The Big Book of Great Revcasting

Volume 1: Preventing Revenue Plan Failure

Revcast

The Big Book of Great Revcasting*

Volume 1: Preventing Revenue Plan Failure

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Chapters:

1. **Why Traditional Revenue Planning Methods Are Set for Failure.** Revenue planning is complex and should involve multi-departmental decision-making, iterative planning, and execution. Gain new ways to think through common pitfalls including poorly defined strategies, inadequate planning calendars, data chaos, and reliance on spreadsheets. *Page 4*

2. **How to Calculate the Right Ramp-up Periods for Your Sales Org.** A focus on understanding and calculating sales ramp-ups, considering average sales cycle length, onboarding time, and using historical performance data. *Page 16*

3. **The Game of Ratios: Making Pipeline Coverage More Than a Theory**. Better understand the importance of effectively managing and diversifying pipeline coverage to avoid relying too heavily on a few deals. Read practical advice on how to implement this approach through detailed planning at the individual rep level. *Page 28*

4. **So Much Data, So Few Answers: How to Fix Data Chaos in RevOps.** Data challenges related to revenue operations can hurt decision making and goal setting. Review an approach to tackle data issues by establishing a governance plan, data dictionary, and ensuring executive alignment and stakeholder buy-in. *Page 36*

5. **A Solution for Pipeline Capacity Planning.** Get introduced to Revcast's solution for centralized, collaborative, and agile pipeline capacity planning. It stresses the criticality of integrating sales and marketing in planning processes to ensure the organization has the capacity to meet and exceed revenue targets. *Page 43*

***Revcasting: The practice of driving higher revenue achievement through comprehensive go-to-market planning, measurement, and agile optimization**

Introduction

Welcome to the world where revenue planning meets innovation. "The Big Book of Great Revcasting: Volume 1 - Preventing Revenue Plan Failure" is designed for those who sense that the traditional paths to revenue planning and forecasting might not be holding up against the rapid pace of today's business environment.

In this volume, we challenge the conventional wisdom, not by dismissing the foundational principles of revenue planning, but by building upon them with fresh insights and methodologies tailored for today's dynamic market. It's a guide for the forward-thinking professional who believes that understanding the nuances of sales org ramp-up periods, navigating the complexities of pipeline coverage, and solving the puzzle of data chaos can lead to breakthrough performance.

We'll explore why many revenue planning and forecasting efforts fall short and provide you with the tools and concepts to chart a more accurate, agile path forward. This isn't about discarding what we know; it's about enhancing and expanding our toolkit to include strategies that are as adaptive and innovative as the market demands.

This is your invitation to join a conversation that's rethinking the approach to revenue operations. It's for the strategists, the planners, and the doers who are ready to take their organizations into a future where revenue planning is a driver of growth and not just a forecast. So, let's dive in together and discover how we can transform the challenges of today's revenue landscape into the successes of tomorrow. *– Jeff Serlin, Chief RevOps Officer, Revcast*

CHAPTER 1

Why traditional revenue planning methods are set for failure

The role of Revenue Operations within an organization is still fairly new. As it becomes increasingly clear that the go-to-market supply chain is interconnected, the need for an operations team that works across GTM functions and drives alignment and transparency between these organizations is paramount.

Great strides in increasing accountability and revenue predictability have been made through the birth of Revenue Operations. But with 80% of sales orgs still missing their forecasts by 25% or more, there is still much work to be done.

Revenue planning is not easy. It spans multiple departments, takes several months, requires massive coordination, and regular communication. The first step in any great revenue planning cycle is to determine the strategy and the priorities for next fiscal year and, in turn, what is deprioritized. Ultimately, these decisions are agreed to with the Board of Directors then communicated to company leadership.

Once the strategic decisions have been made and priorities agreed to, the RevOps and FP&A teams are then tasked to work with their partners to drive the planning details and execute the planning cycle.

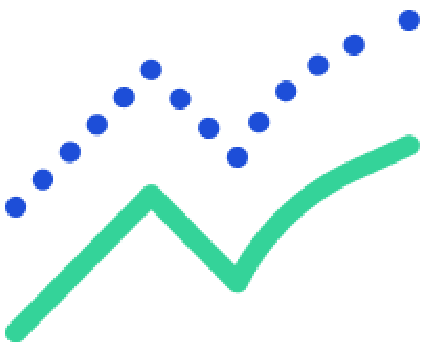
The goal is to drive aligned outputs:

Targets	Model design	Hiring and resourcing
Top-line revenue/booking growth (by fiscal quarter) By geography and segment By type: new, existing, retention, churn By product / offering Budget / cost	Sales structure Quotas Ramp times Territories Marketing contribution Funnel conversions Productivity expectations	Headcount needs and timing for: sales reps, SDRs/BDRs, solution engineers, managers Sales capacity and quota on the street Total compensation Attrition Tactics

The above should be done in an iterative manner, evaluating alternatives to hone in on the best plan that aligns with priorities and risk profile. In addition, the stakeholders who have to execute and are held accountable to the above must be part of the process. They need to have a chance to provide input and feedback and to evaluate and comment on alternatives. They should also feel a sense of ownership and engagement in helping to shape the plan in order to get their buy-in and drive accountability to execution.

Why many planning efforts fall short: 4 common reasons

1. Company strategy is not well defined



If company executives and the board of directors haven't defined the strategy for next fiscal year, detailed planning is likely a waste of time. The initial stage of annual planning is crucial because it sets the direction for numerous follow-on strategies and tactics that must be planned for, prepared for, and executed. For example, the company's strategic direction may be to grow its European business to be on par with North America, improve efficiency in its North American business, or grow a new product to 10% of revenue. Each of these decisions drives various tactics and levers that impact the detailed planning around investment, spend, organization design, headcount, KPIs, and compensation.

Unfortunately, even when there is a strategy, it's not unheard of for the CEO and BOD to introduce a completely *different* strategy within 30 days or even after the start of next fiscal year, expecting the team to create a new plan in a short time period (re-planning).

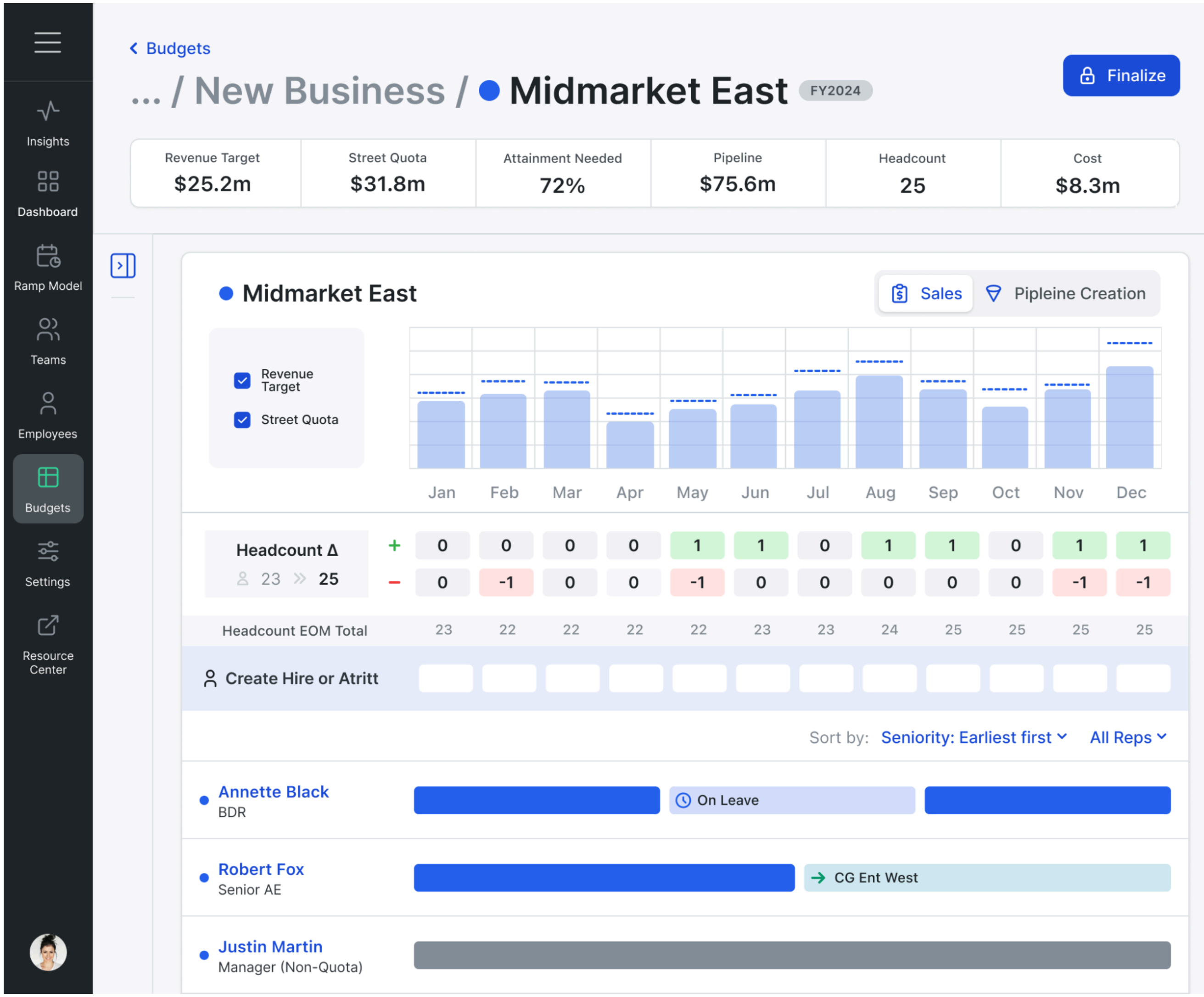
Also, if planning doesn't begin early enough before the start of the new year, the time available won't be long enough to conduct a thorough data-driven analysis, go through iterations, gain feedback and buy-in from stakeholders, and execute all the readiness activities required to start the new year ready-to-go. All of this leads to plans that don't have stakeholder buy-in, have poorly derived assumptions, and flawed expectations.

