THE BIG BOOK OF GREAT REVCASTING | VOLUME II

The Essential KPIs

for

Revenue Insights

Revcast

Introduction

Welcome to what we at Revcast hope becomes a trusted reference guide to best practices for measuring your revenue cycles, capacity, and productivity — and ultimately your success. This book is a deep reflection on the many lessons I have learned over the course of my career, and authoring it has been truly rewarding. The learnings it contains are not only from the school of hard knocks, but from the incredible mentorship I've received from some truly outstanding Chief Revenue Officers and GTM leaders, as well as from my collaboration with customers, partners, and my RevOps peers. My experiences at companies such as Pendo, Marketo, Intercom, Campaign Monitor, and IBM have made this quite a journey in supporting growing and constantly evolving revenue organizations.

There's a passion to be found, not for data and the mechanics of gathering it, but for the insights that can be drawn and gained from the narrative the data tells. That's one of the primary reasons I co-founded Revcast – to automate and scale this kind of knowledge that GTM teams can benefit from as they seek to ensure sustained success and achievement of their goals.

I hope you find many solid take-aways from this second volume of the Big Book of Great Revcasting, which focuses on thoroughly understanding which key performance indicators (KPIs) you can measure – so you can determine the right mix that aligns with your business priorities and goals. I welcome your feedback and invite you to reach out to me at jeff@revcast.com if you'd like to share your challenges or discuss further.

Yours in revenue success,

Jeff Serlin
Co-Founder & Chief RevOps Officer, Revcast

Contents

Why KPIs Matter

Understanding the KPIs of your company's GTM organization and sales cycles is crucial to managing revenue performance, ensuring accurate forecasting, building quality plans, and driving efficient growth. These KPIs are organized around three main areas: Revenue Cycle, Revenue Capacity, and Productivity.

- **Revenue Cycle KPIs** include performance measures such as pipeline, funnel conversion rates, Win Rates, Sales Velocity, and Average Selling Price (ASP).
- **Revenue Capacity KPIs** include hiring, attrition, pipeline and sales Street Quota, ramp, and attainment.
- **Productivity KPIs** include revenue per sales rep, cost per lead, CAC, and Quota Attainment.

The basket of KPIs a company uses will vary based on their strategy, selling motions, and stage of their company. These measures are applied against both the acquisition of new logos and the expansion or upselling efforts to existing customers.

Before we dive into the definitions, scorecarding, cadences, and insight value delivered by various GTM KPIs, let's first review why these measurements are important for the success of your revenue plan. We'll answer several key questions:

- Why does this need to be prioritized?
- Who cares about these KPIs?
- What happens in the planning phase?
- What happens once the fiscal year is underway?
- How do you optimize?

Why does this need to be prioritized?

We are no longer in an era of the zero interest rate policy (ZIRP) – which was characterized by a growth-at-all-cost approach when raising capital was cheap. In today's climate, fundamental inefficiencies are harder to hide with capital. Companies must now approach GTM differently. More accurate planning and agile optimization are needed to drive success. And that means insights, which requires an increased emphasis on GTM KPIs.

Alignment is critical when building a plan, executing, optimizing, and adjusting the plan when the year gets underway and performance and conditions inevitably change. All of a company's GTM teams, not just the revenue organization, need to speak the same language when reviewing, analyzing, and making

decisions based on performance data. This avoids misinterpretation of information or contradictory insights, allowing everyone to focus on how to improve based on this common understanding.

KPIs are critical to gaining a better understanding of your company's performance as well as for identifying areas of risk and opportunity as you build and execute against your plan.

The KPIs are not standalone; they need to be viewed in an integrated manner, as one can impact the other. For example...

- If we are hiring net new sales reps per the plan, do we have enough pipeline and pipeline generation capacity to support them?
- If ramps are taking longer than expected, will we be building enough Sales Quota Capacity to hit our targets next quarter?
- If cost per lead is increasing, are we seeing a corresponding increase in Win Rates to offset the increase, or do we need to drive more efficiency in lead generation?

In short, every plan has inherent risks and opportunities – and every plan deviates almost from day 1 of the new fiscal year. A high-performing company uses past actual results of these KPIs as inputs to build better-informed plans. Strong KPI measurement helps you understand performance and trends, capturing signals that allow you to be more agile throughout the year. That means making adjustments sooner and with better information, initiating efforts to mitigate problems or double down on areas of strength.

Who cares about these KPIs?

Everyone! Sales and marketing leaders, company leaders and executives, revenue operations, the managers of functions that need to deliver against company GTM goals, and especially finance and the Board of Directors. The combination of these KPIs and the development of the foundational elements of your plan drive the expectations of how the year will play out.

They also drive the risk that may be present in your plan. For example, just plugging in a Win Rate increase of 5% without your company ever previously achieving the new target adds risk. So does expecting to hire 20 new sales reps in Q2 when you have never hired more than 6 in any prior single quarter. The ability to identify these risks during planning is critical in creating actions to mitigate them.

Once the year is underway, measurements against your plan will determine if your actions are successful in achieving your goals. Going back to those examples: If you are not tracking to the expectation of an increased Win Rate, you must know this as quickly as possible and take corrective action. If you are not able to manage the recruitment of the new 20 sales reps, you need to adjust hiring priorities and recruiting team capacity. The net of this is that failure to perform against the fundamental assumptions – the KPIs that drive your plan – will result in failure to achieve your plan. **Continuously staying on top of these KPIs is critical to staying on track, making adjustments, and mitigating risk.**

What happens in the planning phase?

Planning cycles typically kick off in the second half of the fiscal year. These can be very intense and time-consuming efforts – the outputs of which can make or break the next year. A plan is filled with fundamental assumptions that are used in calculations to determine how much capacity, output, and hiring is needed to both generate pipeline and close deals.

Those assumptions feed into plan-building to:

- Determine the combination of Win Rates, ASP (Average Selling Price), and Deal Count needed to achieve and exceed targets.
- Set a baseline for how efficiently the plan will be achieved, which rolls into the overall company P&L and, ultimately, valuation.
- Develop a headcount and capacity plan and related assumptions that support the above objectives.
- Drive toward a more reality-based and achievable plan, even an aggressive one, while understanding the risks and the opportunities.

These fundamental assumptions need to be evaluated, have a high level of accuracy, and be understood – along with the drivers of each assumption. If you are just waving your finger in the wind and plugging in a ramp of 6 months based on "we think" vs. really knowing what the data tells you, your plan has already failed.

It's important to take the time to implement data, systems, and reporting infrastructure to capture these KPIs and ensure their quality. When you spend the effort to gain insights, you have knowledge about why KPIs have changed, how they are different across segments and geographies, how different strategies and tactics will impact them, and which set of them are the most critical to your organization.

What happens once the fiscal year is underway?

As mentioned above, two things are always true:

1. Any plan, even the best constructed plan, will deviate very quickly after the start of the new year.

2. You will need to make adjustments as the year progresses.

This requires a commitment to continuous measurement of the drivers of the plan and actual performance, history, trends, and projections for the rest of the year. If you don't gain insights through KPIs, you cannot adjust – or you will adjust incorrectly. If you don't gain insights early, it may be too late to get back on track.

You need to know if your plan assumptions are holding true and, if not, where (and why) they are not. Rolling these up and evaluating once per quarter at a QBR is not going to do the job. The more you can work toward continuous visibility to actuals, real-time insights, and early indicators of future forecasts and projections, the better you can react and meet your revenue targets.

How do you optimize?

You must know where you are deviating from your plan. Knowing that you are tracking behind on Sales Reps In-Seat means you will not have enough sales capacity to hit your targets. Knowing this on a weekly basis and linking this to your recruiting funnel will help you understand how far behind you will be, the impact, and what actions to take to get back on track. If you aren't generating enough pipeline, should you continue to hire? Same goes for low Quota Attainment. If your Ramp Time is twice as long as you planned for, you will need to understand why and implement corrective actions.

There will also be opportunities to capture. If your ramps are better than the plan assumptions, you can either delay hiring and save cost (thereby increasing efficiency) or continue to hire according to plan and reduce future capacity and forecast risk. You must always work toward maximizing the use of talent acquisition, sales, and marketing resources.

You need to be able to spot micro issues and trends and be agile in making small adjustments to your plan. Your plan is a representation of one path to hit your targets. There are ultimately many paths to get there. It is 100% okay to deviate from your plan and find another path. For example, if the Enterprise segment is outperforming while the MidMarket segment is underperforming, you may not want to hire the next two MidMarket sales reps and, instead shift one over to the Enterprise segment. If marketing is seeing diminishing returns on certain marketing programs, it is okay to shift the budget and hire additional outbound SDRs, or vice versa.

Ideally, you should model scenario comparisons against your plan, performance, and forecasts to present to stakeholders, with recommendations, using the KPI to tell the narrative. That ensures plan adjustments are also handled collaboratively and with transparency.

Don't be afraid to switch up the details of your plan. You can do so without having to change your overall targets, but be analytical, data driven, and thoughtful if you do. Making these small adjustments, being agile, and constantly optimizing can be the difference between hitting and missing your plan.

Best Practices for KPI Scorecarding and Insight Gathering

When KPIs are viewed individually, you often miss the overall context and narrative of how your company is performing. GTM is a supply chain; it is interconnected, and one area can't function without the other. The objective is achieving your overall targets for growth and efficiency, not optimizing any single KPI. It makes no difference how much you hire if you can't generate enough pipeline. If you have low conversion and Win Rates, generating more pipeline isn't going to address deal production.

Creating scorecards is the benchmark for better understanding the overall performance of your GTM: how one KPI impacts the other, where the set of KPIs forecast you to finish, providing comprehensive signals on what to fix and where to invest. KPIs never all "flash green" at the same time; they are variable over the course of the year. A combination of higher attainment, lower Win Rates, and higher selling price can still get you to your goals. And all those may change next quarter while still performing in a combination that allows you to reach your targets.

It is imperative that you put together scorecards. These are used for daily or weekly quick views to identify new areas of concern or opportunities. They make it easy to communicate consistently to executives and the Board of Directors in a single, simple-to-consume format. Reviewed at forecast calls and QBRs, they open up the conversation to dig into specific areas as needed.

You need to be proactive and deliberate in constructing scorecards so you're organizing them specifically to reflect your business goals and be aligned with your strategies. The KPIs you define and track will evolve as your company evolves. You may make tweaks every quarter and create new ones for every fiscal year, but the KPIs you choose for your scorecard should paint a narrative and point you to where you should further investigate – to answer the business questions you need to understand performance and trends, make decisions, and drive toward your goals.

