Structuring Sales Operations
Choosing the Right Structure for Your Organization

The Sales Leadership Forum Reports

Insights for Members of The Sales Leadership Forum
Structuring Sales Operations

Choosing the Right Structure for Your Organization

Presented by:

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Dear Members of The Sales Leadership Forum:

This report on Structuring Sales Operations provides our members with exclusive insights on this topic from our sessions and research. The Sales Leadership Forum is a sales leadership community and sales effectiveness advisory organization that provides its members with exclusive access to senior sales and marketing executives in leading growth companies, actionable research, and best practices consulting through SalesGlobe. We work with our academic partners from leading business schools and our board of advisors from member companies to provide services that directly address member needs to increase sales productivity and profitable revenue growth.

The Sales Leadership Forum provides the following services to member companies:

**Senior Executive Community.** Community and sessions with senior executives in sales, sales operations, human resources, marketing and general management from leading companies across industries. Forum sessions bring executives together for member-driven discussions on hot topics, access to best practices and advisors, and relationship building. Sessions are held both in-person and via live web.

**Sales Compensation Community.** Community and sessions that include sales, sales operations, human resources and compensation experts. Sessions focus on the in-depth exploration of important issues in sales compensation and are held in-person and via live web.

**Sales Operations Community.** Community and sessions that include sales, sales operations, human resources, and compensation executives and experts. Sessions focus on in-depth exploration of important issues in sales operations to drive sales performance and are held in-person and via live web.

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This report on Structuring Sales Operations is based on a webinar held by The Sales Leadership Forum as well as research from The Sales Leadership Forum and SalesGlobe. We hope you find this information valuable. For additional perspectives and answers to questions, please visit www.TheSalesLeadershipForum.org, www.SalesGlobe.com or contact us at (770) 337-9897.
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Introduction

In this report from The Sales Leadership Forum we explore the topic of structuring sales operations through a webinar conducted with sales operations leaders as well as research conducted by The Sales Leadership Forum and SalesGlobe.

What is sales operations? The answer is complicated, because it can be highly varied across companies. Sales organizations, in contrast, typically have specific roles and certain job types that are fairly common across companies and industries. Many different sales organizations, for example, might have a major account organization in middle market and SMB. But when it comes to sales operations, when you look from company to company, the one thing you notice is inconsistency.

One reason for that is, of course, sales operations is still a relatively young field, and many companies are in different stages of development. Sales operations also tends to be a catch-all – and unfortunately sometimes a dumping ground – for sales and marketing. Anything that sales doesn’t want to do, or anything that’s taking away from sales productivity often ends up in sales operations.

Running a sales operations organization successfully is a challenge. Consider the end goals for sales and sales operations, the level of focus needed for both, and the level of disparity between the two. Sales, to be successful, has to look in one direction: basically to go out and sell. They’ve got to close deals and grow business profitably. Sales operations must support those goals, but the methods of support are multifaceted in terms of what sales operations has to do to support that very single goal of profitable revenue growth. But in high performing organizations, sales operations is a critical function. Sales operations must enable sales. In the absence of a sales operations organization, for example in very young companies, the sales people are tasked with sales operations functions which contaminates the sales job and takes away productivity.
Sales Operations Roles
The Sales Leadership Forum and SalesGlobe recently surveyed people in sales operations roles around the country to learn more about their responsibilities and configurations. The roles within sales operations can vary widely. In mid to large size companies, sales operations leads performance analytics (in 71% of companies), sales process definition (66%), CRM development (51%) and sales tool design and sales forecasting (48%). Following those top activities, sales operations also handles sales compensation design (46%), sales talent training (40%), proposal and RFP management (37%), quote to order operations (31%), and sales role definition (26%). We conducted this same survey last year, and the functions are relatively consistent from year to year. The responsibilities sales operations leads and supports make it necessary to interface with a number of other functions in the company. The primary intersection is, obviously, sales. In fact, sales is very often the function that sales operations reports into. It’s not a given, though. In many organizations sales operations reports into finance or even marketing. Wherever they are in the company, sales operations must cooperate with marketing; operations; human resources in areas like incentive compensation and developing people; and IT for tasks such as sales forecasting, dashboard management, and CRM.
With some of those roles, if sales operations is not leading the role, then they’re supporting the role. The main support areas tend to be around CRM development (48%), which means sales operations people are working with IT and possibly other functions to support CRM. In customer segmentation, very often sales operations is supporting marketing or sales. Sales ops often supports HR for sales forecasting (63%), sales strategy definition (37%), talent recruiting (23%), and sales compensation design (34%) – in a lot of organizations HR leads sales compensation design, though in a very few you’ll see marketing lead the design. Either way, sales operations is almost always involved.

![Diagram showing roles supported by sales operations](source: The Sales Leadership Forum and SalesGlobe)
In our work with companies, we get a lot of questions about how a sales operations organization should be structured and staffed. Often sales operations organizations are broken down into teams. In our survey, the major teams within sales operations were performance analytics (48%), sales comp design (34%), CRM development (31%), proposal/ RFP management (26%), sales process definition (26%) and sales talent training (26%).
Sales operations challenges
While our survey revealed that roles within sales operations organizations remained constant from last year, the obstacles have changed.