Example

The North American Enterprise Business team has been primarily selling the company's lead product and exceeding their targets. Given a lack of direction from company executives on next fiscal year's strategy, they worked with RevOps to create a plan with the same strategy and growth of the year finishing up.

Two weeks before the start of the new year, the CEO announced that after a conversation with the CFO and BOD, they've decided to accelerate the adoption of a new product and need to create a dedicated team in the enterprise segment exclusively selling that product. All the effort and outcomes, including quota, territories, organization design, headcount planning and demand generation, put into the already-developed plan have to change as the team is busy finishing up the fiscal year and planning kick-off. The new plan is rushed and not optimized, and some previously communicated decisions need to be walked back leading to low morale and poor results.

Recommendation for that example: Start driving next fiscal year's strategy discussions, conducting offsites, collecting and evaluating data, and getting input from segment leaders starting at least 90 days from the start of the coming year. If you don't know how to do this, engage with outside consultants who have a ton of experience, proven frameworks, and the ability to facilitate this effort. Give your company enough time for deliberate thought, debate, and evaluation of alternatives to complete the planning of the details.



Screenshot of Revcast's budget planning capabilities

2. There's no clear planning calendar

Planning can have hundreds of specific steps, tasks, and dozens of iterations over many weeks and months. Many have dependencies (such as knowing if a goal is to grow a segment by a target %) that impact strategies and tactics, organization design, headcount and capacity plan, cost and productivity measures, and demand generation tactics and budgets. If you aren't executing against a shared calendar, you will fail to plan for all the pieces, in the right order, in an efficient way, and in a manner that drives collaboration and accountability.

Example

Due to lack of a planning calendar and a communications plan, the sales team for the Mid-Market segment has been working on generating a plan to drive 50% growth YoY while the marketing team in parallel has been working on a demand generation plan to drive 30% growth YoY. With a month to go until the start of a new fiscal year, they are pulled into a joint planning review meeting that was scheduled just a day prior and asked to share a 40% YoY growth plan. They are given just one week to revise and present the 40% plan.

Recommendation: Create a cross-functional planning calendar. This should document what needs to be done, when and in what order, who does it, and who needs to know about it. A decision-making framework, whether it be RAPID, RACI, or something else, needs to be deployed along with a communications plan and cadence for review and status updates. This is to ensure that the needed participants are consulted and engaged so alignment is achieved, that there is clarity in who approves decisions, and that outcomes are communicated across stakeholders and organizations.

3. You’re struggling with data chaos

Massive amounts of data need to be leveraged for planning. This includes historical data, forecasted data, and data allowing for analysis to be conducted. The data that is needed is often incomplete, non-existent, or not fully trusted – resulting in a massive amount of time and effort to get it to a place where it can be comfortably relied on and incorporated into planning.

Data chaos is often a result of several factors including a lack of standard data definitions and models across systems and online and offline sources across teams making it difficult and time consuming to combine into a single analysis. Sources are not always defined, and the same data may exist in multiple locations, contradicting the other with no clear point of view on which to use and trust. Some data needed may have never been captured historically and efforts to work back in time to create this data often lack accuracy.

Example

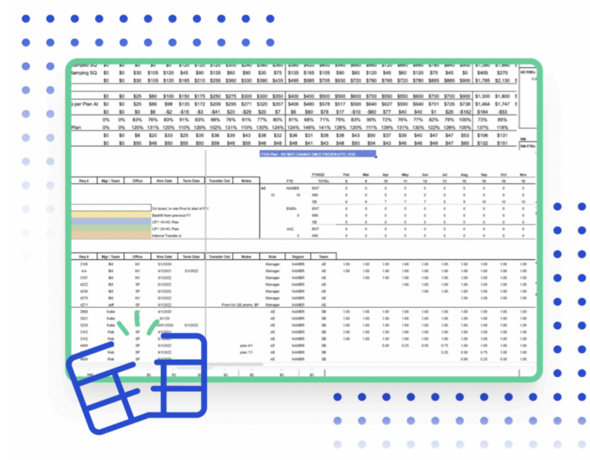
RevOps is facilitating the effort for Sales and Marketing to jointly develop a demand generation plan, programs, and budget to drive significant growth across all segments. Marketing collects lead sources in their marketing automation solution and sales collects them when an opportunity is created. These sources have not been defined and aligned between Sales and Marketing and the data doesn't flow through all the systems to provide linkages. When each team surfaces their data on sources, the differences were so vast that it was hard to reconcile. In addition, given that a governance document and workflow was never developed, the team is finding it impossible to go back and link thousands of opportunities created by Sales with the upstream lead sources. The team now has to work with data that's incomplete and unreliable to develop the plan. Neither Sales nor Marketing is comfortable with the plan or confident it will lead to results given the untrustworthy data

.

Recommendation: Create and empower a cross-functional data quality team whose mandate is to solve the data chaos challenges. The team's deliberations and work should produce a governance document as the main deliverable. This document will describe data ownership and sources, workflow through systems, data definitions, by whom and how data is updated and verified, and a process to ensure maintenance and changes are conducted in a manner that retains a high level of integrity and trust.

4. Spreadsheets remain the norm

Spreadsheets have served as the backbone of planning and forecasting, especially when it comes to sales capacity. *But...*



- They are **heavy on administration**, tedious to upkeep, and are difficult to control, scale, and share, which often results in a lack of transparency and accountability.
- **Models can quickly become large and comple**x as your business grows and evolves – with potentially dozens of worksheets and thousands of rows making them hard to maintain.
- **Updating them with actuals** on a regular cadence is laborious, and even if you tried, it's hard to monitor a large set of KPIs when there's no alerts for missed signals.
- They are **brittle and error prone**; It's easy to create data errors, break formulas, or pull from the wrong cell, making errors hard to spot and leaving many to remain unidentified.
- **Sharing and creating visibility is a challenge**, and because it's difficult to generate multiple scenarios it often isn't done.
- Structured **workflows are non-existent** and little context is captured when changes are made.
- Sheets are **not multi-user friendly**, even if you share with others in view-only mode, and it is nearly impossible for someone that hasn't lived in the spreadsheet to understand what they're looking at, find what they are looking for, or trace the drivers.

Example

RevOps, FP&A and Marketing have been working on modeling and analyzing a combined funnel plan, from leads to closed-won for each of their segments and geographies to drive total alignment between the GTM organization. But, with the number of segments, teams, and reps increasing, the planning spreadsheet has grown to 20+ worksheets and 1000s of rows.

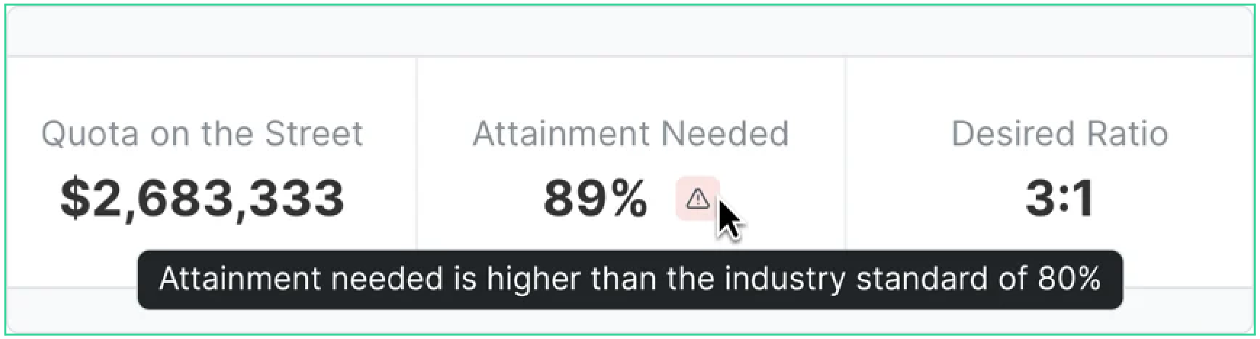
The formula to calculate the conversions from MQLs to qualified opportunities was entered incorrectly and pulled from one stage further downstream. This error was perpetuated across all segment and geography combinations, leading to conversion rates that appeared higher than they actually were. This resulted in a MQL plan that understated what was needed to generate enough pipeline to achieve the goals. This was not discovered until the new fiscal year was underway and the company started to forecast misses in both their pipeline and revenue targets. The discovery forced them to drop everything they were working on and a massive, rapid effort to replan MQL targets driven by related marketing programs and budgets.