Let's start with a first example scorecard:

KPI	Top of Funnel	SDR Productivity	Pipeline Creation	Coverage Ratio	Win Rate	Total ARR	Sales Quota Capacity	AE Tenure (months)
Time Period	Q2 Act	Q2 Act	Q2 Act	Aug Actual	Q2 Act	Q2 Act	Q2 Fcast	Aug Actual
NA Small Business	●	↓	●	1.0	30%	●	●	30
NA Enterprise	●	→	●	3.4	31%	●	●	24
EMEA	●	↑	●	3.7	28%	●	●	15

Figure 1: Scorecard example of upstream and downstream GTM pipeline, with a small set of sales execution and capacity and people-related KPIs.

The view in Figure 1 allows for representation of the full GTM supply chain by sales team segment, to identify upstream and downstream issues and opportunities. For example, if you are only looking at

Total ARR, Win Rates, and Quota on the Street for the small business team in, say, a forecast meeting, your performance quarter-to-date is looking good and on track. "All green!" But the small business segment is high velocity. Closed revenue for the quarter typically includes a large number of closed deals that are created in the same quarter.

So there is a need to monitor upstream KPIs with the same urgency you had monitoring closed revenue. This is where problems are evident: SDR productivity and opportunity production are down, as are the Coverage Ratios. This will likely lead to the pacing of closed ARR dropping off and create risk for hitting your targets in the next quarter.

Next is another example of a scorecard that is more comprehensive in the area of pipeline creating, but doesn't include sales capacity KPIs.

Small Business Segment	July 15th / 50% Through Q2			
	Q1		Q2	
% Attainment	Plan	Actual	Plan	Qtr to Date
MQLs	5,467	● 114.%	5,893	● 58.%
Opps - Count	356	● 108%	405	● 45%
AE Generated	71	● 92%	81	● 38%
SDR Generated	285	● 112.%	324	● 51%
Marketing Sourced	303	● 113.%	344	● 48%
Partner Sourced	10	● 50%	12	● 30%
Outbound Sourced	43	● 86%	49	● 42%
$ Pipeline Created in Month	$314,467	● 102%	$378,000	● 40%
Coverage Ratio Rolling 3-months	1.6	● 105%	1.6	● 46%
Conversion Rate Rolling 3-months	32%	● 92%	32%	● 101%
$ Won	$271,699	● 101%	$326,592	● 43%
Count Won	103	● 105%	117	● 40%
ASP Won	$2,650	● 95%	$2,800	● 106%

Figure 2: Scorecard example for one sales segment that focuses on the "revenue supply chain."

A weekly scorecard that is distributed via email or Slack, with commentary, is shown in the next example. It highlights the top-level KPIs, along with links for the viewer to gain more insights and details if needed.

Revcast **APP** 2:30 PM

📊 **Weekly GTM Scorecard - Week 3 of 13 in Q3**

💲 **Sales Execution**

New Sales $170K of $4.5M EOQ plan

Current Quarter ASP $43K

Current Quarter Sales Cycle 30 days

Current Quarter Win Rate 22%

💰 **Pipeline**

In-Quarter Pipeline Coverage $28M

Pipeline Build QTD $1.5M of $17M QTD plan

Next Quarter Day 1 Pipeline $225K of $20M
  Coverage Ratio (Q4) 0:1 vs 4:1 of plan at start of next quarter

👥 **Capacity Management**

Sales Street Quota Capacity $6.4M of $6.4M plan

Total Headcount 31 of 31
  Quota-Carrying (Sales) 25 of 25
  Non-quota-carrying 2 of 2
  Ramping Sales Reps 2 of 2
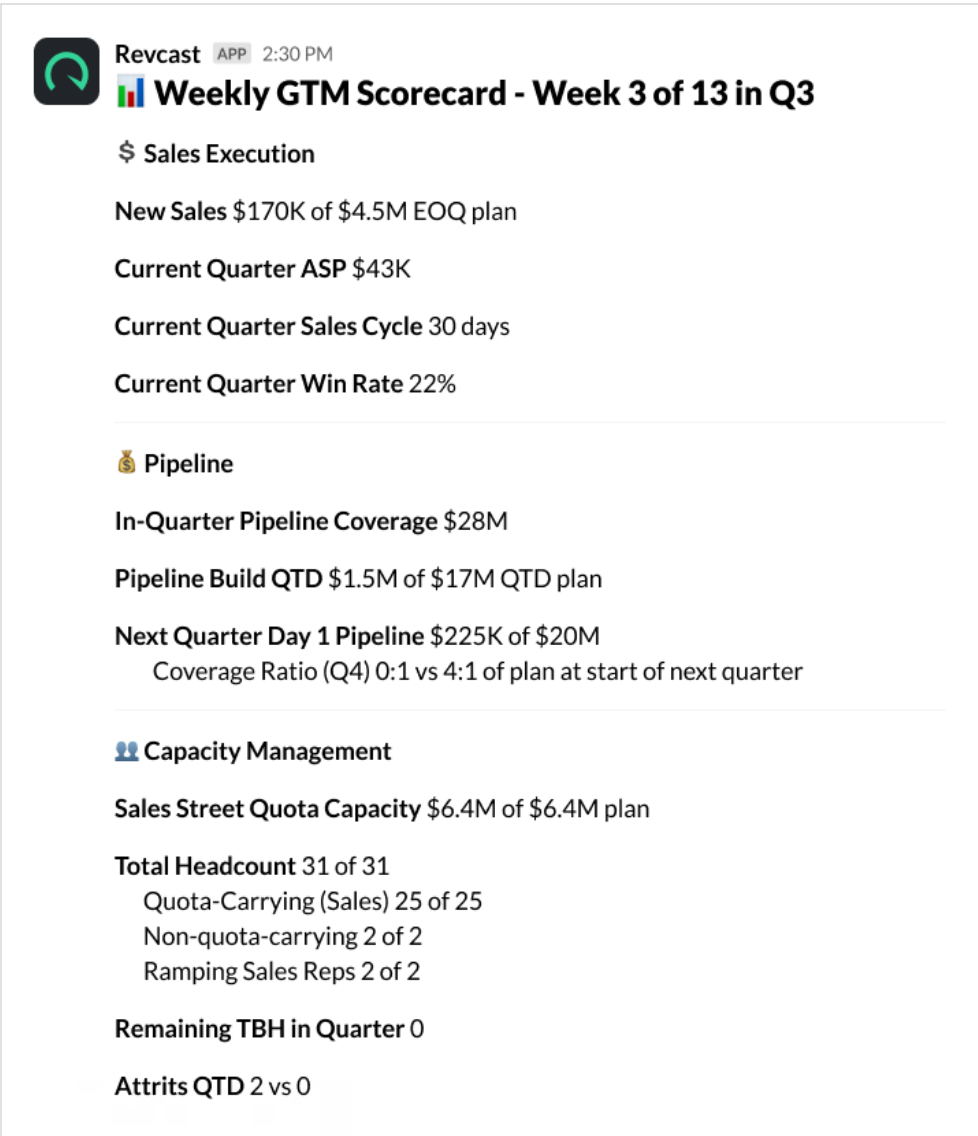
Remaining TBH in Quarter 0

Attrits QTD 2 vs 0

Figure 3: Sample weekly GTM scorecard pushed by the Revcast solution to a company's Slack channel.

HubSpot's VP of RevOps, Erik Swenson, shared a view into one of the scorecards his team uses, which he presented while a panelist on a Revcast webinar "Preventing Revenue Plan Failure." As he described, this scorecard is an important function to drive agility, regularly using the insights to answer questions such as "should we continue or slow down sales hiring?"

#	KPI	Results	Status	Notes: Compares / Commentary
1	Rep Headcount	XX HC XX% of plan | XX% y/y	●●●	Are hiring targets being met? Is attrition running ahead of plan?
2	QL Volume	XX# XX% of plan | XX% y/y	●●●	Are demand requirements being met to continue hiring as planned?
3	BDR Mtgs	XX per BDR XX% of plan | XX% y/y	●●●	Are demand requirements being met to continue hiring as planned?
4	Deal Creation	XX Deals/Rep XX% of plan | XX% y/y	●●●	Are you converting demand inputs to proper pipeline?
5	Close rate	XX% XX% of plan | XX% y/y	●●●	Are sales teams executing & progressing pipeline to close?
6	ASP (Pro & Enf)	$XX XX% of plan | XX% y/y	●●●	Are sellers properly monetizing pipeline?

Takeaway: Leverage this framework to 'check in' if your plan needs any mid year adjustments!
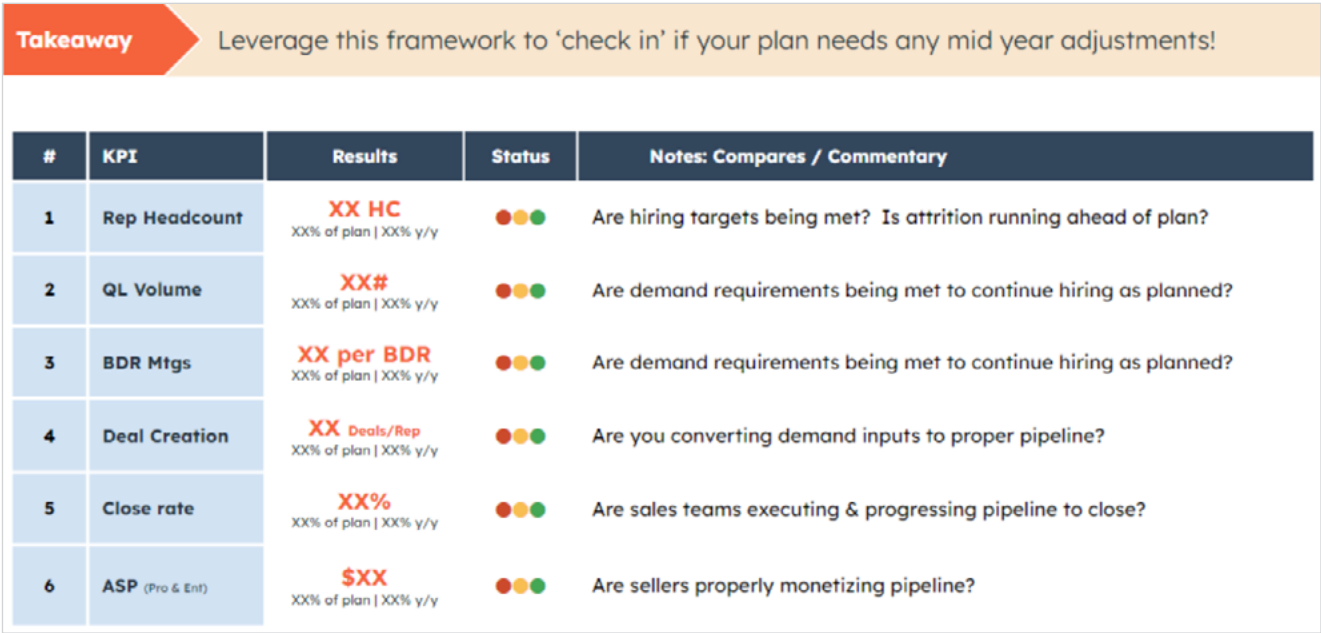
Figure 4: Example scorecard framework used by HubSpot to support a focus on GTM hiring agility.