1. Investment in sales operations (48%). While assessing the ROI of sales operations is less of a challenge this year than last, actually making that investment has become the bigger challenge.

2. Responsiveness to sales (48%). Sales operations’ ability to quickly and accurately fill the needs of their customer – sales – has increased as a challenge, potentially due to improvements this year in the economy and sales activity.

3. Work flow organization (40%). Understanding how the sales operations organization works remains a top challenge. What are the processes? How do those various sales ops teams interact, and how do those teams work with the other functions in the organizations? Work flow organization is less of a challenge this year than last year, perhaps due to improvements in processes over time.
4. **Central vs. local structure (37%) and effective team structure (37%).** Where do we put people in a sales operations organization? Very often the sales operations organization is distributed throughout the various locations or branches of the company. A lot of times this is to make sure that sales operations is staying close to the sales organization and close to the customer. We don’t want sales ops to become an ivory tower function; it needs to be out in the organization to understand exactly what the issues are. At the same time, it has to be connected into the core priorities of the business.

5. **Inadequate headcount (37%).** Last year headcount was a big issue, though it has become less of an issue this year. As a whole, sales operations organizations are understaffed relative to demands and are finding ways to leverage technology and consistent processes to improve their effectiveness.

6. **Leveraging technology (34%).** There’s a question in sales operations of how to leverage CRM in addition to other supporting technologies. These tools can support account planning, pipeline management, forecasting and other critical functions.

7. **Collaborating with HR (11%).** Determining the interactions between sales operations and other functions in leading and supporting key processes is a challenge because so many sales operations functions are people-oriented. HR is a group with which sales operations continuously tries to balance roles.

8. **Recruiting Talent (11%).** Related to the headcount challenge, sales operations struggles with creating an attractive value proposition to draw in talent from field sales or from outside the business. The demands on the sales operations team can make it difficult to create a compelling value proposition.

9. **Determining the ROI for sales operations (9%).** This challenge is also less of a problem this year compared to last year. Sales operations typically provides a strong return on investment. While determining ROI remains a challenge, it has decreased from last year.
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Sales Operations Imperatives: A View from The Sales Leadership Forum

We recommend that companies consider the following key points when structuring and evaluating their sales operations organizations.

1. **Define clear objectives for the sales operations group.** While it’s tempting to allow sales operations to become the dumping ground for all things unwanted by sales and marketing, its true purpose is to enable the productivity of the sales teams. Outlining the functions that sales operations should lead and the functions it should support can help set boundaries and clarify the role for an effective group. Determining how sales operations will be judged effective (i.e. increases in productivity per rep) is critical to establishing clear expectations.

2. **Manage to the metrics.** More and more, sales organizations rely on empirical information to set and achieve their goals. Historically, sales has been more art than science, but sales operations offers new intelligence and lucidity into what works and what doesn’t in the sales organization. Develop a dashboard for sales and sales operations to ensure that the teams are reaching their objectives.

3. **Balance a centralized and localized structure.** Sales operations can create processes and streamline activities that used to be accomplished by IT, marketing, HR, operations and sales, and act as a connecting point between previously disparate functions. Sales operations can take those tasks and align them with the goals of the organization. In addition to these centralized roles there is also value in sales operations staying close to the sales organization in all of their locations to understand the challenges that need support. Balance the efficiency of a centralized sales operations structure with the frequent communication and sensitivity of a localized structure.

4. **Create sales operations roles that make sense for your company.** Because sales operations is a young and evolving function, compare and contrast your organization with others, but build your sales operations team with roles that match the priorities of your specific sales needs, whether IT-related, marketing related, or analytics.

5. **Measure the ROI for sales operations.** In most companies there is a direct connection between sales productivity and revenue growth. In high performing organizations sales operations provides a clear impact on sales productivity. Understand and articulate the RIO levers for sales operations and make investments in the key initiatives most connected to sales productivity.

For guidance or help on structuring your sales operations organization, please contact The Sales Leadership Forum and SalesGlobe.
In This Report
In addition to our research and recommendations, this report is based on a panel discussion from a team of experienced sales operations executives.

Panelists include:
- Brad Kaegi, Director of Sales Force Effectiveness and Training at Merial Limited
- Ian Levine, Senior Vice President of Sales Operations at Iron Mountain
- Tom Maloney, Vice President of Sales Operations at ARAMARK Uniform Services

We hope the findings in this report provide valuable insight for your business. If you have questions or require assistance in addressing sales operations challenges in your organization, please contact us at www.TheSalesLeadershipForum.org, www.SalesGlobe.com or (770) 337-9897.
The Sales Leadership Forum recently conducted a panel discussion with a group of experienced sales operations executives to explore the right structure for sales operations.

MARK DONNOLO: We have a few different topics to discuss today. We’ll start off with an overview for the 2011 view and what’s going on in the first quarter that’s predictive of the rest of the year, and specifically how we are thinking about sales operations. I’d also like to talk about the structure of sales operations in each of our panelist’s organizations and the various functions and challenges within sales operations. Then finally, we’ll share some wisdom.