Recommendation: Ditch the spreadsheet. Solutions like Revcast let you take advantage of a best-in-class total pipeline capacity planning model and avoid the challenges and limitations of continuing to rely on spreadsheets.

The future of revenue planning

It's time to stop wasting company resources and missing revenue targets with sub-optimally executed, error-prone, and brittle revenue planning methods. By building better and more accurate plans you are able to improve performance.

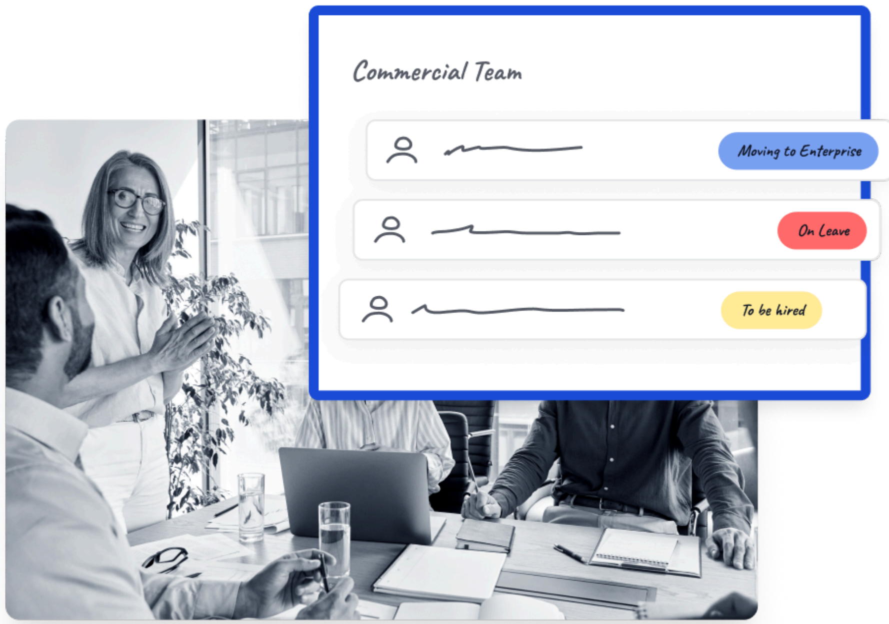
Current methods make it hard to align pipeline, sales execution KPIs, recruiting funnels, sales quota, and other planning assumptions. And there is an over-reliance on status meetings just to update the data. Once you get into the fiscal year, it is challenging to update actuals as often as needed and monitor drivers of performance. In addition, because there are no risk alerts, key signals are often missed. The result is that corners are cut in the planning cycles, and the plan isn't managed or forecasted against with the frequency it should be.



Revcast showing an in-app alert comparing a plan to benchmarks.

Outstanding revenue performance starts with a great plan. What we need now is the ability to build better plans and identify risks and opportunities earlier resulting in improved forecasts and increased revenue. While there are [best practices] organizations can adopt right now to begin to address these issues, what RevOps and other leaders involved in planning really need is a purpose-built true solution that enables collaborative planning and agile decision making that allows you to shift to being more proactive and strategic.

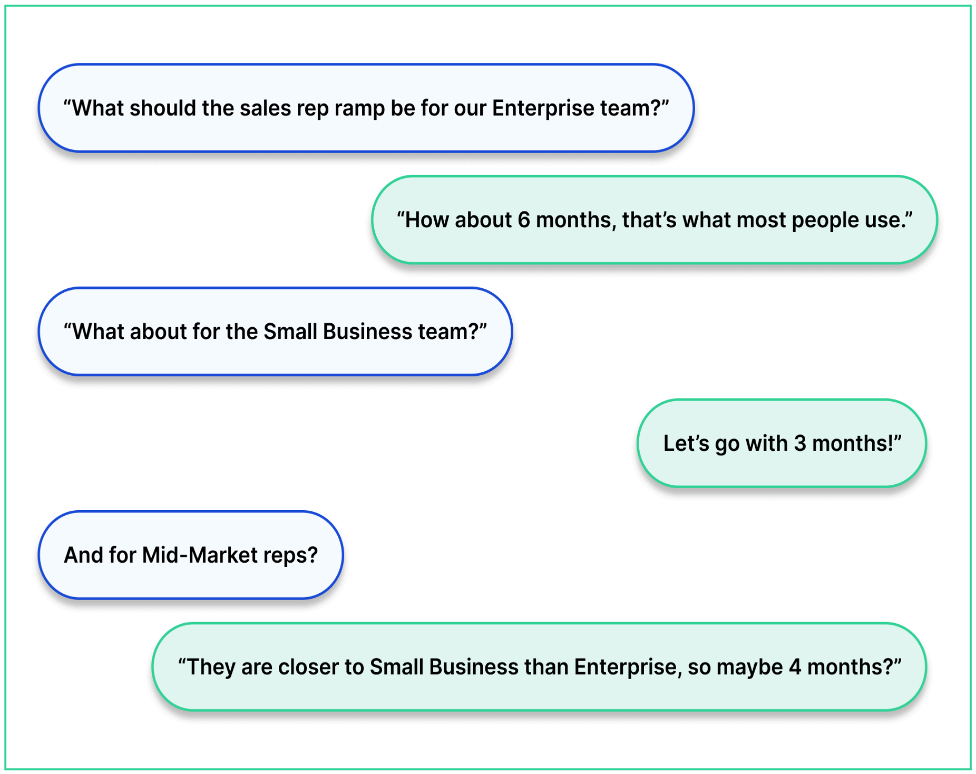
Revcast is built by RevOps leaders for RevOps leaders to address these challenges. To learn more about how we could help your sales organization, click here.



CHAPTER 2

How to calculate the right ramp-up periods for your sales org

Is the following how your analysis goes when setting sales rep ramps during planning?



If not, that's great, but unfortunately too many companies just make a quick decision, use minimal data, go with what they have used previously or what a sales leader or finance leader tells them to use.

What is a Sales Ramp?

When a new sales rep joins a company, they need to go through onboarding and enablement to be in a position to work leads, engage with prospects, articulate the solution and value, handle objections, and differentiate against the competition.

In addition, the new sales rep is building and progressing pipeline, which takes time. The length of the sales cycle also has an impact on sales rep ramp time. Even if a sales rep is able to build pipeline from day 1, an average sales cycle length of 90 days should be considered when creating a new sales rep ramp model. During this period, as the sales rep is learning, they are ramping up to the productivity of an experienced sales rep at the company. Simply stated, a new sales rep ramp is the measure of time that it takes for a new sales rep to be fully productive. A representative 5 month sales ramp schedule is below:

Month	1	2	3	4	5	6	7	8	9	10	11	12	Annual Quota
Ramping Rep Full Quota	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$600,000
Ramping Rep % of Full Quota	0%	25%	50%	75%	100%	100%	100%	100%	100%	100%	100%	100%	79%
Ramping Rep Quota	$0	$12,500	$25,000	$37,500	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$475,000

Sales ramp includes both the **timeframe of the ramp and shape of the ramp**. Shape is just as important to planning and forecasting, as it determines the pace at which a sales rep ramps over the time frame. From the example below, you can see that even though both ramp models have a sales rep ramped in 7 months, the shape makes a difference by month and for total annual quota on the street.

Month	1	2	3	4	5	6	7	8	9	10	11	12	Annual Quota
Ramped Rep Full Quota	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$600,000
Ramp Shape 1													
Ramping Rep % of Full Quota	0%	25%	25%	50%	50%	75%	100%	100%	100%	100%	100%	100%	69%
Ramping Rep Quota	$0	$12,500	$12,500	$25,000	$25,000	$37,500	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$412,500
Ramp Shape 2													
Ramping Rep % of Full Quota	0%	0%	50%	50%	75%	75%	100%	100%	100%	100%	100%	100%	71%
Ramping Rep Quota	$0	$0	$25,000	$25,000	$37,500	$37,500	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$425,000
Difference Shape 1 - Shape 2	$0	$12,500	-$12,500	$0	-$12,500	$0	$0	$0	$0	$0	$0	$0	-$12,500

Why do we care about Sales Ramp?