HubSpot views this data through a lens of demand capacity execution – tracking a set of KPIs that cover rep headcount and capacity, pipeline generation, and sales execution KPIs. If the status is yellow or green, they continue to hire; if any of the KPIs flash red, they discuss and diagnose why, the impact, how to address any issues, and if they should make the decision to slow hiring. This essentially calibrates their performance to their plan with each review of the scorecard.

Here are some recommendations and considerations for constructing KPI scorecards for your organization:

- **Identify the KPIs that are critical for the top-level understanding and monitoring of each of your businesses or segments.** Each has its own unique motions, strategies, and objectives. For example, if your enterprise segment is focusing on an ABM strategy to generate pipeline, you should include ABM KPIs such as number of target accounts, average number of contacts at each account, and

touches per account. These would not be applicable for a high-velocity segment, where the focus should shift to velocity-based KPIs such as Sales Cycle Length, Discovery Meetings, Revenue Pacing, Created and Closed Pipeline, and Conversion rates.

- **Do not try to cram every conceivable KPI into the scorecard. It will just create noise and mask risks and opportunities.** Instead, focus on a small set that provides the right signals. Always have a more detailed dashboard available when needed so you can drill down into the broader set of KPIs for investigation and additional insights.

- **Context is important.** Proactively add insightful notes and commentary to help stakeholders understand the results. These are helpful around changes in RAG (red, amber, green) status and should include conditions and actions around ones that are amber or red.

- **Scorecards and KPIs are cadence dependent.** You should have a scorecard for your weekly forecasts, another for your monthly reviews, and one for your QBRs. You may want a summary scorecard for executive and BOD meetings, each including the KPIs that are relevant for the insights and decision-making of each meeting's objectives.

- **KPIs are time dependent.** For hiring status, use a point in time with trends. For Win Rate, use a full quarter, quarter to date, or a rolling time period. For sales ramp performance, use a cohort-based approach.

- **Align on scorecards for the next fiscal year during the planning process.** The strategies you adopt and what you plan for is what you need to measure, not just a copy of what you are using for the current year. This drives alignment of the scorecards to the company's plans and strategies and makes it easier to administer. Constantly changing and creating new scorecards throughout the year creates an administrative burden, and insights are missed or not aligned to objectives.

- **Ensure you have a data dictionary that documents where the source data is accurately captured and maintained.** Create a template and workflows to automate updates to KPIs and presentations. Where possible, utilize third-party solutions to create leverage and efficiency. Educate stakeholders to make sure everyone understands what each KPI means.

GTM Revenue Management KPIs

t's time to jump into the details and recommended cadences of these GTM KPIs, where we articulate a set of theme-related KPIs you can leverage to better manage your business:

- **KPI Group 1: Hiring and Attrition**
- **KPI Group 2: Quota Capacity and Attainment**
- **KPI Group 3: Ramp**
- **KPI Group 4: Pipeline**
- **KPI Group 5: Sales Cycle Execution**
- **KPI Group 6: Productivity**

It is important to note that this is not a list of every KPI you may want and need to use. Use this as a guide, add your own, align them to your business needs, and bucket them in a manner that works for your company. You will be selecting appropriate KPIs from many (if not all) of those themed categories.

You may also find that your KPI needs evolve over time. Perhaps this year, you start with a smaller set that you are committed to tracking well and regularly. Then, as you mature and build more advanced data infrastructure, you can expand your performance measurement inputs and look at a bigger picture.

Hiring and Attrition

Most companies need people to build pipeline and close deals. The "people" resourcing aspect is essential and a careful consideration for any plan. Maintaining the necessary level of sales reps, sales development reps, and other support functions to have enough people capacity to hit your targets is critical to managing the risk of your plan. The only way to ensure this resourcing is available is through managing hiring (numbers, timing, allocation) and attrition. If you fall behind due to late hiring or increased attrition, the gap created to meet your sales Street Quota is difficult to close.

The following Hiring and Attrition KPIs are discussed in this section:

- Hiring and Hiring Gap
- Attrition and Attrition Gap
- Reps In-Seat Gap
- Attrition Types
- On-Time Hiring and Hiring Velocity
- Fully Ramped vs Ramping Reps

You'll want to monitor actual hiring, attrition, and sales reps in-seat against your fundamental planning assumptions in order to track progress, identify trends, and drive priorities. All of the below Hiring and Attrition KPIs should be measured monthly, but updated and reviewed weekly.

	Hire Plan	Attrit Plan	Net Increase	In-Seat	Hire Act	Attrit Act	Net Increase	In-Seat Act	Hire Gap	Attrit Gap	Net Increase	In-Seat Gap
Jan	4	-2	2	17	3	-2	1	16	-1	0	-1	-1
Feb	2	0	2	19	3	-1	2	18	1	-1	0	-1
March	1	-1	0	19	1	-2	-1	17	0	-1	-1	-2
Q1	7	-3	4	19	7	-5	2	17	0	-2	-2	-2

Figure 5: Data chart showing hiring, attrition, and in-seat actuals vs. plan by month in a quarter.

Each month is critical for a new hire, as they ramp their contribution to Sales Quota Capacity and revenue production. Each case of attrition requires an immediate response; otherwise, you will quickly find yourself in a sales quota deficit.

Hiring, Attrition, and In-Seat Gaps

Calculating gaps is straightforward; simply measure the difference between your plan and actual each month.

- Hiring Gap = Actual Hired - Planned Hired
- Attrition Gap = Actual Attrition - Planned Attrition
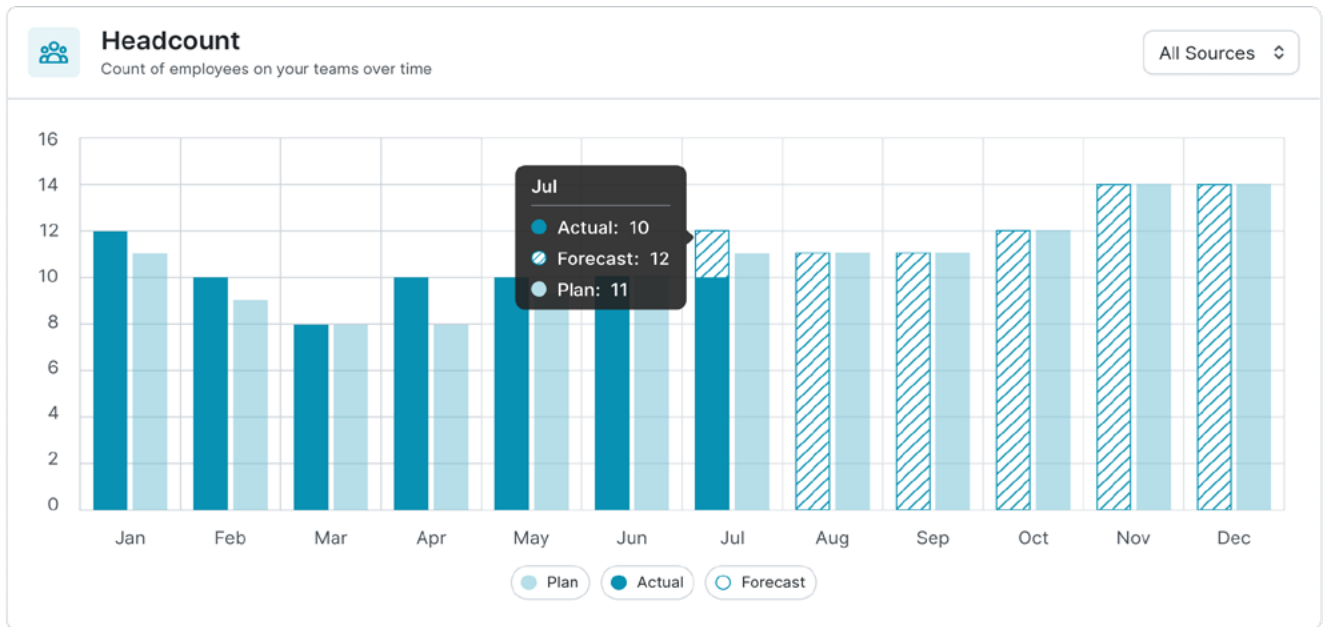- In-Seat Gap = Actual Sales Reps In-Seat - Planned Sales Reps In-Seat

Figure 6: In this screenshot from Revcast, headcount gaps are automatically visualized.

Attrition Types

Evaluating attrition is so important to understanding how to mitigate and plan for it. Attrition isn't just employees who are terminated or resign; it also includes promotions from one segment to another (thereby creating "attrition" for the segment they are vacating) or from an individual quota-carrying sales rep advancing to a managerial role.

Attrition	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Termination	2	0	0	0	1	2	0	0	1	1	0	0
Resignation	0	3	0	1	0	0	2	0	0	2	0	0
Internal Promotion	2	0	1	2	0	1	0	2	0	1	1	0

Figure 7: Breaking down attrition by month and by type of attrit.

In the above data table, some trends can quickly be spotted. Sales reps tend to resign in the first month of the quarter. This may be due to them waiting for their commission payments from the previous quarter. Knowing this allows you to make better attrition planning assumptions and get ahead of backfilling to minimize lost sales Quota Capacity.