I’d like to ask the panelists to share some of their background.

PANELIST: I call myself the project manager and coordinator of all the cross functional groups that touch this organization, whether it’s business intelligence or finance and analytics teams, IT and marketing teams. As for my direct reports, I have the inside sales team which we use as field development, or account management to help territory managers. As well, I have the sales training team and then all of the different institutional elements that impact the sales force from CRM, SFA, and all the different implementations. Our company is in a kind of exciting environment now. I think the 2011 year is off to quite a start. Everybody is feeling very positive about the economy. The competition is tough because everyone is going after what growth is out there.

Our biggest challenge is making sure people are staying focused to retain their numbers and not get distracted. We’re really using a lot of different tools that we have in place, and obviously our sales compensation plan is one of the biggest tools we’re leveraging here to keep that focus.

PANELIST: My background is really not sales operations. I’m coming in to sales operations from a sales, sales management, product development, and strategic planning sort of 20-year track record.

It’s an interesting move, and I made the move because of a strong belief that sales operations is gaining ground as a science and a real dial-mover for sales. I’m very excited to have joined this company a year ago in this role. We are in a pivot right now: we have multiple acquisitions in the last 15 years all being integrated. And with that, sales operations did become a catch-all. It’s very complex with the systems; there
are a few siloed environments and lots of reporting challenges. But it is a pretty mature group. I inherited a really solid team that was navigating all this complexity, but what we’re trying to do now is move the organization much more to a strategic level, from a reporting level. And we’re building out a sales enablement team. We’re spending a lot of time on Salesforce.com and the process around that. We’ve taken over sales training and in general have created a mantra with my team that overall our job is to create capacity for sales. That’s what we should be thinking about every day. And if our actions aren’t doing that then we need to question our actions.

MARK DONNOLO: I like how you described that vision, about creating capacity for sales and making sales more effective. I think sometimes we get lost in that as we get into the day-to-day, week-to-week operations. And, just as a general comment, I think the easiest way to tell the head of sales operations from anybody else in the building is he or she is probably the person who’s running around the fastest and is there the latest. You get caught up in a lot of work and it’s hard to keep your vision about what’s really important.

PANELIST: I think that’s true Mark. On my white board I have written, “How will this meeting accelerate revenue?” So sometimes when people come into my office I point to that and make them pause and consider what they’re asking me to do.

PANELIST: I don’t have a sales ops background, either. Most of my time has been in sales operations and marketing. So from a professional perspective, it’s been a hybrid approach to look at what sales operations can do for an organization.

We are kind of the newbie, I guess. The sales operations function wasn’t even around when I came to this company about 10 years ago. It was formed in 2009. And we are very much an operations-driven, metrics-focused company, but it was actually surprising to me that we never really looked at using data to manage our sales force. It
was very anecdotal, prior to a couple years ago. We are starting from scratch, and it’s been a whirlwind tour as Mark alluded to. We’ve done some things so far. We used to have GoldMine as our contact database system and last year we launched Salesforce.com, so we’re deeply immersed in that area of our business to drive revenue and accelerate it as best we can.

We’re on a fiscal calendar so we started our fiscal year in October. We launched a simplified sales comp plan that went from 14+ levers and was very complex, to five. And we can put it on a 3x5 index card – as a matter of fact that’s how we promoted it to our sales organization. And then we’re getting ready to go to market here in April, and we just tested successfully a go-to-market strategy that will prioritize prospects.

So those are some of the big areas of focus for us in sales ops.

As a bit of my background, I spent some time in petroleum, manufacturing industries in the cookie business, as well as some service industries.

**Topic One**

**A 2011 View**

**MARK DONNOLO:** *As we’re looking out, what does business look like from your perspective? You’re each in very different types of companies. How do things look from an economy perspective, from a sales perspective for your business, and what does that mean in terms of what you’re thinking about for sales operations in 2011?*

**PANELIST:** We feel like we’re off to a solid 2011. We have a very aggressive growth target for new bookings coming off a large increase in productivity last year. The company asked us to deliver 40% more for new bookings this year than we did last year, so you worry about that jump off spot of 12/31.

But in a very encouraging way we’re seeing more large transactions in the first 60-70 days of the year here than we did in the last year. Our business tends to be lots of small transactions, but it looks like decisions are starting to be made on some larger transactions. We describe a larger transaction in our business as a commitment over $250,000, and where we saw a decline in those over the last two years we actually saw a nice uptick in those to start off the year. So those become more dial-moving. We’re very encouraged by the early results.

**MARK DONNOLO:** I would imagine you look at your business as fairly related to the economy and what’s happening in other companies, because your service is pretty integral to how people do business. That’s probably a tight connection.

**PANELIST:** It definitely is, and there are two sides to that. How well are things going in the economy, and how badly are they going for others? I saw a data point internally last August that really caught me by surprise. It literally showed how many of our current customers have gone bankrupt. It really
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does have an impact on a recurring revenue business. So you’re right.