We care about sales ramp because it is the direct connection between revenue that needs to be delivered and timing of sales rep hires. When preparing a sales capacity plan, a key goal is to ensure that for each month or quarter you have enough sales capacity or quota on the street to cover your revenue targets. **Quota on the street** is the sum of the assigned quota of both fully ramped and ramping sales reps for each period. The ramp period dictates when a sales rep needs to be hired in order for them to ramp up and fully contribute.

Finance cares about sales ramp because they need to model expenses and generate productivity metrics. The longer the sales ramp, the earlier a sales rep needs to be hired and so the earlier the expense is incurred. During the sales ramp period, a sales rep is less productive than fully ramped sales reps so productivity metrics are negatively impacted.

Sales leadership cares about sales ramp because they need to deliver against their targets. They need to align their recruiting and hiring cycles to ensure that sales reps are hired and in-seat at the right time, in order to build up their productivity during the ramp period in order to support revenue targets in future quarters. If not, the risk of delivering materially increases due to lack of quota on the street. In addition, sales leaders are also measured against productivity metrics. Improving ramp time improves these metrics.

What does “Fully Productive” mean?

Determining what “**fully productive**” is for a sales ramp needs careful consideration when building a sales capacity plan, forecasting quota on the street and using that forecast as a component of your revenue forecast. Most sales reps do not consistently attain their full quota, and the average attainment always falls below.

In planning for quota on the street, you would typically use an overassign target, often expressed as a percentage of full quota, that you are targeting a sales rep on average to attain. This is called the **Attainment Factor** and more information on this can be found in “How to calculate quota, attainment, over-assignment and number of sales reps”. The consideration then becomes whether you use a) full quota, b) full quota adjusted by the Attainment Factor, or c) the average attainment of sales reps as the basis for your ramp build.

So which method should you use to determine full productivity for new sales reps? The recommendation is to use the average attainment of ramped reps for the development of a ramping schedule. This is the most equitable, because new sales reps will be measured and evaluated consistently with the performance of experienced sales reps. Using the average attainment of ramped reps for the full productivity target will also give you the most accurate plan and forecast compared to the reality of real world performance.

How do you build a Ramp Model?

A simple method for building a ramp model is to consider:

- The average time of the sales cycle
- The time it takes to build qualified pipeline
- The onboarding time that it takes for the new sales rep to be enabled to effectively sell your solution

For example, if the initial onboarding bootcamp is one month, then it takes one month to build a qualified pipeline, and the average length of the sales cycle is 3 months... then the ramp time to full productivity is at minimum five months.

The better method is to build a ramp model using the historical ramping performance of new sales reps. The table below shows the data that you could use to help determine the ramp for new sales reps based on a full productivity target for each of the full productivity options mentioned earlier:

Full Productivity Target	Annual Quota	Monthly Quota
a) Ramped Rep Full Quota	$600,000	$50,000
b) Ramped Rep Full Quota with Attainment Factor of 80%	$480,000	$40,000
c) Average Attainment of Ramped Reps (65%)	$390,000	$32,500

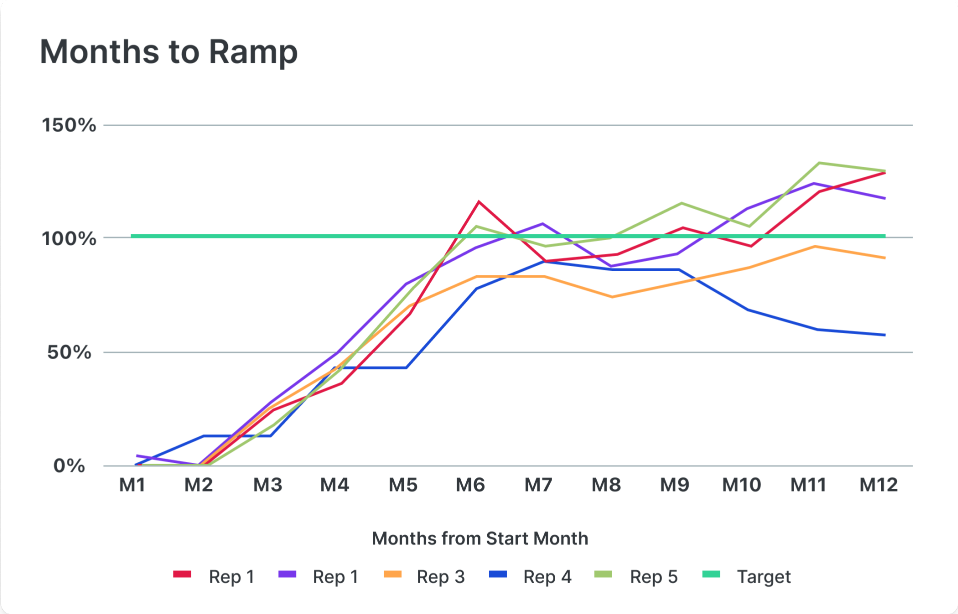
Month from Start Date	1	2	3	4	5	6	7	8	9	10	11	12	Annual Quota	% of Annual Quota
Ramping Rep	$0	$0	$8,000	$12,000	$22,000	$38,000	$29,000	$30,000	$34,000	$31,000	$38,888	$42,000	$284,888	47%
Ramping Rep	$1,200	$0	$9,000	$16,000	$25,960	$31,000	$34,220	$28,000	$30,000	$36,580	$40,000	$38,000	$289, 960	48%
Ramping Rep	$0	$0	$8,000	$14,080	$22,845	$27,000	$26,692	$24,000	$26,000	$28,532	$31,220	$29,640	$237,989	40%
Ramping Rep	$450	$4,200	$4,160	$14,000	$14,164	$25,000	$29,000	$28,000	$28,000	$22,000	$19,344	$18,377	$206,695	34%
Ramping Rep	$0	$0	$5,600	$13,200	$24,200	$34,200	$31,900	$33,000	$37,400	$34,100	$42,777	$42,000	$298,377	50%
Ramping Rep Average	$330	$840	$6,952	$13,856	$21,834	$31,040	$30,162	$28,600	$31,080	$30,442	$34,442	$34,003	$263,582	**44%**
Standard Deviation	$524	$1,878	$2,001	$1,461	$4,542	$5,273	$2,925	$3,286	$4,608	$5,619	$9,468	$10,088	$39,534	
Ramping Rep Average % of														
a) Ramped Rep Full Quota	0.66%	1.68%	13.90%	27.71%	43.67%	62.08%	60.32%	57.20%	62.16%	60.88%	68.88%	68.01%	43.93%	
b) Ramped Rep Full Quota with Attainment Factor of 80%	0.83%	2.10%	17.38%	34.64%	54.58%	77.60%	75.41%	71.50%	77.70%	76.11%	86.10%	85.01%	54.91%	
c) Average Attainment of Ramped Reps	1.02%	2.58%	21.39%	42.63%	67.18%	95.51%	92.81%	88.00%	95.63%	93.67%	105.97%	104.63%	67.59%	

From the historical sales rep ramping performance, you may create a ramp schedule that looks like the following for each alternative. Given that both the Attainment Factor assumption that is being used for planning and full quota are both higher than the average ramped rep attainment, if you use those as the basis and targets for creating a ramp schedule, the ramp time will be significantly longer and disconnected from actual sales rep performance:

Month from Start Date	1	2	3	4	5	6	7	8	9	10	11	12	% of Annual Quota
a) Ramped Rep Full Quota	0%	0%	20%	25%	50%	70%	70%	70%	80%	80%	80%	80%	**52%**
b) Ramped Rep Full Quota with Attainment Factor of 80%	0%	0%	20%	40%	50%	75%	75%	75%	100%	100%	100%	100%	**61%**
c) Average Attainment of Ramped Reps	0%	0%	25%	50%	75%	100%	100%	100%	100%	100%	100%	100%	**71%**

Although the above analysis assumes that a sales rep is new to the company, the same analysis can be used to create ramp schedules for existing reps that are being promoted to a new segment, such as a sales rep promoted from Small Business to Mid-Market. Their ramp time is typically shorter than new sales reps to the company because they are already enabled on your company's solutions, but they still need time to develop some additional skills to sell into the new market segment and to build pipeline. Instead of just taking the first month or two off the ramp schedule, it's beneficial to conduct similar historical analysis.

There are many visuals that can be used to both determine sales rep ramps and measure the performance of ramping sales reps. The following shows performance of ramping sales reps starting from the first month and each month+1 after that. It allows you to see both the shape and time of ramping reps, spread and variability of performance as well as any outliers:



What is the impact of setting the wrong Ramp during Planning?