Promotions from this segment to another appear to be random. This makes it difficult to plan for backfills and replace the lost sales Quota Capacity, adding risk to plan attainment. That said, this form of attrition is manageable. You can have a plan and agreement regarding when sales reps can be promoted into a new role and then, during planning, estimate how many roles may be filled with internal promotions. For example, a policy can be that reps can move segments only in the first month of a new quarter. This allows the segment where the sales reps are attriting from to get ahead of their backfill hiring and ramping – minimizing the impact.
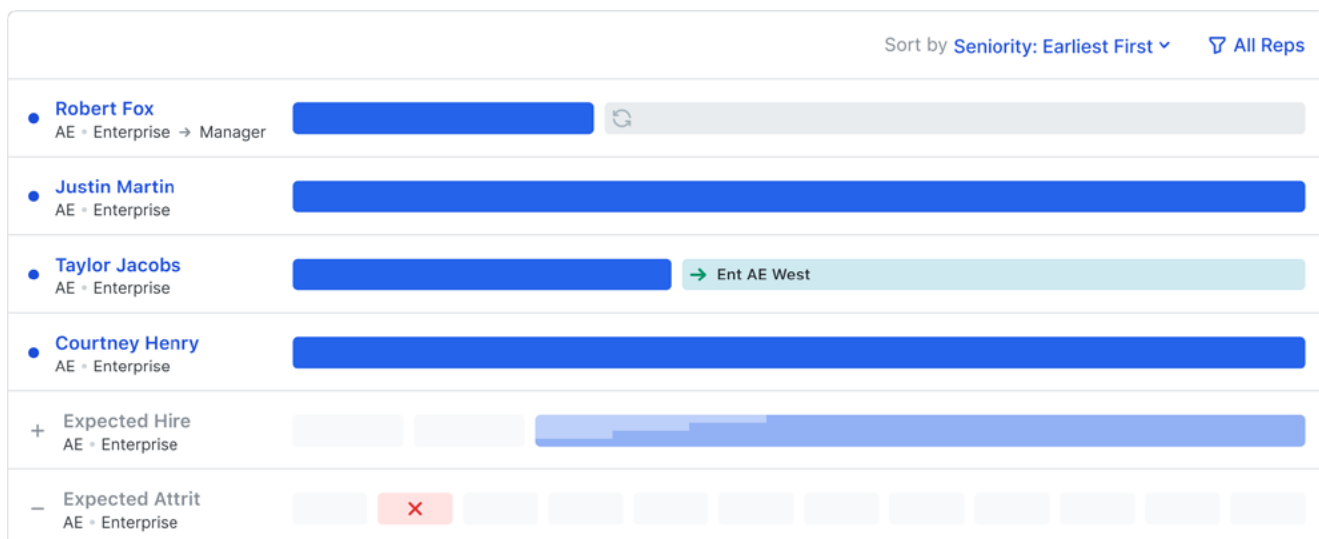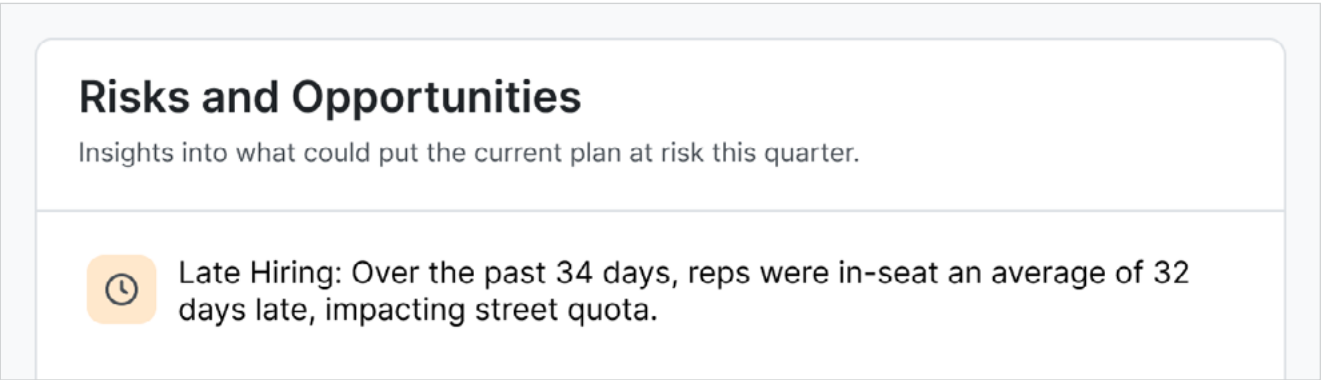

Figure 8: Visualizing in Revcast a combination of in-seat reps with planned attrition and promotions, along with expected hires and assumed ramps.

On-Time Hiring and Hiring Velocity

On-Time Hiring looks at your sales reps' actual start date vs. planned start date. It is important to have new hires start on time per the sales hiring plan. Even if you end each quarter making the exact number of hires that the plan calls for, if they are all starting 30 days late, you will be behind on building up Sales Quota Capacity.

Hiring Velocity is measured by counting the recruiting time in days from the opening of a new hiring requisition to when the new hire starts or is in-seat. An extended recruitment timeframe may be the reason your new hires are starting later than planned. You may need to open up hiring reqs earlier, increase the capacity of your recruiting team, or ensure sales managers are engaging with urgency in the hiring process.

Risks and Opportunities
Insights into what could put the current plan at risk this quarter.

🕐 Late Hiring: Over the past 34 days, reps were in-seat an average of 32 days late, impacting street quota.

	Q1	Q2	Q3	Q4
On-time Hiring +/- Days	-40	-20	0	5
Hiring Velocity - Days	120	100	90	90

Figure 9: When you are alerted to late hiring risks (top, screenshot from Revcast), you can work to drive improvements to quarterly Hiring Velocity actuals (bottom).

Fully Ramped vs Ramping Reps

The mix of Fully Ramped vs. Ramping Reps depends on how you are tracking to both your plan's Hiring and Attrition assumptions. Fully ramped reps are more productive. If you have a deficit of fully ramped reps – and the mix shifts toward higher-than-planned ramping reps as a percentage of total – you are at a higher risk of hitting your targets.

If you are creating a plan that has a large number of new hires, and therefore a larger percentage of ramping vs. fully ramped reps, you have built risk into your plan. This is okay, but you must be aware of this and adjust your expected attainment planning assumptions and forecast so it's based on reality.

Although the following data chart example focuses on quota-carrying sales rep roles, the same ramping KPIs can and should be applied to other parts of the revenue organization, especially critical ones such as SDRs and solution engineers.

	Jan Plan	Jan Actual	Gap	Feb Plan	Feb Actual	Gap	Mar Plan	Mar Actual	Gap
Ramped Reps	10	9	-1	13	9	-4	14	12	-2
Ramping Reps	7	6	-1	6	9	3	5	6	1

Figure 10: Data table breaking down actual vs. plan for both Ramped and still-Ramping reps by month, calculating gaps.

You can leverage a scorecard summarizing the main take-aways from the KPIs covered in this section so you can tell a bigger-picture story for executive updates. The following is an example of an executive-level scorecard that should be reviewed weekly – preferably during weekly sales management and leadership meetings.

Hiring	In-seat Net to Plan	Attrition to Plan	On-Time Hiring	Ramp vs Ramping Mix
Time Period	Q1 Act	Q1 Act	Q1 Act	End Q1
Small Business	2	-1	🟢	🟢
Enterprise	-3	2	🟡	🔴

Figure 11: Executive scorecard example on some key Hiring and Attrition KPI take-aways.

Every hire, regardless of role, is a decision on where to invest. Staying on top of these Hiring and Attrition KPIs, in relation to your plan and against productivity KPIs (covered later in this book) will allow you to make the best decisions as your new year gets underway, to get back on track, be agile in making adjustments, and maintain efficient growth.

Quota Capacity and Attainment

Pipeline and Sales Quota Capacity, or Street Quota, is considered the most important of all the planning outputs. If you have excellent sales cycle execution – Win Rates, velocity, ASP, lead generation – but not enough people capacity to both create opportunities as well as work and close deals, you will struggle to get to your targets. You may pull it out over a month or even a quarter, but the overload on your reps will not be sustainable and the quality of execution will suffer. Your company will miss opportunities to drive growth.

If you have *too much* people capacity, especially if your execution KPIs are not performing well, your efficiencies will be seriously and negatively impacted. You will be incurring too much expense to produce too little.

Planning for Quota Capacity is the intersection and output of several fundamental planning assumptions. These include quotas, ramps, hiring, attrition, and attainment. Revcast's blog post and free guide, ["How to calculate Quota Attainment, over-assignment, and number of sales reps"](#) provides more insights into this topic.

The following Quota Capacity and Attainment KPIs are discussed in this section.

- Quota Capacity
- Attainment Factor
- Revenue Attainment
- Quota Attainment
- Quota Capacity Waterfall
- Rep Contribution and Rep Tenure
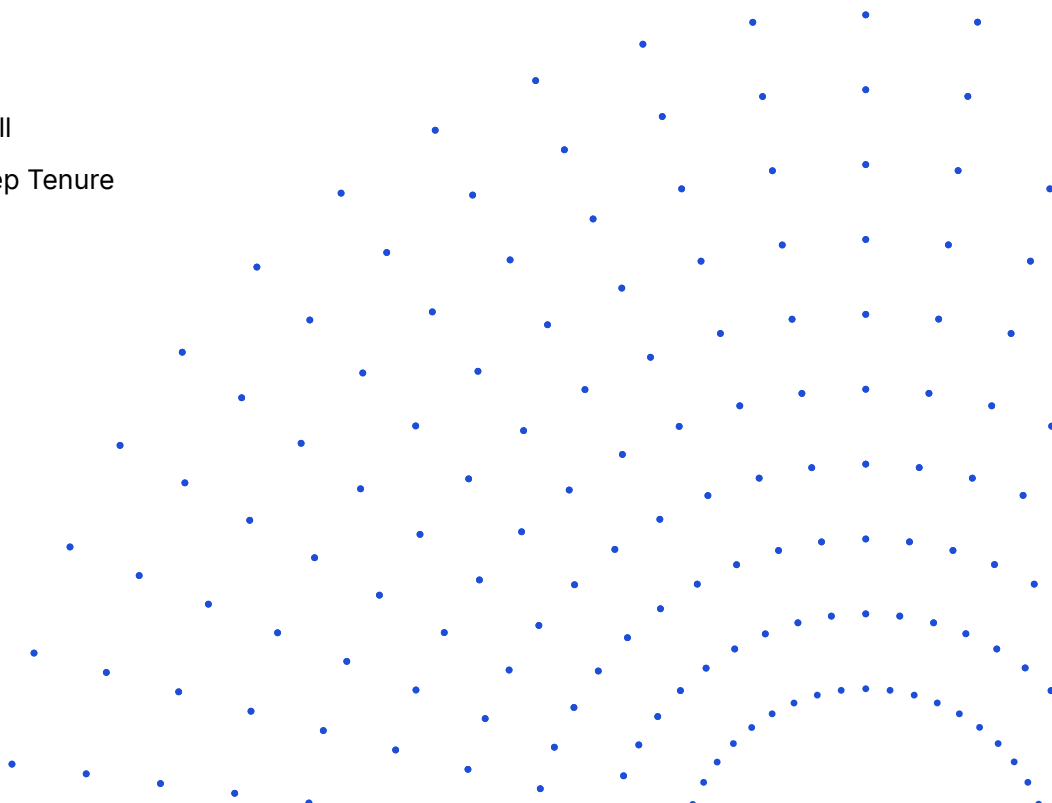
Quota Capacity

Quota Capacity is the measure of the sum of the assigned quota of reps that are in-seat or projected to be in-seat. It is a function of hiring, attrition, quota, and ramps. The table that follows shows the total calculated Quota Capacity for a team that has a mix of fully ramped, newly hired, and ramping reps – as well as a rep that was lost through attrition.