**MARK DONNOLO:** And then up comes the question of quota relief with current customer bankruptcy.

**PANELIST:** Given the focus that we have on new bookings we didn’t have to cross that bridge too much.

**MARK DONNOLO:** That’s good.

**PANELIST:** We’re about half-way through our fiscal year with mixed revenue results. Interestingly enough, our total revenue is up slightly on a year-over-year basis. However new business revenue is down double digits. Just to define, total revenue includes current customer, or what we call base build out, as well as new business.

So when you look at it from a new business sector perspective, our leading indicators are depressed, which isn’t favorable for the short term. There are a lot of factors. Head count certainly is one of them. I’m in a high turnover industry, so that’s certainly part of it. But, it’s also the economy. I’m not well versed in that area, but I’ve been around enough to know that I’m not sure – and this is just my view from looking at a lot of things – but I’m not sure where our economy is headed. There are a lot of unknowns, from the role of government in business and just the overall business climate out there. We’re a very diverse company in a lot of different industries. And while we have some sectors that have rebounded, we certainly have some sectors that are still depressed.

**PANELIST:** Our product, for as long as I’ve been in the business, was thought to be relatively recession-proof and a safe place to be. But in the last two years we’ve seen opportunities decrease. Looking at how we impact the market, everything investment-wise that we’re doing as an organization, and really through the sales force, is to drive that category growth and help leverage what opportunity is out there.

**Topic Two**

**Sales Operations Structure**

**MARK DONNOLO:** Let’s get into sales operations structure, and let’s start from the beginning about how and when to build a sales operations organization in the company.

You all have a lot of experience in this area. What are the indicators for the right time to build out the sales operations organization, or even to beef up certain parts of it? What starts to happen in the organization to indicate we need to have this function?

**PANELIST:** Honestly I don’t know what the trigger event is. There’s certainly a scaling trigger event. If you think of smaller companies – I’ve been involved in a lot of smaller companies and I sit on the board of a few. They’re still not even clear on the process, the value wedges, and the propositions. The data is just beginning to build, and truthfully the sales operations function is done by the sales manager in those smaller sub $10-million businesses.
All of a sudden, the dumping ground started happening – I’m going to go back and try to be a historian here. Sales operations started evolving 15-20 years ago when people started trying to figure out where some of this reporting was going to come from and where some of these tasks were going to lie within the organization. I don’t know the perfect spot but I would say I think sales operations teams are being formed earlier and earlier in companies because I think people understand the value more and more. I think people are accepting that sales is a science and that there is a high value to having a process for the sales people, the sales management, and to have the organization have visibility into all that so that they can be more effective.

That’s my soapbox.

Panelist: I couldn’t agree more. I think from our standpoint we’ve been on about a seven-year adventure with this organization. It really started at the top when somebody said competing on analytics and behaviors is going to be critical to our success and the justification of our investment in a sales force.

So we’ve gone through this process and built this out, and I couldn’t agree more. There is definitely art and science in the selling process and it’s a balance. That’s where we’ve made the strategic decision to apply these analytics to our sales force and create a system where they can execute.
**MARK DONNOLO:** From what I’ve seen in your organization, you guys have really optimized measurement. You can see where you’ve taken it to the next level in terms of how to manage the organization.

**PANELIST:** I think, what it really came down to for us was looking at our organization from an internal perspective. Senior management reached a level of frustration where there were decentralized functions that were not working in tandem to increase productivity. You would have IT working on their own things. You would have marketing in a different silo. And then you would have sales, and from a sales ops perspective we spent a lot of time last year blending those two functional areas together to help sales increase productivity.

I think there was a level of frustration with that. Certainly we’ve spent a lot of time integrating a lot of those functions and aligning them with the true goals, which are about driving revenue. And we’ve spent a lot of time with the workflow organization and doing a lot of planning. So I think it just took a certain level of frustration, and once we hit that threshold some decision makers decided that we needed to do some things differently around sales with the way that we were operating and going to market.

**MARK DONNOLO:** And as you’re building the organization what do you think will be the timeframe that you’ll start to see some type of return? Because there are probably those expectations to see improved efficiency or improved productivity or other measures like that.

**PANELIST:** We’re seeing facets already. I would tell you we actually grew new sales revenue last year, which we hadn’t done in a decade. We grew it about 4%. It was quite surprising that we’ve taken this turn. And I think a key driver of this...
is it’s a high turnover, transaction type of sales organization – it was headcount. And we’re below headcount. So our threshold, the headcount from a percentage perspective, is a lot lower than what our sales had been. There’s a direct correlation between sales productivity and revenue in this context, and in our headcount. I think if we can get the headcount pointed in the right direction – and we’re about there right now – I think on the back half of the year you’ll see those double digit dips in new sales revenue flip around and we’ll start having increases again.

I’m actually very optimistic given the programs we put in place to address what our shortcomings have been. So, I kind of said this earlier when we talked about the economics and what’s going on with revenue, we are having mixed results.

