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The Power of Managing With Leading Indicators

Transforming the Productivity and Culture of Enterprise Sales Team

Content

Executive Summary

When you're running a sales team, you're ultimately guiding them towards the same destination: closed deals.

But just because you know where you want to be doesn't mean the journey's any easier. Today's buyers bring a whole new set of challenges. They're more informed about your products and services, about the market you play in, and even about your competitors.

While you may be doing everything you can to keep reps on the right path, it can sometimes feel like you're driving with your eyes closed without being able to see the road ahead.

Read on to learn how, with leading indicator data you already own, you can build your team a sales GPS that doesn't just get you from point A to point B but helps you anticipate the road ahead for the most effective route to closed-won.
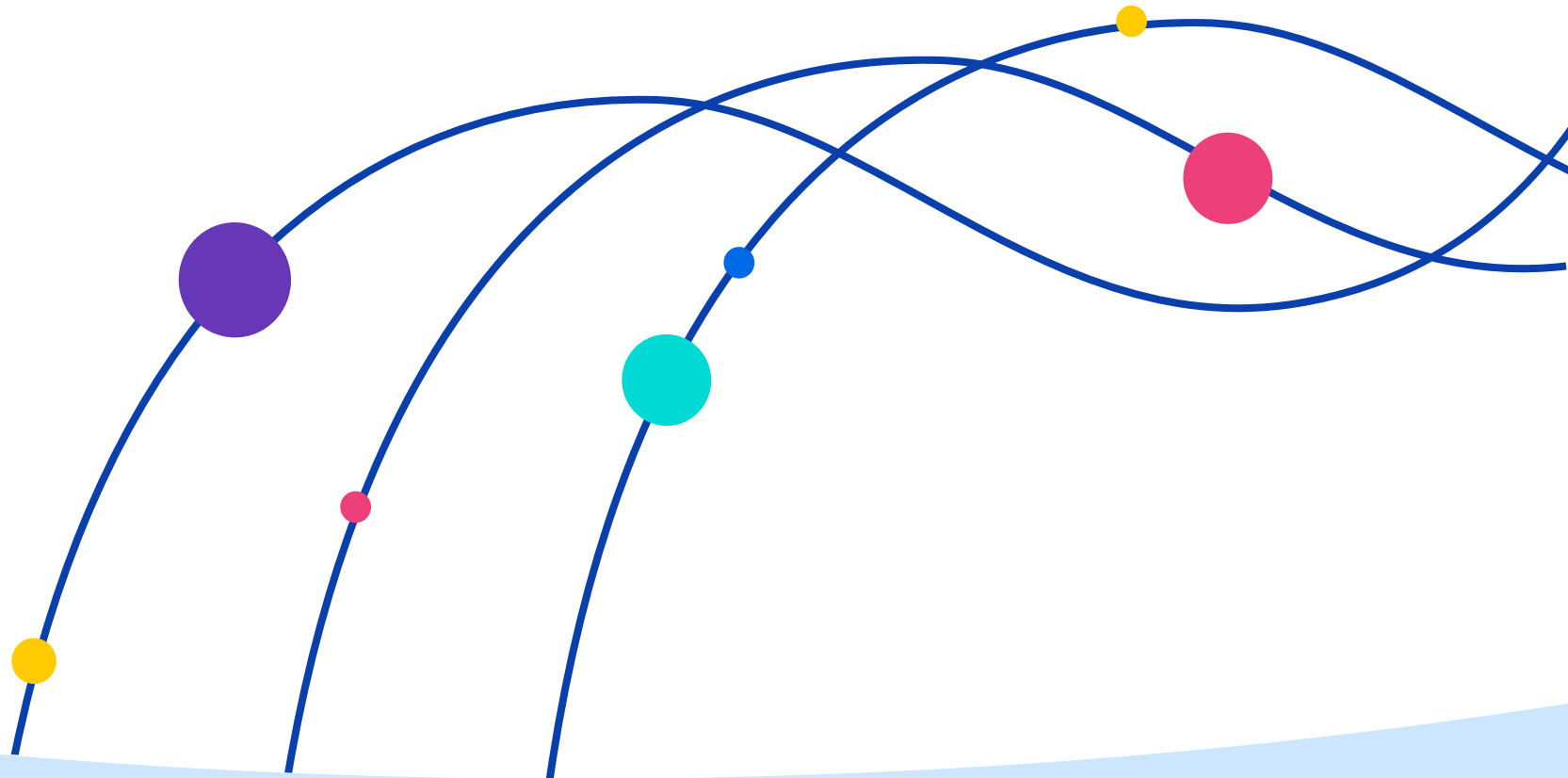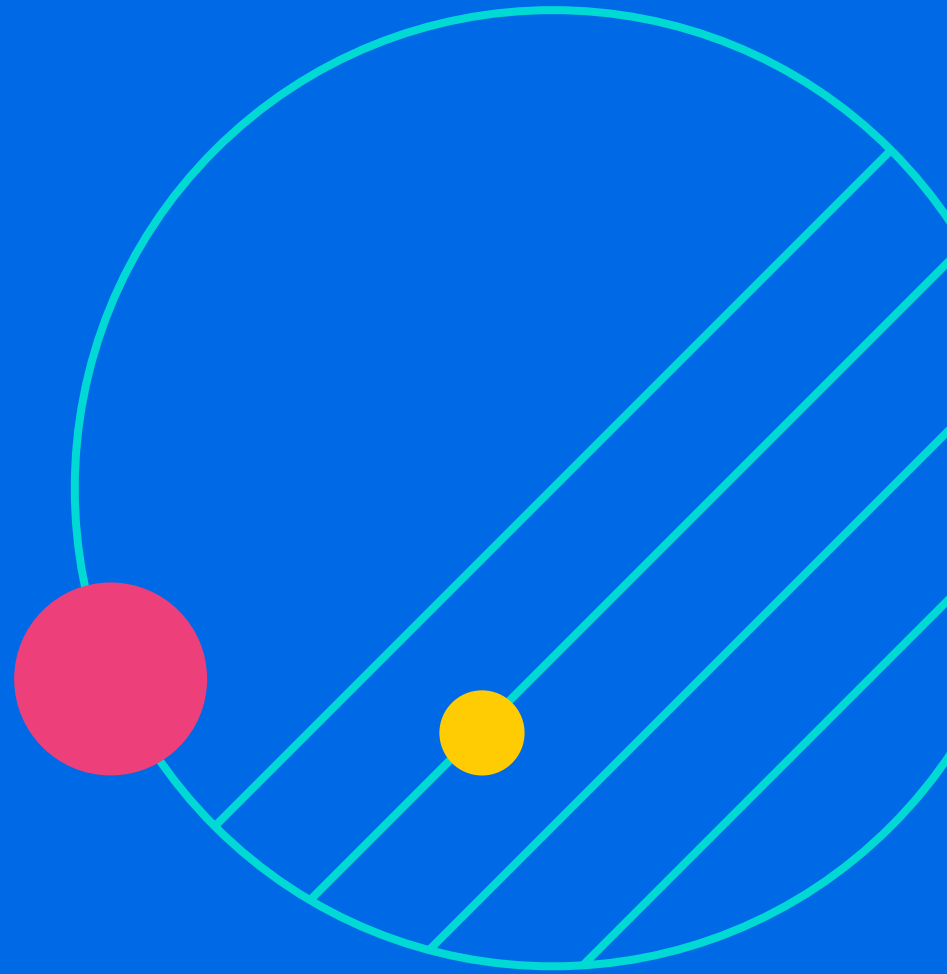
The World of Sales Management Has Reached the Tipping Point

