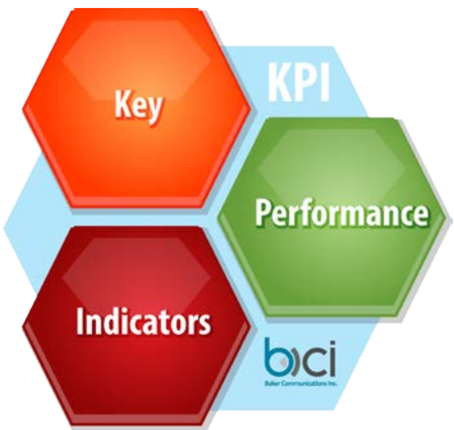
16. Customer Lifetime Value



It's important for sales teams to understand not just how much deals close for, but how much that closed deal brings to the company over time. This ensures they know the "true" impact of a win.

The Customer Lifetime Value KPI is calculated as: Lifetime Value = Gross Margin % X (1 / Monthly Churn) X Avg. Monthly Subscription Revenue per Customer.

(Source Klipfolio, July 3, 2017, Mindful Metrics, Katya Zeisig)

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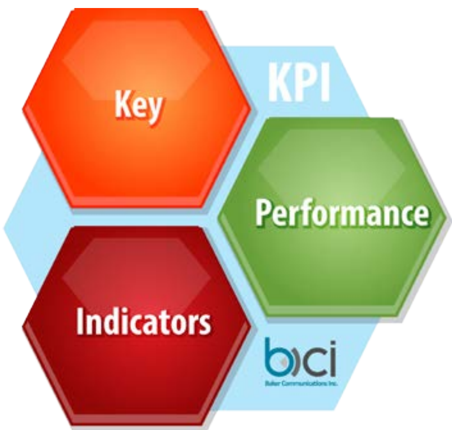
17. Average Conversion Time

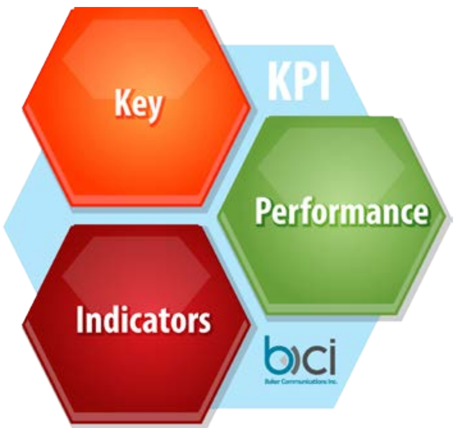


The best modern sales teams have worked out an efficient system between first touch point with a lead and closed deal. If your product sells for $19/month (as ours does) but it takes 8 weeks to close a deal, your team is likely in big trouble.

This sales KPI offers an important glimpse into the productivity of your sales funnel.

(Source Klipfolio, July 3, 2017, Mindful Metrics, Katya Zeisig)

18. New and Expansion MRR



MRR, monthly recurring revenue, is the # of paying customers multiplied by the average amount of all customers.

New MRR, then, is the additional MRR you gained this month.

Expansion MRR is, in the SaaS sense, additional MRR from existing customers that have upgraded their plan.

The work of a modern sales team doesn't end with a closed deal; it includes having a grasp of both new and expansion MRR.

(Source Klipfolio, July 3, 2017, Mindful Metrics, Katya Zeisig)

Key Performance Indicators: The 2mm Shift

19. Number of Monthly Onboarding and Demo Calls

This KPI answers: How many onboarding and/or demo calls did the sales team complete this month? As such calls can be critical for closing deals, this sales KPI is an important one.

Like many of the other KPIs presented here, this can be segmented down into an employee-by-employee basis.

(Source Klipfolio, July 3, 2017, Mindful Metrics, Katya Zeisig)