	Jan	Feb	Mar	Apr	May	June
Quota Capacity	**$150,000**	**$185,000**	**$215,000**	**$185,000**	**$200,000**	**$200,000**
Rep 1	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000
Rep 2	$50,000	$50,000	$50,000			
Rep 3	$35,000	$50,000	$50,000	$50,000	$50,000	$50,000
Rep 4	$15,000	$35,000	$50,000	$50,000	$50,000	$50,000
Rep 5		$0	$15,000	$35,000	$50,000	$50,000

Figure 12: A look at Quota Capacity per rep by month, factoring in ramps and attrition.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
> Headcount												
∨ Sales Breakdown												
Sales Targets	$176	$176	$176	$200	$200	$200	$200	$200	$200	$224	$224	$224
Projected Revenue	$213	$213	$240	$267	$320	$320	$347	$373	$427	$427	$427	$427
Fully-ramped Sales Reps	4	4	4	4	6	6	6	6	8	8	8	8
Ramping Sales Reps	0	2	2	2	0	2	2	2	0	0	0	0
Sales Ramped Equivalent (RE)	4	4	4.5	5	6	6	6.5	7	8	8	8	8
Ramped Sales Street Quota	$267	$267	$267	$267	$400	$400	$400	$400	$533	$533	$533	$533
Ramping Sales Street Quota	$0	$0	$33	$67	$0	$0	$33	$67	$0	$0	$0	$0
Total Sales Street Quota	$267	$267	$300	$333	$400	$400	$433	$467	$533	$533	$533	$533

Figure 13: Example screenshot from Revcast solution showing detailed Quota Capacity across a full fiscal year.

Attainment Factor

The Attainment Factor (AF) is the revenue target divided by Quota Capacity. Note that many organizations use an over-assign percentage target instead. This is simply the inverse of the AF. An 80% AF equals 125% over-assign. For the AF planning assumption, many use a fixed target over the course of the fiscal year.

The AF or over-assign is needed to provide a buffer between the overall sales capacity and the plan. There is always a combination of attrition, internal promotions that take quota out of a sales team, underperformance, late hiring, and longer ramp time as the year progresses. Each of these eats into and reduces the amount of sales capacity and coverage to targets. **This buffer needs to be built into every plan.** All efforts should be made to hit the fundamental assumptions such as ramp time, on-time hiring, and minimizing attrition as well as to improve those fundamental assumptions, such as reducing Ramp Time. If this is done, a lower buffer can be used, without increasing risk while reducing cost.

But if you are scaling up – and therefore hiring over the course of the year – you may want to start the year with a lower AF planning assumption because your mix of Fully Ramped vs Ramping Reps will be higher. You would then move your AF target higher as the year progresses and the mix shifts back to having more ramped reps.

You can also observe the impact of unexpected attrition or having no attrition assumption included in planning. The Attrition of Rep 2 shown in Figure 12 results in less Quota Capacity than the revenue target starting in April, making it nearly impossible to hit your revenue goals (illustrated in the following chart).

	Jan	Feb	Mar	Apr	May	June
Revenue Target	$110,000	$140,000	$170,000	$200,000	$230,000	$250,000
Attainment Factor Target	75%	75%	75%	80%	80%	80%
Quota Capacity Target	$146,667	$186,667	$226,667	$250,000	$287,500	$312,500
Quota Capacity	$150,000	$185,000	$215,000	$185,000	$200,000	$200,000
Attainment Factor Needed	73%	76%	79%	108%	115%	125%

Figure 14: Analysis showing that, due to changes in actual Quota Capacity, the actual Attainment Factor (AF) needed by remaining reps is unrealistic to reach your plan's target.

Sales Attainment

The ratio of new Sales in-period (dollars) to the Sales Quota in-period.
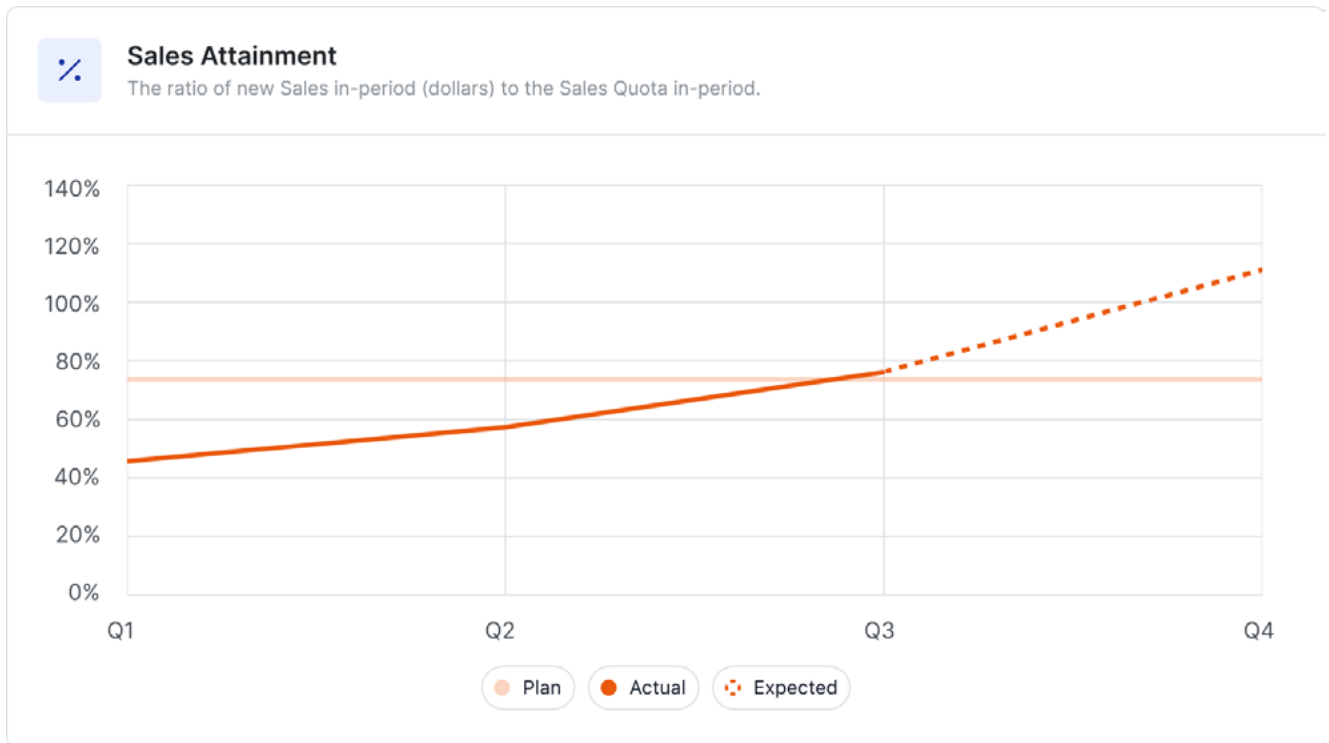
Plan   ● Actual   ⋰ Expected

Figure 15: Another view (using different case study data) showing AF Plan, Forecast, and Actual. The Revcast solution tracks actuals over time against plan, calculating updated forecasts.

Revenue Attainment and Quota Attainment

Monitoring attainment for both revenue and Quota Capacity is important to understand the correlation between the two. This helps you stay on top of performance and efficiency and helps you forecast revenue for future months and quarters.

In our example table that follows, the first quarter (January through March) shows actual Quota Capacity was near the planning target, and actual performance exceeded plan by a few percentage points. However, as Quota Capacity decreased in April due to attrition, revenue performance started to decrease – despite efficient actual performance to Quota Capacity. In other words, the remaining reps performed well and were highly productive, but there just wasn't enough total Quota Capacity to hit the revenue targets.

	Jan	Feb	Mar	Apr	May	June
Revenue Target	$110,000	$140,000	$170,000	$200,000	$230,000	$250,000
Revenue Actual	$114,000	$132,000	$187,000	$166,000	$171,000	$192,000
Revenue Attainment	104%	94%	110%	83%	74%	77%
Quota Capacity Actual	$150,000	$185,000	$215,000	$185,000	$200,000	$200,000
AF Target	75%	75%	75%	80%	80%	80%
Quota Attainment	76%	71%	87%	90%	86%	96%

Figure 16: The above KPIs show that, while sales Quota Attainment was strong, Revenue Attainment couldn't overcome reduced capacity from the April attrition.

This again highlights the critical need to manage hiring, attrition, ramps, and backfilling of lost Quota Capacity. These are just as important and impactful as Win Rates, ASP, and conversions.

Quota Capacity Waterfall

For both reps in-seat and Quota Capacity, it is useful to understand where you started a period and how you netted out to the ending period value. A waterfall chart with these KPIs – both total capacity and net or gap to plan – is a great way to visualize the in-and-out movements of both people and Quota Capacity.

In the KPIs waterfall below, although $75,000 in new Quota Capacity was added during Q2, it was less than the planned new Quota Capacity – leading to a capacity deficit relative to plan entering Q3.
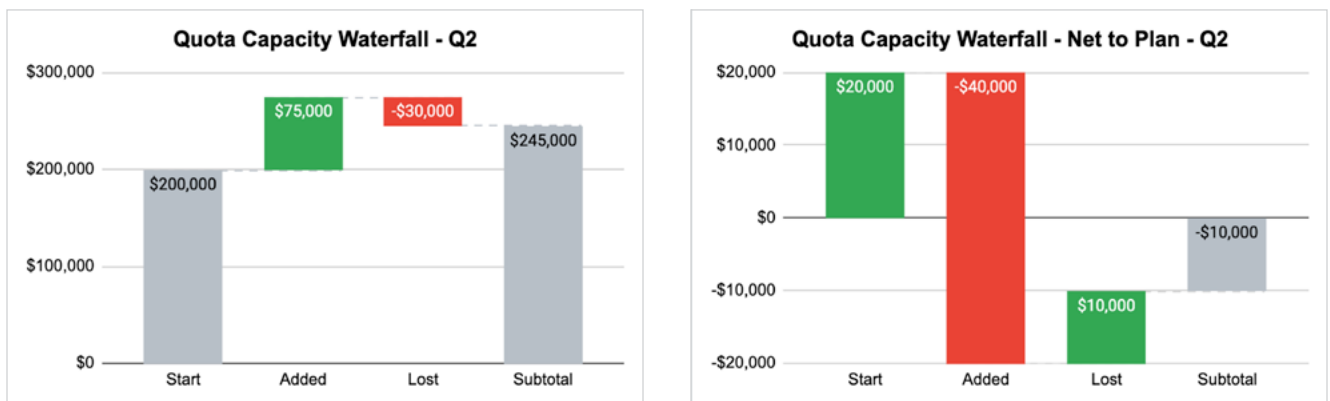

Figure 17: Quota Capacity Waterfall KPIs chart showing total or net to plan for added and lost Quota Capacity for a period.