If someone were to ask you who your top reps were, you'd probably be able to name them right off the bat. But could you describe what they're doing differently than the rest of your team? What types of activities do they engage in, how they spend their time, or the personas they're reaching? **Probably not,** and you wouldn't be alone in that. Many sales leaders struggle with this same problem, which compounds when they meet with reps for coaching sessions or deal reviews.

You'd think that with all the sales tech out there (and there's a lot), you'd have an easier time answering these questions.

The reason that hasn't happened? **Because it's not just about the technology you choose, it's also about the people behind it and how they've learned to think about the problem.**

Traditionally speaking, sales leaders have looked at past outcomes, i.e., lagging indicators to judge how well their team was performing and whether they were successful. The ironic thing is that even though lagging indicators are supposed to be a benchmark of success, they don't do anything to guarantee it.

Let's not forget that the more mature the buyer, the more the seller has evolved. Before, buyers had to go directly to reps for everything they needed to know about your products, services, or pricing. But today, most of that's just a Google search away. This means the modern sales rep carries far more responsibility for knowing what their buyers care about, researching those topics, and developing personalized content delivered in a high-touch, multi-channel manner. By leveraging leading indicators to coach your sellers, leaders enable a far more agile, adaptable workforce to meet these modern buyers' needs.

The Smart Selling 2019 Sales Technology Landscape includes over 600 distinct solutions, an increase of 25% from 2018.

Of the sales organizations surveyed by CSO Insights:

64.4%

35.6%
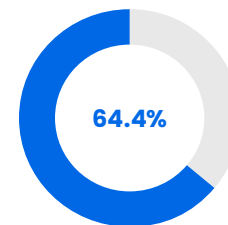
Of the sales organizations surveyed by CSO Insights, two-thirds (64.4%) used only lagging metrics (revenue, new account revenue, margins) to measure and compensate their sales leaders.
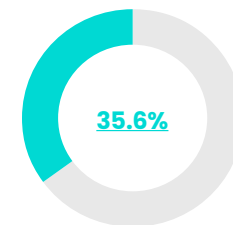
Just one-third (35.6%) used leading indicators (seller engagement and retention, client retention, forecast accuracy, etc.)

Traditional Sales Management Focuses on Lagging Indicators
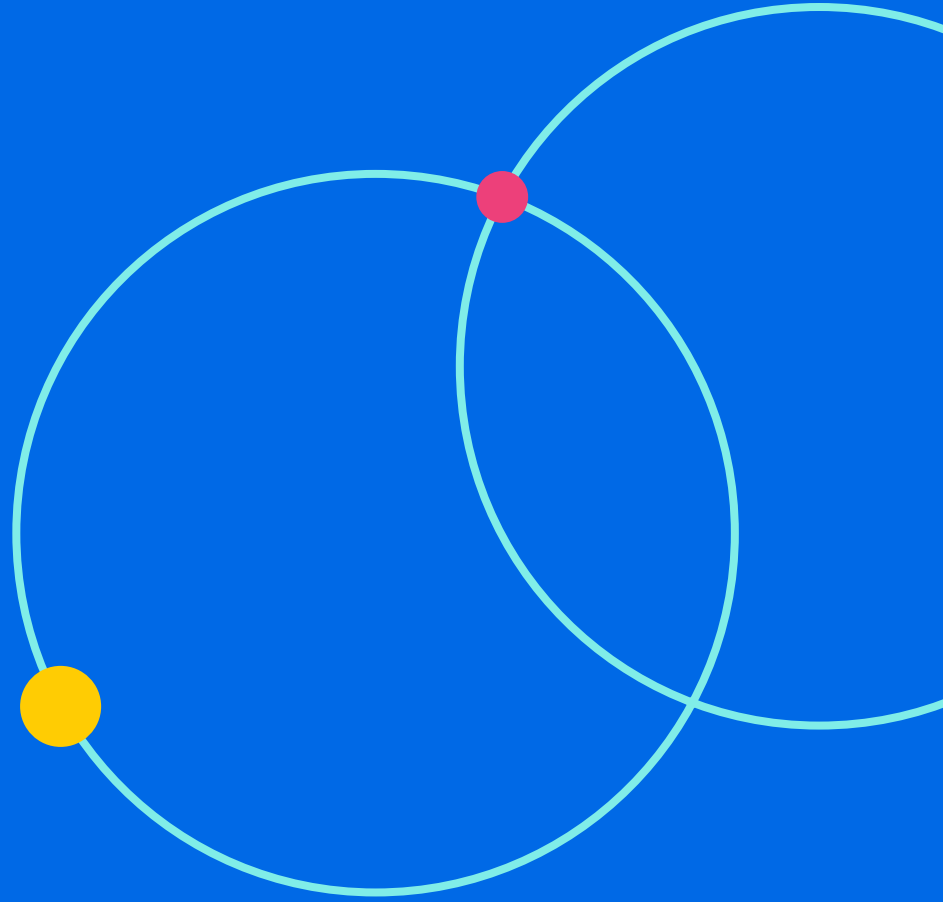
You've had your hands tied to a way of managing that's causing more problems than it's solving. Lagging indicators are outcomes, not inputs. And while they serve the purpose of defining your destination, they don't help determine what it takes to get you there.