When you overestimate ramp for a sales rep (use a ramp timeframe that is shorter than the actual ramp timeframe), you will end up in a situation where more quota on the street is added to the plan sooner. This likely means you will have less sales rep hires in your plan, so although the plan will be more efficient and less costly, you are adding risk to achieve your revenue goals because those new sales reps will underperform against the planning expectations.

When you underestimate ramp for a new sales rep, the opposite is true. You will likely have more new sales rep hires in your plan, making the plan less efficient and more costly, but also less risky in terms of achieving your revenue goals.

In the example below, you can see the differences in quota on the street for setting sales ramp planning assumptions based on actual vs over and underestimating. Let's assume that the target quota on the street is $40m, the value for the model when using actual sales rep ramp. If you are underestimating ramp, you would end up hiring more new sales reps for that plan to make up the gap and under hire new sales reps for the plan that overestimates ramp. In the case below, you might over hire by 4-5 sales reps for the underestimate and under hire by 5-6 sales reps for the overestimate. As stated above, this materially changes the overall risk profile of the plan, the efficiency and costs:

Month	1	2	3	4	5	6	7	8	9	10	11	12	Annual Quota
Ramped Rep Full Quota	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$600,000
Actual Ramp													
Ramping Rep % of Full Quota	0%	0%	25%	50%	75%	100%	100%	100%	100%	100%	100%	100%	71%
Ramping Rep Quota	$0	$0	$12,500	$25,000	$37,500	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$425,000
50 Fully Ramped Reps	$2,500,000	$2,500,000	$2,500,000	$2,500,000	$2,500,000	$2,500,000	$2,500,000	$2,500,000	$2,500,000	$2,500,000	$2,500,000	$2,500,000	$30,00,000
25 Fully Ramped Reps	$0	$0	$312,500	$625,000	$937,560	$1,250,000	$1,250,000	$1,250,000	$1,250,000	$1,250,000	$1,250,000	$1,250,000	$10,625,000
Total Quota on the Street													**$40,625,000**
Overestimating Ramp													
Ramping Rep % of Full Quota	0%	50%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	88%
Ramping Rep Quota	$0	$25,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$525, 000
50 Fully Ramped Reps	$2,500,000	$2,500,000	$2,500,000	$2,500,000	$2,500,000	$2,500,000	$2,500,000	$2,500,000	$2,500,000	$2,500,000	$2,500,000	$2,500,000	$30,00,000
25 Fully Ramped Reps	$0	$625,000	$1,250,000	$1,250,000	$1,250,000	$1,250,000	$1,250,000	$1,250,000	$1,250,000	$1,250,000	$1,250,000	$1,250,000	$13,125,000
Total Quota on the Street													**$43,125,000**
Underestimating Ramp													
Ramping Rep % of Full Quota	0%	0%	25%	25%	50%	50%	75%	75%	100%	100%	100%	100%	58%
Ramping Rep Quota	$0	$0	$12,500	$12,500	$25,000	$25,000	$37,500	$37,500	$50,000	$50,000	$50,000	$50,000	$350,000
50 Fully Ramped Reps	$2,500,000	$2,500,000	$2,500,000	$2,500,000	$2,500,000	$2,500,000	$2,500,000	$2,500,000	$2,500,000	$2,500,000	$2,500,000	$2,500,000	$30,00,000
25 Fully Ramped Reps	$0	$0	$312,500	$312,500	$625,000	$625,000	$937,500	$937,500	$1,250,000	$1,250,000	$1,250,000	$1,250,000	$8,750,000
Total Quota on the Street													**$38,750,000**

How should you use Ramp for Planning vs Quota and Forecasting?

There is no hard rule that the ramps used in planning, forecasting and quota need to be the same. Most companies do use the same values, but there are reasons why you may want to use different models for each of the above.

For planning, you may align on driving and accepting a riskier plan by using more aggressive planning assumptions for both sales rep ramp and attainment factor. This assumes that you have programs in place to work towards delivering against those aggressive assumptions. But, as you are working your way up to improving the actual performance of both of those assumptions, you may start off by using the actual sales rep ramp performance in forecasts, especially for next quarter. If not, you will be in danger of having an inaccurate revenue forecast and missing both your forecast and targets.

On the quota setting side, there are several methods that can be used on setting quotas and payouts for ramping reps. Let's assume that you use one in which a ramping sales rep receives their full variable for hitting their ramping quota. For example, if their ramping quota is 50% of the full monthly quota of $50,000, and they deliver $25,000 in revenue the ramping rep will receive 100% of their variable for that month. You may not want to extend this over the entirety of the planning ramping period and use a more aggressive ramp schedule for quota and compensation plan. This also drives an incentive to ramp faster and allow for better management of commission expenses.

How can you improve Sales Rep Ramp?

Ramp is such a critical assumption in deploying the capacity and quota on the street needed to achieve your targets and is a material driver in the efficiency and costs of a plan and its performance. You should strive to always improve sales ramps – it delivers benefits to the company, the sales team, and individual sales reps. Some recommendations for improving sales ramp:

- [ ] **Measure**: Know your actual new sales rep ramp timeframes and shapes for each role, across each segment and geography. We all know that you can't improve what you don't measure.
- [ ] **Analyze**: When ramp times and shapes vary between the same role, segment and geography or overtime investigate the drivers behind that. It may be cohort based, a change in onboarding, isolated to an office or a manager. Identify the practices and differences and make the ones that are delivering better performance global.
- [ ] **Onboarding**: Developing a solid onboarding and enablement program that includes content and knowledge, in person and virtual training and exercises, measurements of progress and a buddy system with an experienced sales rep are critical to driving consistent and successful onboarding. If you don't have a dedicated onboarding specialist on your enablement team, you should think about hiring one.
- [ ] **Coaching**: Managers play a key role in accelerating the ramp timeline. The more involvement and time they spend helping and coaching a new sales rep the faster they will ramp. Their expectations and requirements for involvement should be documented with oversight by enablement and sales leaders.
- [ ] **Hiring Profile**: Identify and evaluate the attributes of a sales rep that can be and is successful at your company. Recruiting and hiring should be targeted at this profile. The profile could include industry, type of companies where a sales rep has previously worked, types of deals that they have sold, behavior aspects, skill set or sales style.

- ☐ **Tools**: Invest in onboarding solutions that drive the onboarding activities, allow for access to content and knowledge, allow for exercises and practices and track completion and success metrics.
- ☐ **Incentives**: Align incentives or create bonuses, for both ramping sales reps and their managers, that rewards them for sales rep ramping on and ahead of schedule. For new sales reps, this can be higher commissions percentages for closing deals sooner or attainment bonuses on reaching their ramped quotas. These can also be extended to managers.

Sales rep ramps are so important to building a reality-based revenue capacity plan for accurately forecasting and reaching your revenue targets. Do not take shortcuts when analyzing historical ramp performance, identify tactics for driving improvements, measuring performance or setting plan assumptions. A well-thought-out ramp strategy can significantly impact a new sales rep's productivity and overall company performance.

Good news: Revcast does this ramp modeling work for you. Get shared access to historical ramp data and ongoing visibility into current ramp performance so you can model different ramp scenarios based on varying risk factors and identify areas of improvement in real-time. [Set up some time] to chat to learn more about how we can help you hit revenue goals with more accurate ramp periods.

CHAPTER 3

The Game of Ratios: Making pipeline coverage more than a theory

"I'm sorry, we missed the quarter. Big Company Deal didn't close. If it had, we would absolutely have hit our target, but we just can't make up the delta without it. Top Account Executive was so sure it would. They have such a great relationship with our champion."

Questions start unfolding: Why didn't we know this? Where are our other deals? How are there no other deals?

Well...we put too many eggs in one basket and were wedded to this one path to hit the number. Sellers and leaders who felt they had a singular path to success found it difficult to vocalize risk in that deal early and often. And because the team didn't know about that risk until too late, they weren't building alternative courses of action via other deals. Now it's too late and too artificial to make more deals materialize.

Ever see this happen? There are cases where this outcome is inevitable. The team's done all the work they possibly can to work pipeline coverage ratios, pull deals forward, source new deals, and it still came down to a deal or two. But, in many of those cases, the outcome is avoidable and the gap to success often falls in the practice of the **game of ratios**.