It’s a constant challenge – when you fix one lever another lever is a challenge for us. And what was a challenge for us last year – headcount – was not a challenge. We were all over it. This year it seems to be more problematic. Maybe that’s a symptom of the economy improving, where we’re having a hard time retaining sales professionals and also recruiting sales professionals.

**PANELIST:** It’s the same across our business. In fact we were experiencing quite a bit of cherry-picking. We seem to be the recruiting pool for our competitors.

**MARK DONNOLO:** It’s interesting; it’s almost predictable. Six or eight months ago we were talking about this in some Forum sessions about what we see coming ahead in the labor market and concerns about treating the sales organization well during those tough times to build some loyalty. Now, we’re starting to see across organizations an increase in cherry picking and recruiting.

We talked a few minutes ago about different groups in the sales operations organization, and I’m curious about how your organizations are structured. That’s always a big question; what are the main groups? Are there just a couple groups? Are there a number of different functions?

**PANELIST:** We’re actually aligned in four buckets, I’ll call them. And I have four directors that report to me. The first is learning and development. That’s the sales training area and we’re aligned with our regions. We’re working on ensuring that learning and development for sales ops is aligned with our operations folks.

Then we have a communications and sales process that gets involved in compensation. Communication, from a corporate perspective – I’m sure many of you can sympathize with us – just from a sheer volume of the communications that can go out to the
sales organization for the last couple years, it has been a problem. So we actually filter all communications. All sales related communications go through one individual in the sales operations group, and that falls under communications and sales process. Then we have sales force systems. That is the Salesforce.com team. They’re responsible for leveraging that wonderful tool. We’re essentially in the second phase of that launch. We went through the introductory phase, the launch phase, the adoption phase, and our primary mission is to reduce non-selling activities in all sales channels. Those three disciplines that I just talked about are really focused on those areas, and we don’t really work on things that don’t do that. That’s really a litmus test for us in terms of the requests we get to address some projects.

But the last team really is a part of that mission statement: improve better solutions, work using data. I have a sales analytics and modeling team: a group of highly talented finance, analysts and a statistician, believe it or not, that helps us with segmentation and modeling and things like that.

Those are the four general buckets of how we’ve structured our sales operations department.

**MARK DONNOLO:** And to your point on sales systems, Salesforce.com, you’re one of the few people I’ve worked with that have said you’ve had a really smooth implementation of CRM. Not
just Salesforce.com but CRM in that you’ve seen a lot of impact from it very early on. I just wanted to note that. It sounds like you’ve done some really good things there. You went very deep in terms of implementation and got a lot of good advice there.

PANELIST: Yes, we’ve learned from some folks that were gracious enough to share some of their best practices. I think it really came down to communication and level-setting what the expectations are. And it starts with the activities. We were very fortunate.

PANELIST: Sales force effectiveness under my direction has three buckets of responsibility: the training and development team; the field development or the inside sales team; and then kind of a cross-functional role where I’m working with the business intelligence finance analytics group. Also IT, which is responsible for the CRM or the SFA tool. And then also marketing because we’re trying to determine what that best call looks like. We’re working with the marketing team to develop the best sales tools and design and also execution.

Those are the five buckets that I touch.

PANELIST: We’re doing a lot of things here. There were literally two different sales operations teams here when I joined. We have one now, so that’s a big change. I have three direct reports that I put under the umbrella of reporting, but they’re constantly reminding me they’re doing so much more than reporting. They really are, but I do use that moniker. But within that reporting we’ve got somebody focused on field and inside sales reporting, somebody focused on our enterprise accounts reporting, and then we recently created the position of worldwide sales reporting and analytics. Those are three of my direct reports.

There are a lot of things going on underneath there; it is not just all analytics. There’s a lot of interaction with IT, and literally, almost every function that has to keep the trains running.

But then in the last six months we created three new positions, all of importance. We migrated to Salesforce.com about 15 months ago. In general we’ve had a smooth transition; at the same time we are now in the top 40 Salesforce.com users in the country. An awful big task and we’re still implementing every month, every quarter, more and more people since we’re a fairly sizable organization.

We definitely saw the need for a dedicated, full time Salesforce.com person. We did not have that as a leader up until December 1 of this year. Our team was a Siebel team.

I will tell you hiring someone with expertise in Salesforce.com 90 days in is a game-changer for us. Even though our Siebel folks are very bright, competent people there is specific expertise to the application.

The second job we created was sales technology and support services. This individual has a strong technology background to help us evaluate the
different opportunities for software to optimize sales. This individual also has a six sigma process background, so we saw the need for that at a leadership level.

The last direct report I have is in the newly created area of sales enablement. We sort of define sales enablement as the right information at the right place at the right time. But, it’s a broad category. We’ve taken away decentralized training budget, and

Sometimes that resides in the sales organization, and there are other functions that are sometimes in sales ops and sometimes outside of sales ops. Staffing levels are a point of curiosity for a lot of organizations. How large is your sales operations organization, and where is it? Is it all centrally located or is it in different locations?

PANELIST: We have 27 folks including myself in our department. Other than the regional sales trainers which are

 moved it under our sales enablement so we now own sales training as well for inside sales operations.