Some examples of lagging indicators can include:

Quota attainment	Average deal size

Number of deals won	Average deal length

Number of deals lost	Number of product lines sold

It's not that lagging indicators don't serve a purpose in coaching; they do. Leaders should look at lagging indicators as their measure of past success. However, it's leading indicators that help you shape that success at the moment, not once it's passed. So why haven't more organizations made a case for coaching by leading and not only lagging? Because more often than not, some big roadblocks are standing in the way.
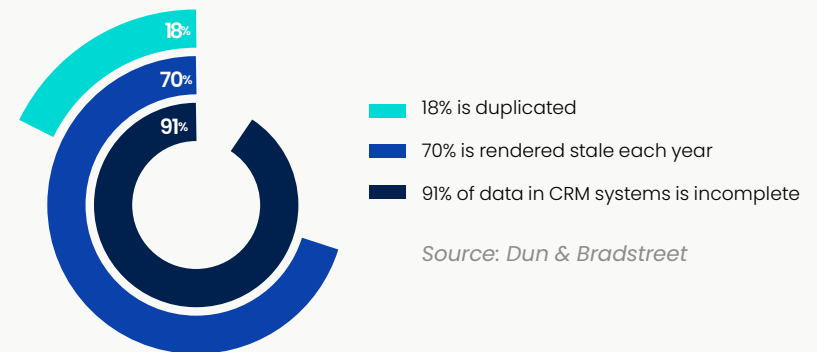
Let's take a look at the three most common:

1. Leaders lack objective visibility into sales activity data

There's not a single sales leader who hasn't been burned by "bad" data. It's the classic struggle: do you spend your time chasing down reps to log activities and contacts back to your CRM, effectively taking them off the "selling floor," or do you try to work around the data you've got, knowing deep down that it's probably not that accurate?

How can you be expected to anticipate risk or change behavior if you don't have objective data? Furthermore, suppose you're spending half your time trying to piece together the entire story. That's time lost that could have been spent on high impact activities like strategizing with your rep on how to maneuver deal detours, connect with the right people, or get creative when it comes to pricing.

According to research by Dun & Bradstreet

- 18% is duplicated
- 70% is rendered stale each year
- 91% of data in CRM systems is incomplete

Source: Dun & Bradstreet

2. Misalignment on key sales metrics

The focus on lagging indicators is grounded in a more traditional process measured and reported on by sales ops. But ops can only report on the metrics they're told matter, which comes from sales leaders. When leaders only have access to outcomes rather than inputs, ops cannot choose but to lean on those metrics to execute strategy on headcount, territories, and compensation. A shift can happen, but it hinges on two essential factors: access to objective data and a shared understanding of why leading indicators should be the new true-north for the business. The longer teams go without, the larger the gap between leader, rep, and ops becomes, with ops ultimately being siloed into a "backseat driver" position rather than where they belong: **riding shotgun with leadership.**

3. "Trust me" sales culture

If you had a nickel for every time you heard a rep say, "trust me, it's in there," well, let's say that you'd probably be tanning on your private island rather than sitting behind your desk. The imbalance of trust vs. truth isn't a new problem for sales teams. Reps tend to be territorial about the amount of information they share with their managers, not because they purposely want to be duplicitous but because they're worried about what it could mean for their position on the team.

The competitive nature often exhibited in sales reps doesn't automatically translate into confidence, whether around deals, account engagement, or even themselves. When the disconnect between confidence and competition grows, so does mistrust between rep and manager. Where reps might interpret a leader asking about past activities or time spent as a sign of distrust, past activities are often the only data points leaders have to formulate a plan around coaching or deal acceleration.