Rep Contribution and Rep Tenure

To gain a better understanding of rep attainment to Quota Capacity, it is necessary to understand the drivers. Rep Contribution, the number of reps that have contributed and how much they have contributed to generating revenue – along with the average length of time that reps have been in role – are all KPIs that help drive this understanding.

Sales Rep Tenure is the average time in months that sales reps have been in their current role. Regardless of ramp time, all the data shows that, the longer sales reps stay in their current role, the more productive they are. Most sales reps don't reach full steady-state productivity until 12-24 months after they start. This KPI flashes risk if the tenure is decreasing and points to retention challenges that must be addressed.

Rep Contribution is the total number of reps who have contributed to the period's revenue, shown by percentage to individual Quota Attainment. Even if you are hitting your revenue targets, it may be that a small number of reps are the ones delivering the bulk of the revenue, and many may be delivering very little.

	Q1	Q2	Q3	Q4
Sales Rep Tenure - Months	15	12	14	18

Figure 18: Sales Rep Tenure KPIs by quarter. Calculate the average actual time in months that your reps have been in place. This Sales Rep Tenure can also be broken down further by segments.

In the KPI graph in Figure 19, less than half of the reps are delivering more than 50% of their quota, and over 20% are delivering nothing at all. This means that over half of the reps are inefficient – and that needs to be addressed.

In summary, the Quota Capacity and Attainment KPIs outlined in this section are best viewed together. In many cases, whether you attain your revenue targets or not, several will be amber or even red, and it is important to understand both opportunities and areas in need of attention.
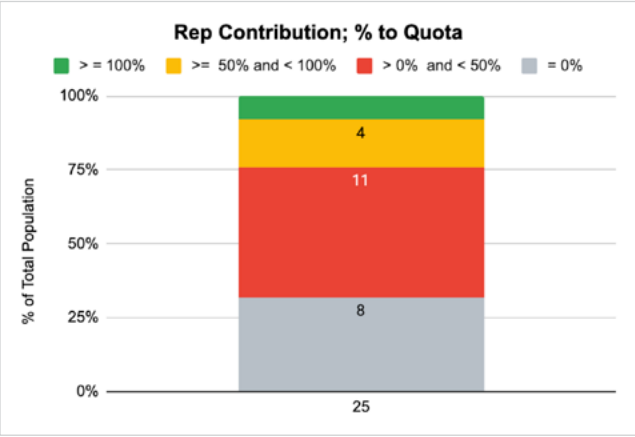

Figure 19: The KPI chart shows Rep Contribution by % of quota buckets. Eight reps (or 32% of the total reps) did not contribute to the quarter, and only two reps exceeded 100% of their quota.

The following is a sample Capacity and Attainment KPI scorecard to view during forecast calls, QBRs, C-suite meetings, or with the Board of Directors. It's recommended to always proactively add context and actions when distributing such data and metrics.

Small Business Segment	July 15th / 50% Through Q2			
	Q1		Q2	
% Attainment	Plan	Actual	Plan	Qtr to Date
Revenue Attainment	2,400	🟢 103%	2,850	🟡 98%
Attainment Factor	75%	🟡 81%	75%	🟢 72%
Quota Capacity	3,200	🟡 92%	3,800	🟢 104%
Attainment to Quota Capacity	75%	🟢 84%	75%	🟡 71%
Rep Contribution 0% <	90%	🟡 85%	90%	🔴 70%
Rep Contribution 50% <	65%	🔴 45%	65%	🔴 50%
Average Rep Tenure Months	20	🟡 80%	20	🟢 100%

Figure 20: Summary scorecard example of KPIs related to Street Quota – or capacity and attainment measures.
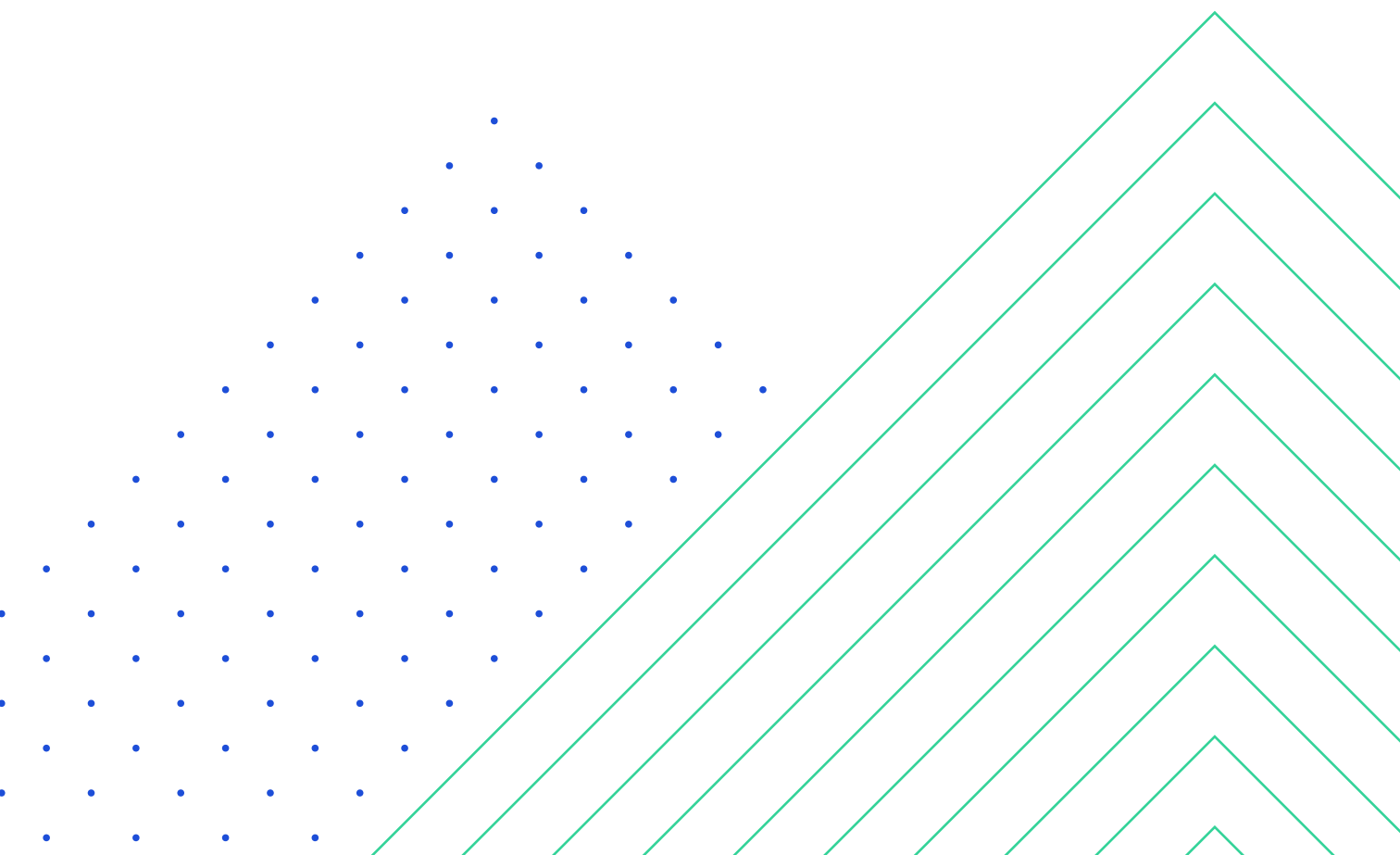
Ramp

Sales ramps are crucial elements to building up and maintaining the required Quota Capacity to hit your targets and manage expenses. Ramp is the amount of time it takes a new sales rep (whether a new hire or newly moved to the role) to achieve the productivity levels of existing sales reps. It is typically calculated in months, with each month having a ramped percentage to Quota Attainment. The "How to calculate the right ramp up periods for your sales org" blog post can provide guidance on setting the right ramp targets.

The following ramp-related KPIs are discussed in this section:

- Ramp Time
- Ramp Shape
- Ramp Attainment
- Ramped vs Ramping Mix
- Ramped vs Ramping Contribution

Ramp Time and Ramp Shape

Ramp targets are set for both Ramp Time and Ramp Shape.

- Ramp Time is the amount of time it takes a new rep to reach the productivity of an existing rep (e.g., 6, 9, or 12 months).
- The Ramp Shape is the path it takes to get there (i.e., the percentage to Quota Attainment we should expect in each of those ramping months).
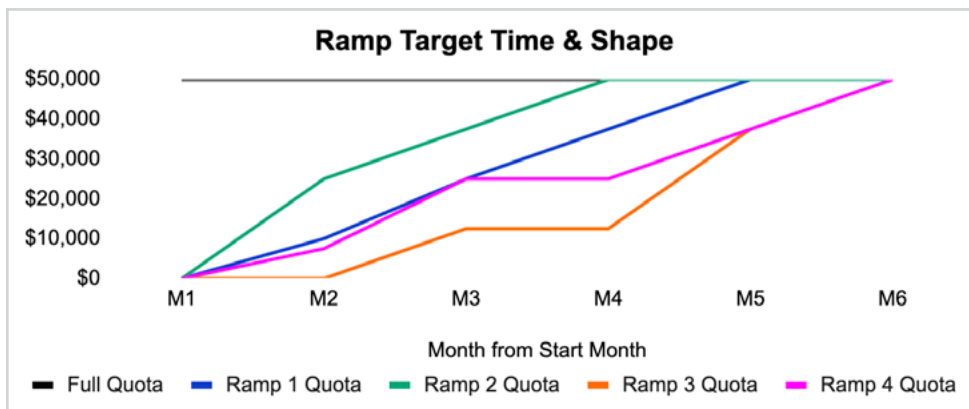

Figure 21: An example 6-month visualization of Ramp Time and Ramp Shapes by different quota models.

Ramp Attainment

When determining ramp performance, you start with a cohort of ramping reps (for example, reps who started in the first quarter or year to date), and you plot their performance starting from the first month they were onboard. This helps you visualize both the Ramp Time and the Ramp Shape.

When analyzing the validity of the ramp assumption, it is important to understand outliers and conditions. For example, did a new sales rep inherit some pipeline or were they an internal promotion from the SDR team?