MARK DONNOLO: I notice there are a lot of commonalities between the groups that you three have, despite being in different industries and different levels of development.

But then there are also some differences among the groups. For example, we sometimes see inside sales in some sales operations organizations.

dispersed through our 5+ regions, everyone else is located here.

PANELIST: We’ve got about 65 people in sales operations today. We are in multiple locations, but near headquarters with a smaller team in London as well.

PANELIST: We’re a relatively nimble organization, so we’ve got about eight people at the management level, between inside sales and training. Then the business intelligence team is
relatively flat, as well, with about 10 people there that support sales operations. But that BI and finance team are in the sales operations; the comp management is a small team of about 10 people.

MARK DONNOLO: Have you found any relationship between the size of your sales operations staff and any other major business driver? For example, revenue or size of the sales organization or maybe number of locations that we have to support?

I’ll preface the question by saying we did some correlations across a lot of companies on staffing levels and sales ops and found virtually no relationship. So I’m curious how you got to the staffing levels, whether you gauge it with anything within the organization.

PANELIST: This is the part that’s art, not science.

We started in November 2009 with an idea of what it would look like. We started with about 16 people and now we’re up to 27, so we’re kind of feeling our way, talking to a lot of folks, listening, asking a lot of open-ended questions. And we’ve been fortunate enough to have been able to reach out to a lot of very talented individuals that have been willing to share some information with us to help us feel our way.

There really wasn’t a ratio that we had—a ratio of support sales ops to sales professionals. We just migrated based on the needs and where we have morphed, moving from GoldMine to Salesforce.com. I think there is some technical expertise required to really leverage that tool from a prospecting perspective—and we’re only using it as a prospecting tool. We are not using Salesforce.com as a CRM or to manage our existing customers. That’s a later phase. We’re just using it right now as a
prospecting tool. When we look at it from a CRM perspective or database to market to our existing customers they’re clearly will be some other challenges that we have, from a resource perspective.

PANELIST: I would say I’m extremely fortunate in the way we get to approach it. I directly report into the head of worldwide sales. His director of finance sits about 10 feet from me. And I get to manage his budget, which means the entire worldwide sales budget. So ultimately, any decision around sales operations, it’s an ROI decision versus another set of feet on the street or another sales manager. And I just need to present the business case to the head of worldwide sales. And we really don’t have many arguments over investments.

At the same time it’s a finite pool of money that you’ve got to say, does sales operations increase capacity for further reps? Can they do it with the next hire or are we better off just hiring another rep? And it really is a great way to look at the business. It just requires the right alignment internally.

PANELIST: I echo that. It’s really about what you can do to drive value. And you make those decisions on your investment based on the incremental return.

MARK DONNOLO: You brought up the point of value. What are the expectations on ROI for sales operations? What are the conversations that happen in your organizations around what needs to come back from sales operations in order to gauge it as successful?

PANELIST: I think our biggest challenge for sales ops, having been in this for about a year and a half or so, is, getting stuck in the projects. Don’t get stuck in the projects and lose focus of what our real mission is, which is to drive revenue.

And there are a lot of ways you can do that. Our mission is to reduce non-selling activities. But at the end of the day – and we’re not there yet – we will measure the success of sales ops on a sustainable, double-digit new growth organization that year-over-year helps to grow 10% or more new revenue. That is what we’re striving to become, organizationally, built into the culture.

MARK DONNOLO: That’s a very clear goal for you to hit.

PANELIST: First of all, we are directly linked to quota. My team is paid on the sales reps exceeding quota. That is a majority of the bonus scheme, so we have total alignment with the head of worldwide sales.

But then when you start drilling down, how do you take every action and make sure it’s valuable? We’ve really wrestled with this. We’ve outsourced some admin support services; we know we’re taking things off the plates of sales reps with sales operations. Yet we’re not seeing the correlation to increased revenue. But we’re getting all the accolades for saving time for the reps. So it runs into this vicious circle of the
ROI and how much you can invest in something like that.

Something I’m getting very keen on that I’m getting buy-in – we haven’t started measuring it – is moving the middle. Too many organizations, you have to be concerned with people hitting quota, because achievement is ultimately a retention policy. But moving the middle I believe is a really good gauge of sales operations and sales management. It’s one that’s probably not looked at enough as a KPI within large organizations and it’s one we’re going to be very focused on. We’re going to take some credit even though it’s a partnership with the sales management team.

MARK DONNOLO: We’ve seen that as a big driver of productivity, taking that middle group and moving them a little bit. There’s such a focus on high performers in organizations that if you just move that middle group incrementally you can see a big effect on productivity.

PANELIST: We are taking heavy ownership in new rep ramp-up time. We have a problem with that here; it’s just too long, and has to do with a whole bunch of reasons. But we are taking ownership of measuring how fast new reps become highly productive. It goes all the way back to the hiring process, trying to help the managers in a smarter hiring process.

PANELIST: It’s really about increasing sales and the activities that we do impacting that sales line. We estimate the value of our sales operations, our commercial excellence initiatives, over the last six years upwards of $30 million incremental sales. It’s provided a tremendous amount of ROI to the organization. That’s why we continue to keep driving and building on the different activities.