Use Leading Indicators to Anticipate Risk and Shape Outcomes
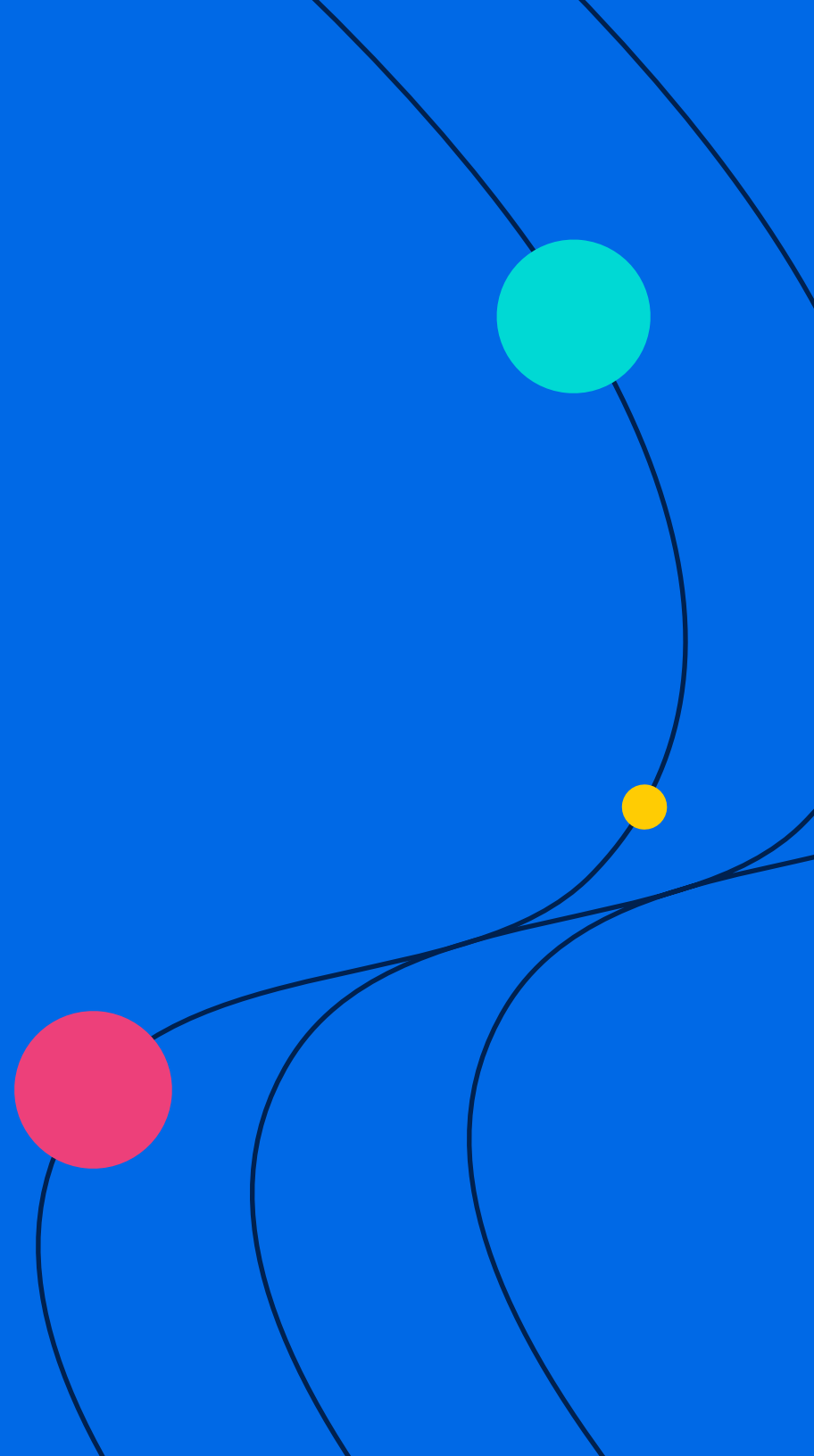
Let's imagine that your sales process is a road. Your initial starting point is awareness, and your final destination is closing the deal. As someone who's been on this trip many times before, you know that it's rarely as simple as going from start to finish. Roadblocks pop up out of nowhere; detours force you down a different path, other cars cut you off—the point is, it's not linear.

Now imagine that you're driving down that same road, but you've got a GPS with you this time. When there's upcoming traffic or detours, you're alerted ahead of time so you can make a judgment call of whether or not you still want to go down the same path or head in a different direction. If you need to change course, your GPS is there to recalculate your trip and direct you back to your final destination in the most efficient way possible. That's the real benefit of leading indicators: they're the GPS guiding you through the sales process.