In the case that follows, the 6-month ramp time assumption was fairly accurate, but the shape probably needed to be adjusted.

Month from Start Date	M1	M2	M3	M4	M5	M6
Full Quota	100%	100%	100%	100%	100%	100%
Ramp % to Full Quota	0%	15%	50%	50%	75%	100%
Ramping Rep	0%	0%	16%	50%	80%	80%
Ramping Rep	2%	11%	52%	60%	88%	106%
Ramping Rep	0%	9%	20%	54%	77%	80%
Ramping Rep	0%	12%	60%	64%	82%	112%
Ramping Rep Average	1%	8%	37%	57%	82%	95%
Standard Deviation	1%	5%	22%	6%	4%	17%

Figure 22: KPI for averaging reps' ramping actuals and analyzing deviations allows you to validate or optimize your ramp shape.

It is helpful to view the Ramp Time and Ramp Shape attainment averages on a chart for a visualization of the KPI to review during management meetings and QBRs and determine if any adjustments should be made going forward.

Instead of a Ramp Shape of 0%, 15%, 50%, 50%, 75%, or 100%, it can be adjusted to 0%, 10%, 35%, 60%, 80%, and 100% going forward.
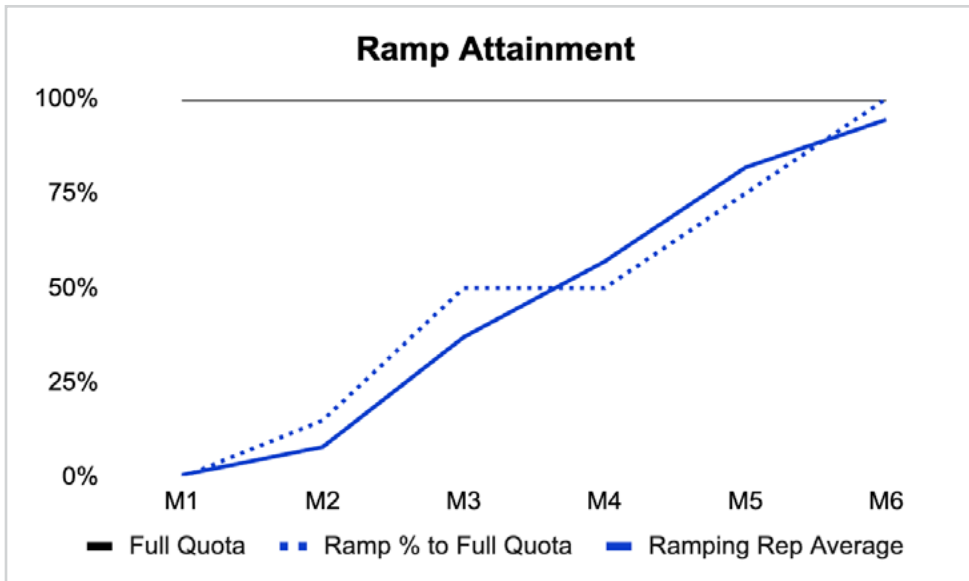
Figure 23: An aggregate view of ramping reps' average attainment KPIs to ramped quota, allowing for analysis of actual Ramp Time and Ramp Shape compared to assumptions.

There are no issues with adjusting ramp during the year; in fact, it is important to do so to improve forecasting and to mitigate risk. You may in fact find that you can delay hiring by a month if ramp performance is ahead of initial planning assumptions, or that you may need to hire a month earlier to build enough Quota Capacity to hit your targets. Either way, **ramp performance should be reviewed monthly** to gain insights into which reps ramp better than others (and why) to drive improvements. Improving Ramp Time is an impactful way to increase overall efficiency and success in achieving your revenue targets.

Ramped vs. Ramping Mix and Contribution

The mix of Fully Ramped vs Ramping Reps and Ramped Quota Capacity to Ramping Quota Capacity materially drives risk into your plan. These KPIs need to be considered while planning and monitored throughout the fiscal year.

Regardless of the Ramp Time assumption used in planning, reps typically take longer to maintain a steady state of productivity – usually 12-18 months after they start in a new role. If you are doing a lot of hiring, or if you have more attrition than anticipated and need to backfill, this will shift the mix toward a lower percentage of ramped reps and Quota Capacity to ramping reps and Ramping Quota Capacity. This Ramping Mix increases risk and should be factored into forecasting and expectations, especially the Attainment Factor (AF) planning assumption. The two charts that follow show the actual vs plan for ramped reps and Ramped Quota Capacity.
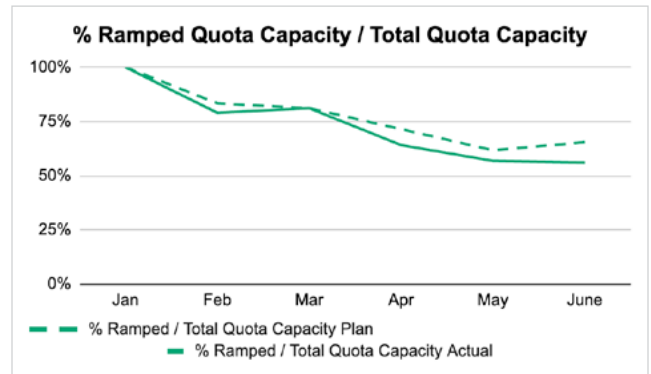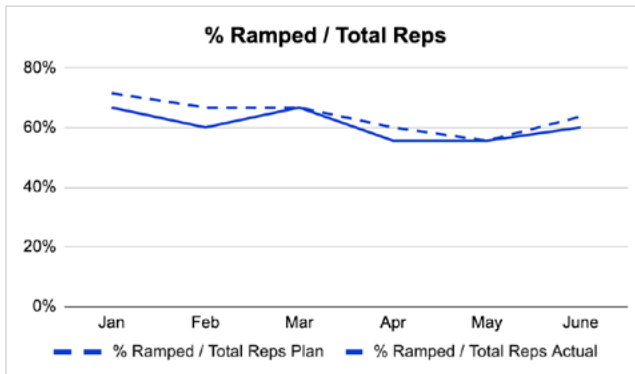
Figure 24: Tracking KPIs and trends for % of total ramped reps and total Ramped Quota Capacity.

For the actuals in the above KPI charts, there was unanticipated attrition in January, March, and June. Even if you can hire a backfill quickly and get back to planned total number of reps, the cumulative impact to percentage of Fully Ramped Quota Capacity to Total Quota Capacity is difficult to recover from and may introduce long-term risk over the course of the fiscal year.
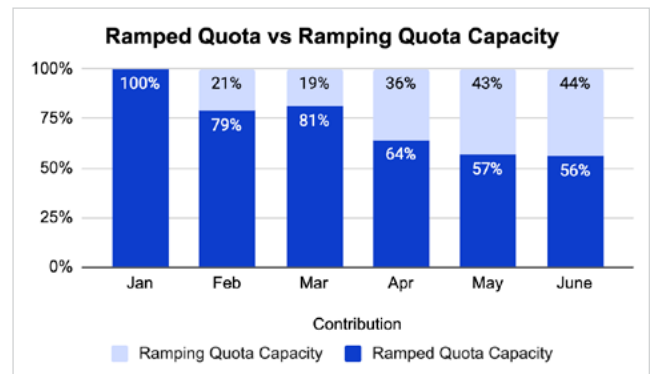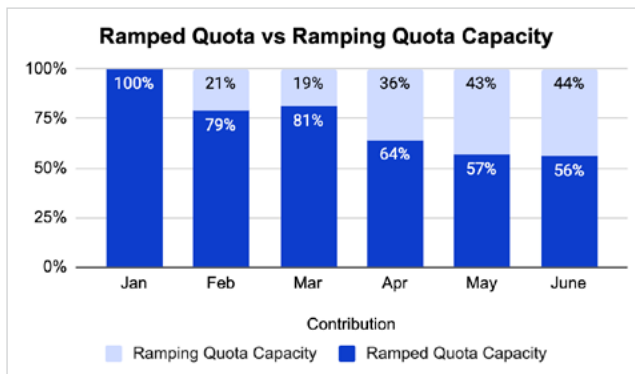

Figure 25: KPIs for actual contribution to revenue from ramped vs ramping reps vs plan of contribution to revenue. This shows whether the performance against expectations to revenue for ramping reps was set too conservatively or too aggressively and the risks going forward.

In almost all cases, ramping reps will deliver more revenue than the percentage of Ramped Street Quota they carry. This makes it important that you not only measure the KPIs related to the percentage of ramped to Ramping Quota Capacity, but also monitor the contribution to revenue from ramped vs Ramping Quota Capacity.

The more accurately you develop your ramp planning assumptions, the better you can manage the risk around the mix of ramp to ramping reps and improve your ability to hit your targets.
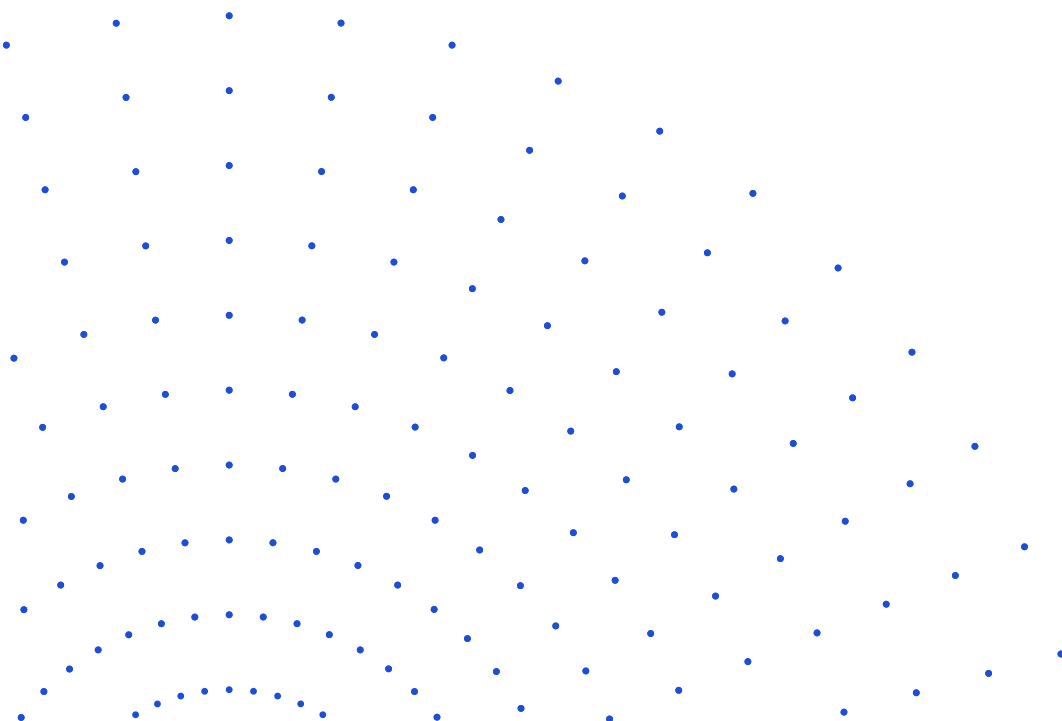
Pipeline

Pipeline is the lifeblood of closing revenue. Planning for and monitoring how much pipeline you need, where it is sourced from, who is generating it, the available pipeline generation capacity, and its performance are all necessary to stay on pace to achieving your revenue targets.