PANELIST: I want to ask something for clarity.

The ROI is a big thing, certainly in our organization where we have several senior leaders that are finance driven individuals. We’re trying to position sales ops a little differently, rather than a purely ROI perspective. And let me elaborate on what I mean by that. ROI implies profitability and expense. So rather than focus on those two drivers of the business, we want to focus on the revenue side of that equation. Because in our organizations we have some very strong financial controls that ensure we’ll have profitable business. We’re trying to position sales ops from an increase in revenue productivity perspective, and segment that even further in terms of our focus which is at this point in time, new revenue. And we have controls in places that clearly can measure, from a new revenue perspective, what we are focused on. I think if we focus on the profitability and really look at our ROI perspective it might distort our message, which is revenue. At the end of the day, if revenue doesn’t grow then we haven’t succeeded. If it does, then we have succeeded.

That’s really been an ongoing discussion, having been the new kid on the block in terms of what sales ops
does. That’s the approach that we’re taking. And it seems to be resonating. Because there are certainly some things that we can control and things that we can’t control. If you look at the fixed cost of doing business – and to a certain extent some variable cost of doing business – we don’t really control those. What we can control is if we have those financial processes in place, which we do, we have pro formas that are built into Salesforce.com and so on, and red, yellow, green. And if it’s green you can proceed, you being the sales person, if it’s yellow you have to talk to your operations team, if it’s red you can’t proceed unless you have a certain level of management approval to proceed.

So we have all those thresholds in place; we built them in place so we can have this type of conversation and say, “Wait a second; we know ROI is clearly important.”

At the end of the day profitable business is what’s going to sustain the viability of your business; but clearly, is sales ops ultimately responsible for ROI? Or are they responsible for new business revenue? We’re in the process of trying to position and brand sales ops in terms of what its core mission is, and that’s to drive new business revenue at this point.

MARK DONNOLO: Very clear objective. I like that.

What do you think has been the game changing decision that has moved your sales operations organization forward in efficiency and productivity?

PANELIST: Well I guess I’m still living it but I’m already hearing it, which is going back to the Salesforce.com. We enhanced through a Salesforce.com leader – extremely strong – and put a couple other resources around this gentleman in the last 90 days. We’ve heard comments like, “We’ve seen more progress and vision as to where this is going to take us in the first 90 days since the new leader came into place than we experienced in the last year.”

And that’s not a knock on our previous leaders, it just means if you hire the right person to drive Salesforce.com or whatever CRM you choose, it’s pretty central to any sizable organization. It’s the spinal cord that everything is going to bolt onto in one way or another. And, I believe, it’s game changing for us. It takes time. But it starts with the right individual at the top, too.

PANELIST: The game changing decision for us was when we started to commit to verifying and validating what we were doing in the field. We’ve done a lot of different pilot programs with technology, and we made the commitment to roll out a program organizationally where we were validating our interactions with our customers. So, we put GPS into all our sales reps’ cars and we use that data to validate interactions. And that game changing decision enabled us to do a tremendous amount of analytics.

PANELIST: And I’ll add, we actually had two game changers. I’m also definitely living it and we’re learning. I can’t even tell you the learning curve that I’ve been
under in the last year and a half; it’s been phenomenal.

We had two game changers. When we originally had the department I had four direct reports but I didn’t have the sales force part of it. I had a promotional programs and planning position which we have eliminated. And I’m leveraging marketing. So the game changer in that area was, generate revenue but leverage marketing because they have that functional area of expertise. And if you position them appropriately they can really help you on the promotional side of the business. Notwithstanding the campaign – we still own and manage the campaigns – but in terms of the promotional programs and the creative side of it and the messaging and things like that. That’s really a marketing function. So that was our first game changer.

The second was in tandem with that; it was Salesforce.com. Without a doubt, that has been a game changer. Just the improvements that we’ve seen in activities. And it’s too early to measure the revenue but I will tell you from a pipeline perspective – and we call them first time visits – the leading indicators from an activity perspective and then building the pipeline, which is kind of where we are in our development, we’ve seen a tremendous improvement in what we’re getting ready to launch here in about 30 days and what we piloted.

So Salesforce.com has enabled us at all levels in the organization to improve the selling process because we have visibility to the key metrics like we have never had before.

PANELIST: Salesforce.com is just a piece of technology, and you can choose the inspection and validation of the data. And we’re trying to get better and better at that. We had playbooks in place that we thought were doing a very good job of that, but came to find out despite building playbooks and training around it our inspection and validation wasn’t at the level it needed to be. So we’re redoubling down on that because Salesforce.com is just a tool; it’s the data that talks and you better get the data right. And your sales force needs help. It’s not fair to just say, “Make sure you use Salesforce.com.” They really need to understand very clearly why it’s important and the action/reaction of using the tool. And I think we’re getting there.

PANELIST: We’re a Microsoft CRM shop and have been for a long time. But I think part of my role now is, as long as you’re validating and documenting your actions in the field, asking, “What am I getting out of this box that I put all this information into?” So our ability to take the information out and make it actionable for the sales force is critical.