John McMahon, creator of MEDDIC and Board Member of MongoDB and Snowflake—believes leading indicators are a way sales leaders can understand and analyze plays and guide their reps. "You need a way to analyze what went right and what went wrong in each stage of the sales process. Then you can help reps understand what knowledge they need or what skill we need to help them develop to be more successful."

By switching to leading indicators, you're able to see much further down the road, whether it's quarter or year-end, to gauge whether you'll hit or miss targets. That's because leading indicators are based around early activities that translate into pipeline generation and maturation, not just results.

How many meetings did your reps have in the last seven days? How many were new business meetings vs. existing customers? Are they doing anything today to influence next quarters' opportunities? Leading indicators can surface the answers to these questions, helping not just give you a clearer picture of the road ahead but also the ability to surface what activities drive the highest impact.

Network development – Pipeline generation

- Total emails sent
- Unique people engaged
- Count of prospect accounts engaged
- Count of accounts engaged without open pipeline
- Pipeline build

Communication of value –

Discovery - Champion building and qualification

- Total meeting hours
- Total partner hours
- Total opportunities created

Pipeline acceleration

- Current quarter opportunities engaged
- % of opportunities engaged
- Current quarter opportunity progression
- Closed pipeline

Future quarter pipeline generation

- Future quarter pipe engaged / Last 14 days
- Future quarter pipeline progression

Acknowledging the impact that leading indicators can have on your coaching efforts and, ultimately, sales productivity is the first step. The next is to use that knowledge to shape how you capture data, how you align on the metrics that matter, and how you communicate the value of these changes to your reps.

1. Influence the quarter's trajectory

You know better than anyone who relies on reps to add activities, conversations manually, or contacts manually is a losing battle. Yet without that data, there's no way for you to establish what your leading indicators are, let alone use them to coach.

Luckily, today's technology has made manual data entry go the way of the fax machine. By automatically capturing and logging your rep's engagements, whether that's emails sent or contacts touched, leaders gain full visibility into what's working, what's not, and what they need to do about it. With this kind of knowledge, leaders can firmly plant themselves in the driver's seat, confident in where they steer their team and why.

2. Bring Ops to the table and align on the metrics that drive outcomes

With access to objective data comes the ability to pinpoint the activities that lead to outcomes, and that's where sales ops can shine. They can help analyze and understand what leading indicator metrics should be side by side with sales leadership. Rather than a backseat driver, they can ride shotgun with you, keeping you focused on your final destination. With a shared understanding, ops can more effectively plan and adjust around headcount or territories because they finally have enough foresight and facts to make strategic, long-term decisions that align around the ultimate destination: closed deals, exceeded quotas, and a healthy business.

This shared understanding also translates into a shift in behavior from your reps. With alignment and an exact position from ops and leaders on expectations around activities, contact engagement, and time spent, reps can drop what doesn't ladder up and focus their energy on what does.

> " Your ultimate goal is to get as many salespeople to hit quota as possible—your leading indicator there is whether you have enough pipeline, and your leading indicator to that is activity."
>
> **Diane Palmer**
> Senior Director of Revenue Ops
> & GTM Strategy, New Relic
>
> **New Relic.**

> " Once you figure out the leading indicators and have the data to underpin it, two things happen. First, it's easy to get people to buy in because you're essentially giving them the winning lottery numbers. Second, you can track yourself and your team against those things on a weekly basis to make sure you're doing them—and can course-correct if you're not. You can also build tools around those to ensure you're not only executing those activities but doing so brilliantly."

Jeremy Duggan
President and Board Member at WhiteHat

WhiteHat

3. Change the conversation, change your sales culture

To some degree, you can't blame a rep for being skeptical of change. After all, aren't they trained to identify and avoid risk whenever possible? So it's understandable that they'll probably be some apprehension when reps learn that the metrics they've historically been coached and compensated on are changing. There's a good chance that announcing a change like this could breed even more distrust among the team.

Changing sales culture doesn't happen overnight. However, it does happen faster when everyone—leader, op, and rep—understands the road ahead, why they're on it, and where they're going.