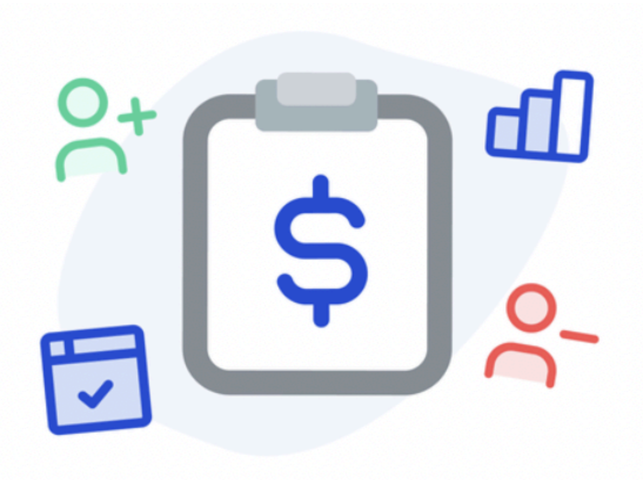
We know that not every customer we talk to can (or should) result in a closed won deal. The funnel is shaped as a funnel for a reason – at each stage, we're qualifying deals so that we can be confident we're only closing deals with customers whose needs align with how we can help and who will truly find value in what they purchased.

Sales teams look at stage-to-stage conversion rates (CRs) every week to see how they are progressing. But even at the last stage in a sales process just before Closed Won, the conversion rate is never, ever 100%. Even at the best companies with the highest stage-to-stage CRs, nothing is 100% until it's signed.

Yet, we still sometimes place our bets on specific deals closing, when rather, we want to match our approach to the funnel that drives our business: in other words, playing a game of ratios.

The Game of Ratios Helps Us...

- Avoid single deal dependance (e.g. we will hit our number but only IF Big Company Deal closes)
- Build confidence, predictability, and accuracy in our team or business-wide forecasts
- Empower and uplevel our sellers so that they are masters of their own forecasts or professional commits



Executing the game of ratios comes in two sequential parts: the theory and the practice. It seems to be more often in the practice and operationalization that teams stumble.

The Theory Behind The Game of Ratios

In the theory, and most businesses do this, we're identifying what pipeline coverage is required in our business to be successful:

- What is our win rate today and averaged over the last 4 quarters?
- Based on that win rate, what pipeline coverage model do we need?
- What amount and percent of our closed won ARR over the prior 4 quarters came from pipeline that was created in that same quarter? What percent came from deals that were sitting in the pipe on day 1?
- How does that look different by segment, team or rep?

Here's a sample scenario.

Let's say a team has a 25% win rate from Stage 1 to Closed Won. Let's say the same team closed $1M in ARR in Q3. Of that $1M, $700k in closed won ARR came from deals that were already in the pipeline on day 1 of Q3, i.e. created in Q2 or earlier. $300k in closed won ARR came from deals that were created in Q3, i.e. in that same quarter.

These patterns have been consistent for several quarters, and for the sake of our example, we will assume all reps average the same win rates (never true, but we'll come back to that later).

In terms of the game of ratios theory for this business, we can now say:

- On this team, 70% of closed won ARR for a quarter comes from deals they have in the pipeline on day 1 of that quarter. And 30% from in-quarter pipeline build.

- At a 25% win rate, they need a minimum of 4x pipeline coverage, but to de-risk the outcome, 5x would be even better.

Putting The Game of Ratios into Practice

Such insights are useless unless we incorporate that knowledge into practice, down to the rep level. And this step is where many of us get stuck.

Let's assume the same team is ready to plan for a future quarter, only now their target is $1.2M. The team has $1.5M of quota in the field across 6 reps ($250k/rep). They can now apply their theory to practical planning:

- Of that $1.2M the team needs to win, $840k (70%) of it will come from deals in pipeline on day 1 of the quarter and $360k will come from pipeline created in the quarter.
- Because a 4-5x pipeline coverage ratio is the recipe for success in this business, the team leader knows her team needs to have $3.36M-$4.2M (4-5x $840k) worth of deals in Stage 1 or later in pipeline on DAY ONE of this quarter. (Yes, we need to nuance the model to account for deal stages, but we'll stick with a more simplistic version for this blog...)
- She also knows she needs to see $1.4M-$1.8M in total pipeline creation from all sources over the course of the quarter.

Next, she can use these practical guideposts to adapt how she operates with her team, her peers, and her leaders...

Coaching the team

The team leader can now coach each rep. She can give them very quantitative goal posts, because she knows that assuming they hit their target, ~$175k in closed won ARR will likely come from winning deals they have in their pipeline on day 1, and $75K will come from winning deals created in quarter.

She can also guide them that to play the game of ratios, and avoid hopecasting or singular deal dependencies, each AE should have $700k-$875k in their pipeline on day 1 of the quarter (4-5x $175K).

Now, she can coach them weekly about their pacing. If they are on track for a $600k pipeline on day 1 of a quarter, and they see this coming with 4 weeks still to go in the current quarter, she's now equipped to galvanize her sellers around an expectation of a minimum of $25k in pipeline build/week to hit $700k on day 1.

She's then employing this continual future-looking technique to build preparedness and planning for future quarters. Note: In our simply illustrative model, we're assuming reps are all performing relatively equally. In reality, you'd nuance this data down to rep level wins rates and trends.

Work with peers and leaders

This ratios game not only equips the sellers to diversify their paths to success, but it also lets this team leader work laterally to achieve her goals.

Now, she's talking to her peers and leaders and rallying them around the key question: does the collective pipeline creation plan across all channels, e.g. Marketing, Partner, Sales, and Customer sSuccess get them to $1.4-$1.8M of pipeline build (the required in quarter pipeline build for this quarter)?

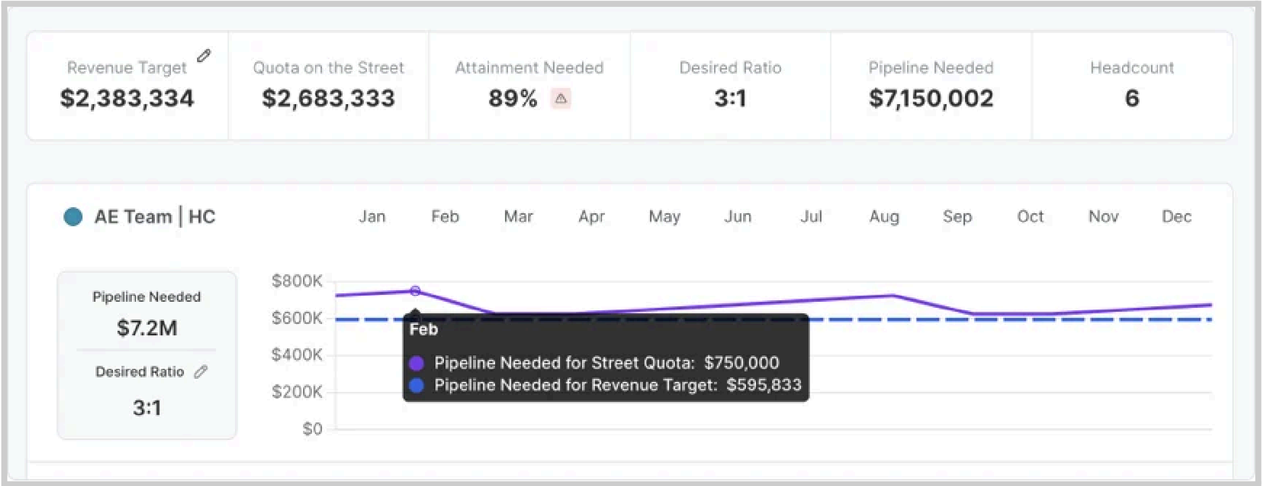
Where are the biggest risks? What are the biggest opportunities to continue to enable ratio management rather than single deal dependencies?

A lot of businesses think this process is already happening, simply because they made a plan.

The plan and forecast was detailed. It had everything covered for each segment, team, channel, etc. Therefore, the operationalization must be occurring. It's often not. But how do you know where you fall?

Here's a simple barometer. Next time your sellers have a territory review or QBR for an upcoming quarter, ask yourself if you hear these things:

- The data in the formula above (exactly how much pipeline they have built for the next quarter already, compared to how much they need on day 1, factoring in both out and in quarter pipeline, build trends and pipeline coverage ratios) AND
- Their plan to cover the delta between what they need and what they have in pipeline by day 1 of the quarter AND
- Their top deals wherein they have multiple strong deals and a path to target achievement by closing a portion of them



Revcast app showing one sales team segment's pipeline goals and key metrics, including desired ratio, by month.

If you do, then it's likely you've not only done the game of ratios in theory but also in practice. Congratulations – share your success! Evangelize the approach!

If your sellers are not talking about this (and many are not coached to do so), then it's likely this process has not been applied fully in practice, and that's an opportunity for the leaders to bridge theory to practice.

Because, back to our opening, this type of foresight is what gives the rep, the team, the leaders, and the business, the opportunity to act proactively and to continue managing a game of ratios through the end of the quarter.