**Topic Three Challenges**

**MARK DONNOLO:** I want to ask you about challenges. As you look at sales operations, in terms of ROI and structuring the team and talent, what do you look at as your biggest challenges?
PANELIST: We are a historically decentralized, entrepreneurial company. We have 100+ market centers throughout the United States. And as a result of that culture you’ve got local decision makers that have historically been rewarded for those types of activities – the Wild Wild West – just doing their thing without any process in place. So I think our biggest challenge in our development is influencing those decision makers to understand the benefits of a centralized structure with a selling process vs. their local structure. I see that as our biggest challenge: where we sit within our growth and how sales ops sits within the overall organization.

MARK DONNOLO: Do you see sales ops becoming more decentralized at any point? Would that be a benefit to the organization?

PANELIST: I would say in some areas, like for instance education and training. I think we’ll be able to put together a centralized template. But in terms of how they implement those tasks, it will be regionally based. And clearly the organization doesn’t want sales ops to be so centralized that we’re not flexible and adaptable to all the marketplace changes. So when I say decentralized approach, we’re able to capitalize on all the changes that we all are confronted with in business and adapt to those, but also take best practices and apply them equally systemically throughout the organization. It’s a balancing act.

PANELIST: I think on the horizon the biggest challenge we’re going to have is related to our integration. We are going to have to bring two organizations together with two very different, separate, individual cultures. So looking at the communizing of compensation plans and even the go-to-market strategy, all of that. So that’s going to be quite a big undertaking here in the next six to eight months.
PANELIST: My biggest challenge is definitely systems. We’ve just got lots of different places that we’ve got to pull information, and our system challenges create a ripple effect on the sales operations team. First of all you’ve got highly skilled analytical people spending way too much time just trying to match data and what I call cut and paste. And ultimately that can lead to job dissatisfaction. It also leads to other constituencies within the company thinking sales ops is not high performing because when a group asks for something, sales ops is too system constrained. There’s nothing you’d rather do than get people the data and the answers they want but it’s just so, so difficult to do with the system limitations. This goes back to being such an enormous rollup, one of the biggest ever accomplished successfully. And systems have an enormous impact on operations, from an internal view, and it leads to frustration and career path type of things for my team.

Topic Four Advice

MARK DONNOLO: The last question is a two part question. What’s the biggest mistake you’ve made in sales ops, and what’s the best piece of advice you’d give to another executive on being successful with sales operations.

PANELIST: The biggest mistake I made in sales operations was, I made a one of those brilliantly obvious observations coming in the door that the sales compensation system was way too complicated. It was multiple three-ringed binders of comp plan mechanics and information and it was just impossible to understand, very difficult to manipulate and report against. So we put a huge effort into simplifying our comp plan and made great strides. Then we dropped it on top of a new complex coverage model, and the coverage model took all the simplicity we potentially built into our comp plan and reintroduced new complexity. Once it started happening it was too late. I
thought we were going to make a huge stride on simplified comp and then as we were finishing the roll out and mapping against a new sales coverage model a lot of the simplicity we had built in was lost in the complexity of coverage.

So I guess the lesson learned is you just have to be very careful because everything is intertwined.

In terms of advice, it’s so obvious but it goes back to this: we’re all about generating more revenue. That’s it. It’s not about generating reports or anything else. I really believe every action is back to that mantra of increasing capacity for sales.

MARK DONNOLO: Clarity of vision.

PANELIST: Piggybacking off of what he just said, and I said this is a challenge in our development because I’m seeing this more and more over the last couple of months; don’t get stuck in a project. To me reporting is reactionary. What I’m interested in is the analysis part of it. What does that report tell you and how can that help us reduce non-selling activities which will result in increased revenue? Don’t get stuck in projects instead of driving revenue.

And the other advice is from a strategic perspective as well as from a tactical perspective: if you don’t keep senior management involved and in the loop you may lose your way. We’ve been fortunate enough to have an executive sponsor who’s been a champion of sales ops and has enabled us to position this department so it can have the impact that it was designed to have. Without that executive sponsor it certainly would have made this road a lot more difficult, and some of the early successes we have had may not have come to fruition.

MARK DONNOLO: That executive sponsorship is an important point. I see that also outside of sales operations within sales, that you need clear leadership and support from that leadership to really make things happen in the organization, especially when things start to get dicey on implementation and tough decisions.

PANELIST: Right. And the reason why that was extremely important to us is we changed the dynamics of our sales roles. Through the course of building the sales operations department we underwent for about 12 months an extensive look at our business to identify our core, near core, noncore businesses. It started with that. And then we asked how we can improve the effectiveness of the sales force. So in tandem with growing the sales ops department we were involved in a very aggressive and very far reaching assessment of our business and our go-to-market strategies. Without that executive sponsor – in and of themselves both of those two areas are difficult – but in tandem, working simultaneously, it would have been, frankly, a mess without that senior executive sponsor keeping us on the right track.

MARK DONNOLO: Thank you all.
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