When introducing why you're changing from lagging to leading indicators, it's important to emphasize that by having real visibility into what's worked in the past, reps now have what they've always wanted: clear direction on exactly what helps build pipeline and generate revenue. The fact that leading indicator data comes from your own team's performance also brings a level of credibility that can change even the biggest skeptic. It lifts the veil of doubt and opens the door for leaders and reps to have honest conversations around performance, expectations, and growth.

> "The leading indicators are not about yelling at the scoreboard or saying, 'Look, this person is not doing their job.' You can figure that out without leading indicators. Leading indicators tell us exactly where a sales rep is struggling so we know where to focus and can work together. It's on us as leaders to coach and develop and help reps' ability to create a more targeted pipeline generation plan, and refine their messaging to really identify our core differentiators and the value that they're selling."

Brian McCarthy
Chief Revenue Officer at ThoughtSpot and former VP of Sales at AppDynamics and Qlik

ThoughtSpot
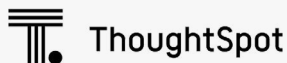
Real-World Customer Example

TIBCO™

Let's take a look at TIBCO on how their shift from lagging to leading indicators transformed their coaching approach and increased rep productivity:

TIBCO, a global software leader in generating over $1 billion in annual revenue, recognized an inherent tension in traditional approaches to improving sales data: the more time reps spend entering data, the less time they spend selling. Automating data capture laid the groundwork for better sales coaching at TIBCO. "We're leveraging the data to develop people and processes. We can look at trends, evaluate leading indicators, and use those as the basis of conversations," says Director of Sales Strategy & Technology, Kishen Mistry.

Managers can now analyze how reps allocate time, identify high-value opportunities that warrant more focus, and determine the incremental activities that could improve performance. "Even with an Account Executive who's hitting all the right metrics, we can often surface an insight that will give them a crucial few percentage points of improvement," says Mistry.

"You need a clear methodology for how you're going to transform an organization – and you need buy-in from the Account Executives. A lot of the time, those AEs might be nervous about the data you're collecting, but when you bring them into the loop and show the value it's giving them, they become more open to your feedback," concludes Mistry.

How People.ai Helps Businesses Unlock Growth with Leading Indicators

Let's recap:

1. Lagging indicators are common measures of success yet do nothing to guarantee it.
2. Your most competitive rep isn't necessarily your most confident.
3. No success, or strategy, can take root without objective data.
4. Changing sales culture depends on both data and discussion, not either or.
5. Another key takeaway? Leading indicator data is also about your reps' personal development.

As a leader, you're in constant search of ways to encourage and develop your team, even when that adjustment is a small tweak vs. a larger behavioral shift. Leading indicator data helps managers pinpoint exactly what reps need to focus on to be successful and understand and appreciate the larger picture. When that happens, you're not just helping shape a better rep; you're helping them become the professional they were meant to be.

How does a business go about unlocking this kind of growth? It all starts with the data. With People.ai's Sales Solution, who your reps are meeting with, the conversations they're having, the activities they engage in, and where they spend their time is automatically captured and surfaced to focus leader's on what's working vs. what's not with plenty of runway to do something about it.

> " Warren Buffett said, 'It's when the tide withdraws that you see who is swimming naked.' That's exactly what's happening now. Before, everybody was buying enterprise software so every sales team thought they were amazing. Now that the tide is withdrawing, the sales organizations that keep soaring are the ones that have been doing the right things all along and consistently."

Cedric Perch
Chief Revenue Officer at MongoDB

mongoDB

Our AI-powered platform automatically captures activity and contact data, matching it to the right accounts and opportunities inside your CRM with industry-leading accuracy. This gives leaders unprecedented visibility into team performance. With these data points, managers can finally see the full picture driving growth and know precisely where to focus on coaching, deal reviews, or forecasting.

At People.ai, we didn't just build the platform for other teams to leverage—our own sales team has shifted to leading indicators as well. In the words of Dan Zhang, VP of Business Operations here at People.ai: "We run our sales team focusing on leading indicators that we know guarantee success. It tells you everything you need to know about your own business. It's factual, therefore indisputable—it removes the 'context.' It allows course correction before failure."

Are You Ready to Meet Your New Revenue Co-pilot?

Learn more about how People.ai's Sales Solution can transform the productivity and culture of your sales teams.

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