Then, the EOQ conversation starts to look a lot different. Instead of the hung heads because that big deal didn't close, it looks like this, and much earlier in the quarter:

“Big Company Deal fell through. But we saw that risk coming, Mr. AE told us early, and we always knew that was one of several paths to our goal. Team, let’s rally: now we need to close at least 1 of these 3 Medium Company Deals and 2 Small Company Deals to get our goal. We still have runway left – let’s go do it!”

And yes, in the presence of a goal, and an **achievable path** to that goal, the team will rally.

CHAPTER 4

So much data, so few answers: How to fix data chaos in RevOps

RevOps all have a shared recurring experience (more like a nightmare) of getting an urgent message from our CRO or CFO while they're in critical meetings, expecting an immediate answer.

For many of these questions, such as "what are the Outbound Sales Development reps' monthly quota" or "how much pipeline has been created quarter to date," it's as easy as refreshing a report in Salesforce or Looker or referring to a document where we capture and maintain this type of data.

But if the question is "how did all reps on ramp this fiscal year perform against the ramped quota by month?" or "how did attrition for NA Enterprise impact quota on the street in Q3?" the sweat would start pouring out of our foreheads.

How do you respond when you can't answer the question or answer it immediately? How do you add this to the other dozen things that are active priorities and keep them all on track? In those cases, the back and forth would usually look like the following:

Taylor Novak (CRO) 11:55
how did all ramping reps perform in their ramp months against ramped quota?
for this year, in c-suite... talking about sales productivity

Jeff Serlin 11:55
ok, data/history needs to be built, so can probably get you something in a few days
When do you need it?

Taylor Novak (CRO) 11:56
NOW!!!

Jeff Serlin 11:55
not possible, I can pull Sara off of what she is doing and have her focus only on this

Taylor Novak (CRO) 11:56
how soon can she get me something?

Jeff Serlin 11:55
maybe EOD tomorrow, but it will likely not be 100% completely verified or accurate

Taylor Novak (CRO) 11:56
just have her do it, LMK when there is something to look at, need it EOD tomorrow at latest

Jeff Serlin 11:55
Ok, she is working on your territory project with a deliverable for the day
after....need to push that a few days until she gets through this

Taylor Novak (CRO) 11:56
i'd rather not push that...

Jeff Serlin 11:55
sorry, no choice, she's the only one that can work on the ramping stuff
how do you want us to proceed?

Taylor Novak (CRO) 11:56
ugh, lets get ramping out then get the other done asap

Jeff Serlin 11:55
😁👍

But why is this so hard?

Governance plan and data dictionary

If the data doesn't exist or you never decided to track it, there is not much you can do retroactively. But even in cases where you do have ***some*** data, the challenge has to do with the data chaos that exists in companies. Many mistakenly think that just adding an Analytics Team, a couple of RevOps Analysts, shoving a bunch of data into a database, and deploying a data visual analytics platform will fix their data issues. The problem is that that doesn't address the root cause.

You have to make a deliberate decision to capture and track the data. Unfortunately, even that is likely not enough. This is often due to **a lack of a data governance plan and a data and KPI definitions dictionary**. This is what defines the KPIs you want to track and measure. It specifies the data needed for those KPIs and the single source of truth for each data element. It also drives standard data models and nomenclature across systems and organizations. The data dictionary lays out the how and when data is updated, what values are expected and how to manage changes in a manner that maintains data integrity.

Even if a data dictionary exists, it doesn't completely solve the problem. If the business objectives, requirements and KPIs are unclear, misaligned or undocumented, the data collected and the output will often be disconnected from the expectations and needs.

Executive alignment and stakeholder buy-in

In one real-world example, the RevOps team initiated and led an effort to map out and fully define all funnel stages, entrance and exit criteria, and the KPIs we wanted to track across the funnel. They quickly realized that this was more than just updating a few fields in their systems, creating a couple of new dashboards and voilá! job done. At the onset, even within RevOps they didn't agree on the stages, let alone the exit criteria across all stakeholders. So, RevOps created a tiger team that included the Marketing, Finance, and Data Analytics teams – and they didn't start with the data.

The absolute first step was to discuss and socialize the effort with the executives, who were asked to be formal sponsors. The tiger team documented the problems targeted to be solved, the business objectives, and the proposed KPIs that they wanted to measure. And most importantly, they aligned on the questions they wanted to be able to answer as a result of this work.

Design and execute change

Once there was executive alignment and stakeholder buy-in, the team moved forward starting with whiteboarding the funnel. They debated and aligned on stages, ownership, definitions, exit criteria, naming conventions, data sources, and how and where we report the master official dashboard of performance and history. Most importantly, they resisted the urge to jump into technical work and stayed out of any and all systems.

The tiger team worked on finalizing those definitions, similar to the one shown in the following image:

Goal

Enable real time visibility to the GTM funnel and for more transparent and efficient investigations by creating playbooks (and dashboards) to help RevOps, Analytics and other identity drivers of funnel variance and quickly identity trends, signals and prove/disprove hypotheses around funnel changes

GTM New Buisness Funnel

Funnel Stage	***Visitors***	→	***Leads***	→	***Evaluating***
Key Metrics	*Visitors*		*MQLs*		*SQLs*
	Visitors by Channel		*MQLs by Type*		*SQLs by Type*
	Rolling 14d Visitors by Channel		*MQLs by Sales Segment*		*SQLs by Sales Segment*
	Visitor → MQL		*Rolling 14d MQLs by Type*		*Rolling 14d SQLs by Type*
	Visitor → MQL by Channel		*Rolling 14d MQLs by Sales Segment*		*Rolling 14d SQLs by Sales Segment*
			MQL → Sales Meeting		*MQL-Trial Stage I→II→III*
			MQL → Trial		*Trials by MQL Type*
					Rolling 14d Trials by MQL Type
	Visitors	→	***Leads***	→	***Evaluating***
Drivers					
Primary V1	Channel		Channel		*Channel*
	Sub-channel (blog, books, etc.)		Sub-channel (blog, books, etc.)		Sales Segment
	Campaign/launch		Campaign/launch		Product Mix/Solution
	Referrer		CTA Changes		Geo-grouping
	Geo-grouping		Geo-grouping		Early Stage
	New/Repeat		Lead score/quality		Cohort Aging
			Sales Segment		Purchase flow entry path
					Lead score

They next engaged again with the executive sponsors to respond to any questions, obtain feedback, and get the green light to move forward to the next phase, which was to jump into the data systems. Technical and Systems teams were asked to translate the business requirements into a technical plan, with a timeline, resources needed, a QA phase, and a cutover plan. After a few weeks of that system work, they were ready to flip the switch, publish the new dashboards, enable our internal customers, and now.... voilá! job done!

This effort was wildly successful because this cross-functional group treated it as a real program and not a quick fix. They didn't build junk on top of junk. The team included representatives from all stakeholders who had the core, and now collective, responsibility to manage the data and systems to deliver the insights to the business. The fact that they started with the business objective and stayed outside of the systems until finishing the business design and gaining full alignment were key contributors to the successful outcome.

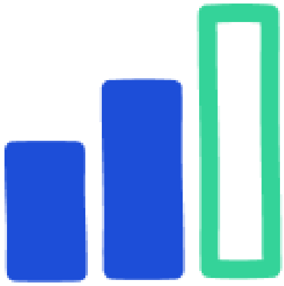
The tiger team was fundamentally defining and enabling how they were going to measure the operating plan for the foreseeable future. Doing anything less than the above, cutting corners, or rushing through this effort wasn't seen as an option given the magnitude of how important this was to the company.

If you can't provide insights in real-time, you can't manage in real-time

If you don't have the data needed or it's incomplete or inaccurate, you can't provide data driven answers to critical questions in real-time. Lack of real-time answers results in less optimal decisions, by either delaying them or moving forward without all needed inputs to make a more informed one. It also wastes time for very busy resources in RevOps, Marketing and Data Analytics pulling them off of other priorities.

Although executing a project like the one described above does take more time initially, it’s the definition of building for the long-term and will save a massive amount of time and headache in the future. It allows the organization to be more scalable, proactive, and agile. You can now identify signals and trend lines earlier, in real-time, and make better data-driven business decisions.

Too often we don’t do it right, either because of a lack of resourcing or the team is not given the space to do so. If these insights are a priority then building the infrastructure to provide them also needs to be a priority. Build strategically, build for the long-term, build to be more proactive and the value that the company accrues will be well worth the effort expended.



Good news: The Revcast solution helps bring this data together to support alignment on revenue planning and ongoing pipeline capacity optimization, saving more areas of data chaos heartburn for RevOps. Get our free calculator and detailed guide on “How to Calculate Revenue Growth Opportunities Outside of Hiring More Sales Reps.”

CHAPTER 5

A Solution for Pipeline Capacity Planning

In early 2024, Revcast's solution made a significant leap forward in the evolution of modern revenue capacity management. Capabilities for centralized, collaborative, and agile pipeline capacity planning will modernize and streamline how revenue organizations approach go-to-market planning and forecasting.

Why Pipeline Capacity Planning Matters

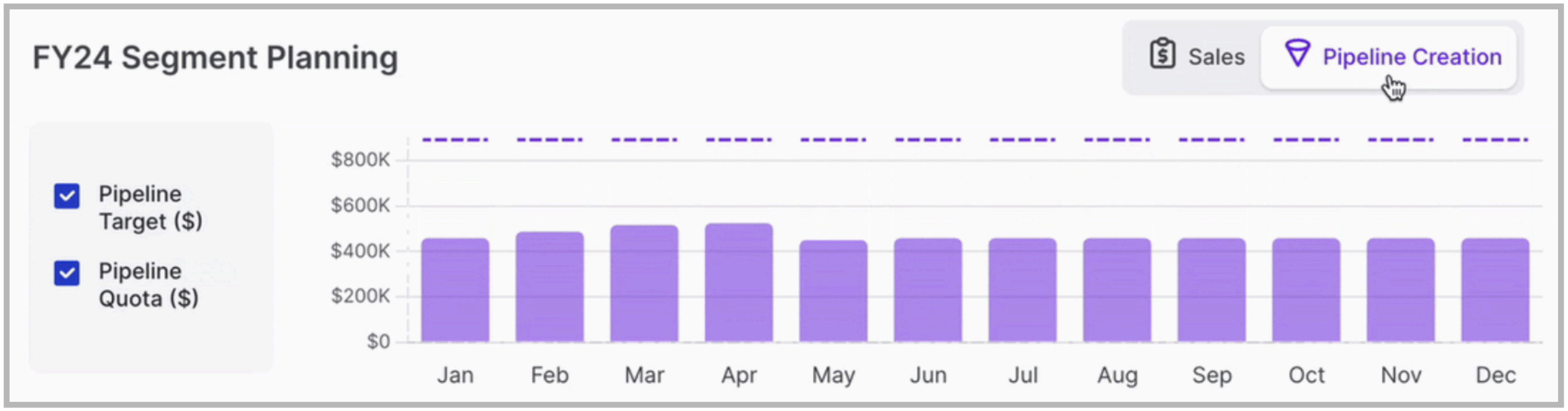
The starting point for most revenue teams and finance is with sales capacity planning (and that's where Revcast started with our initial set of product features). The next step up is to integrate across marketing and sales for full pipeline capacity planning and management.

Ensuring that your revenue plan has the right capacity to meet and exceed targets is more crucial than ever. Rather than the typical status quo of building and maintaining plans and forecasts in different, fragile and error-prone spreadsheets – one for marketing, multiple sheets for each sales team segment, plus finance's plan – organizations can use Revcast to model, plan, and predict their ability to deliver pipeline dollars across various teams.

It's ideal to have everything tied together in a source of truth, including sales AEs, sales development reps (SDRs), business development reps (BDRs), and marketing. This holistic approach ensures that you have the appropriate capacity in place to achieve your revenue goals, thereby optimizing your sales and marketing efforts for maximum impact.

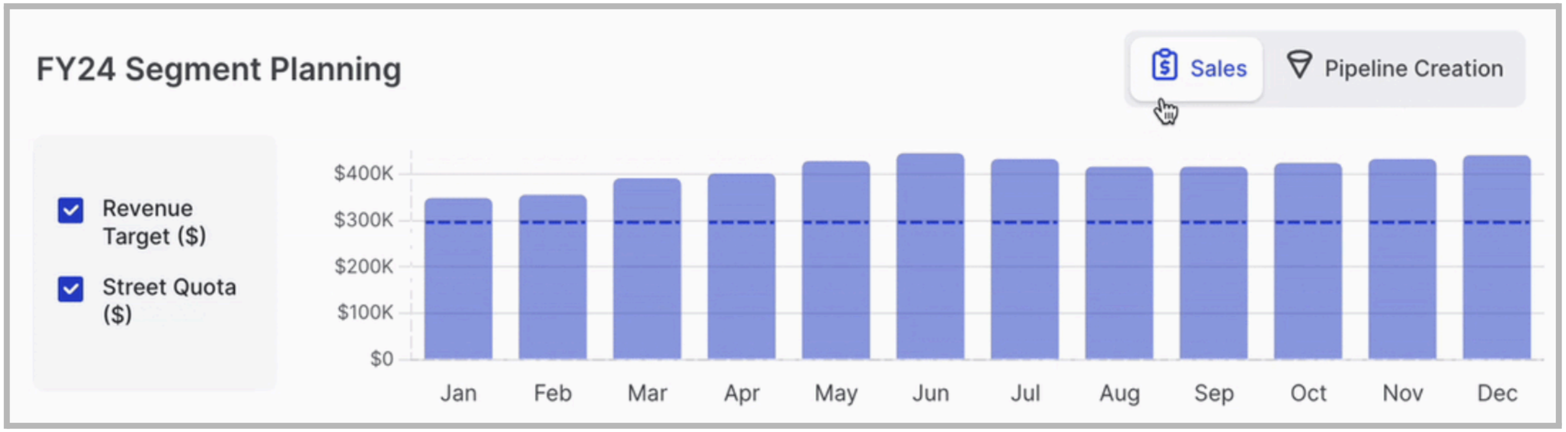
Enhanced Flexibility and Insights

It's important to have the model flexibility in tracking both pipeline generation and sales quota. When building plans in Revcast, organizations can choose between dollar and non-dollar quotas, accommodating various roles within the revenue team. This is particularly beneficial for roles such as SDRs and partner channel managers, whose contributions are necessary to hit revenue goals but whose targets might be measured in terms of meetings, deals, or opportunities rather than straight revenue dollars.



Organizations and the team structures within them are unique. That means your model should allow for the assignment of different quotas within the same team (which is supported in Revcast). This accommodates variations in seniority levels, On-Target Earnings (OTEs), or roles, ensuring a more accurate and effective planning process. Additionally, with the ability to assign multiple quotas to a single employee, you can track attainment across various quota types.

By setting up different targets, defining quotas, and establishing headcount, ramp time, and attrition rates, RevOps and other stakeholders can ensure they have the requisite pipeline and sales capacity to meet their sales objectives, not just for the upcoming quarters but for years to come.

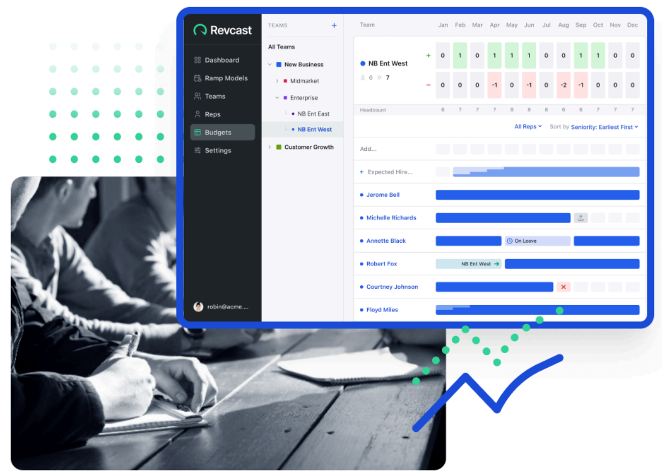


Where Revenue Achievement Begins

You can do all the pipeline and deal reviews you want, but you also need to know if you have the right fundamental go-to-market ingredients and assumptions in place for your total pipeline – using current data. Without that foundation and insights based on today's actuals, you're already at a disadvantage. And that can translate to future revenue risk.

Visibility and actionable alerts on your overall pipeline capacity can instead give you:

- **Agile revenue planning and responsiveness** – You're responding faster to emerging risks and opportunities as they arise. This can be everything from hiring delays, to slower or faster ramp times, elongated sales cycles affecting attainment, and changes in marketing and BDR contribution.
- **Efficient, productive growth** - With the pressures to maximize solution ROI and team productivity, you ensure you're always staying on budget with the right resources in the right places at the right time.
- **Less burden, more strategy** - Free up RevOps and other data analyst resources across departments from having to spend excessive time on tedious, ad hoc data-hunting, reporting, and modeling. Instead, they can contribute more value by making recommendations, problem-solving, and taking actions using data-driven insights.



By expanding from sales to full pipeline capacity planning, you enhance the strategic planning capabilities of your revenue organization but also align sales and marketing efforts more closely with your business objectives.

Thanks for viewing the Big Book of Great Revcasting!

We thank these contributors for the expert content of this ebook:

Jeff Serlin
Chief RevOps Officer, Revcast

Caroline Tarpey
Fractional CRO and former CRO at Quota Path

Ready to see how Revcast can drive revenue achievement for your organization?

Schedule a 1:1 demo to see what the solution can do using your own data.