The following pipeline KPIs are discussed in this section:

- Pipeline Generated
- Sources of Pipeline
- Pipeline Conversion
- Pipeline Creation Capacity

- Open Pipeline and Weighted Pipeline
- Coverage Ratios
- Created and Close Pipeline
- Day 1 Pipeline and Pacing

There are many factors and assumptions that go into developing a pipeline generation plan that link top-of-funnel marketing programs to middle-of-funnel prospecting and development to pipeline creation. The plan includes not just how much pipeline is needed at various points in the fiscal year, but when and how it will be generated based on sales velocity, conversion rates, and efficiency.

Created Pipeline and Sources of Pipeline

A pipeline creation plan typically includes two slices: one for the source and channels, and the other for the role responsible for working the lead and generating the creation of the pipeline from that lead. The following table shows these planning KPIs by month, where the top section of pipeline generation shows contributions by three different role categories, and the bottom section shows it broken down by three different channel pipeline sources.

Pipeline Create Targets	Jan	Feb	Mar	Apr	May	Jun
Pipeline Total	$356,000	$415,000	$512,000	$530,000	$614,000	$718,000
Pipeline Generation						
Inbound SDRs	$249,200	$290,500	$343,040	$355,100	$368,400	$430,800
Outbound SDRs	$53,400	$62,250	$92,160	$95,400	$153,500	$179,500
Sales Reps	$53,400	$62,250	$76,800	$79,500	$92,100	$107,700
Contribution / Mix						
Inbound SDRs	70%	70%	67%	67%	60%	60%
Outbound SDRs	15%	15%	18%	18%	25%	25%
Sales Reps	15%	15%	15%	15%	15%	15%
Pipeline Source						
Marketing Inbound	$231,400	$269,750	$317,440	$302,100	$307,000	$359,000
Sales / ABM	$106,800	$124,500	$168,960	$174,900	$245,600	$287,200
Partner	$17,800	$20,750	$25,600	$53,000	$61,400	$71,800
Contribution / Mix						
Marketing Inbound	65%	65%	62%	57%	50%	50%
Sales / ABM	30%	30%	33%	33%	40%	40%
Partner	5%	5%	5%	10%	10%	10%

Figure 26: A plan for Pipeline Generated by role types and pipeline sourcing by channel mix across a 6-month period. The total pipeline created target for each bucket of organization should always be equal.

It is important to track not only the performance KPIs of each individual source/channel, but also the percentage contribution KPIs of each (the mix). Each source will have a different velocity, ASP, and conversion rates to won revenue (CVR). Even if you achieve the overall target pipeline, if the mix percentage KPIs shift more to one of lower conversion rates or lower ASP, your revenue plan will be at risk. Conversely, if the mix moves in the opposite direction, you may have an opportunity to overachieve.
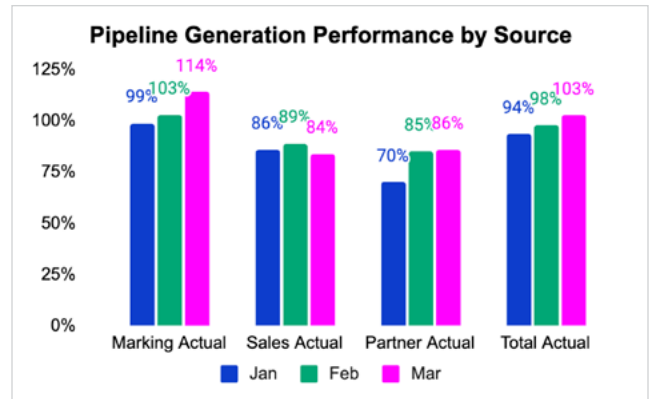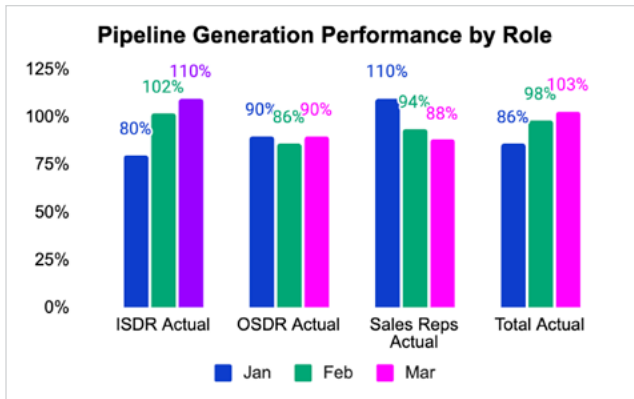
Figure 27: A quarterly view of actual pipeline generation KPIs by sales role type and by primary sources, to both assess performance to plan and visualize trends. In the example, the partner channel source got off to a slow start in January, but picked up in February and March.
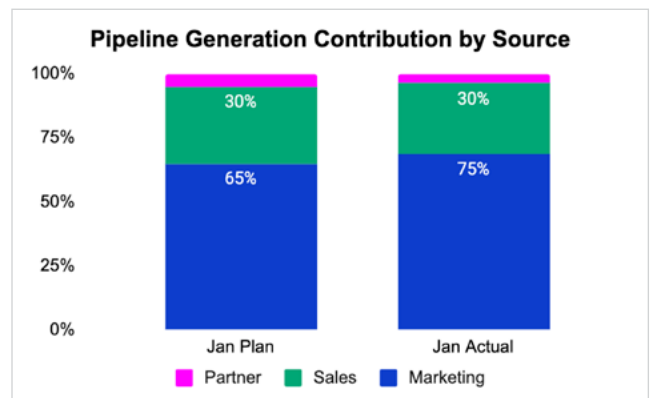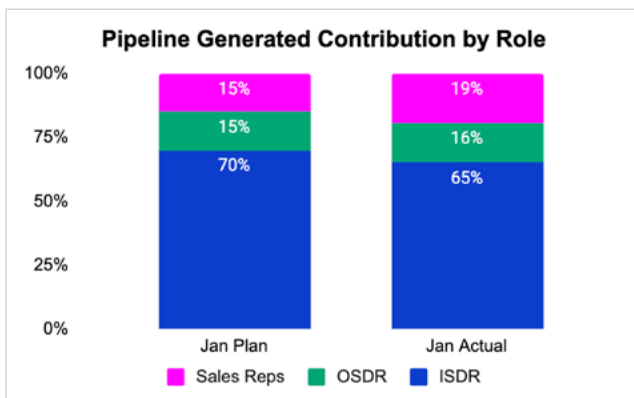
Figure 28: A monthly view of pipeline generation actuals vs. plan by role and by source KPIs, so you can easily spot deviations and adjust and drive improvements. By the end of January, the example shows that the partner channel (yellow) is contributing below plan.

Pipeline Conversion

As mentioned above, CVR (the conversion rates to won revenue) – by both who generated the pipeline and the channel or source – is important to optimize your investments and resources to achieve the right plan and balance for pipeline creation.

CVR is calculated by dividing the amount of Pipeline Generated that was won by the total amount of Pipeline Generated in a specific time period. For example, if $100,000 of pipeline was generated in January by the sales team, and, of that specific pipeline, $25,000 was won in any time period, the CVR

would be 25%. Note that, as time progresses, the CVR can increase until all the Pipeline Generated from that specific time period is either closed won or closed lost. Tracking conversion rates monthly, or even using a rolling time period such as 30 or 60 days, will help you identify both seasonality and signals that indicate trends that may impact future Revenue Attainment.
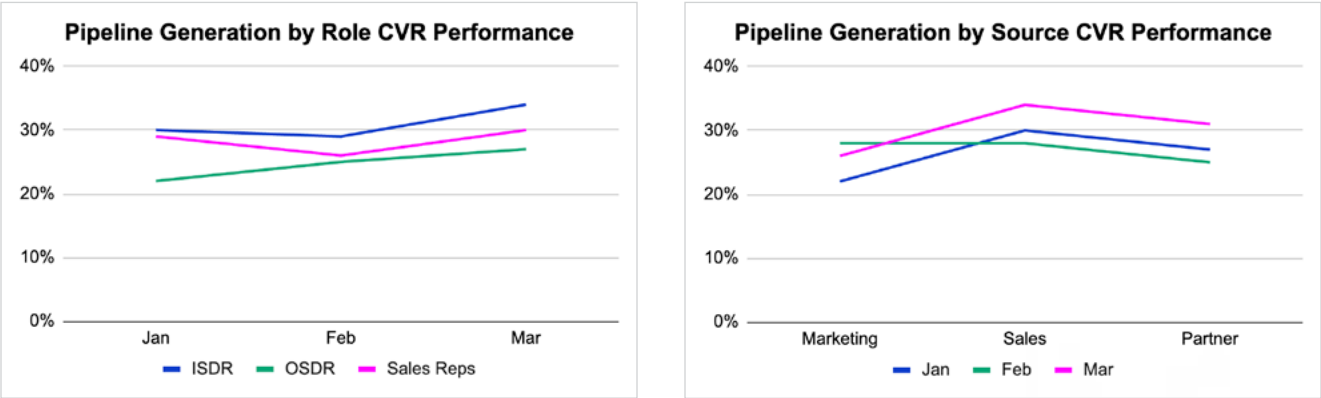
Figure 29: Line chart KPIs for tracking actual conversion rates for the pipeline you're generating, both by time and by source.

The tables below show the impact Pipeline Generation Source mix – where they each have a different CVR – can have on revenue. Even with the same amount of pipeline generated, if the actual mix and/ or conversion rates deviate from plan, the amount of won revenue will vary. It should be expected that these will vary month to month and quarter to quarter. When they do vary, the combination of the deviations may still lead to achieving or even exceeding your revenue target. But if not, a path needs to be mapped out, along with actions, to achieving the target.

Monthly Revenue Target	$280,000

Plan	Pipeline	Mix	CVR	Won
Marketing	$650,000	65%	26%	$169,000
Sales	$300,000	30%	32%	$96,000
Partner	$50,000	5%	30%	$15,000
Total	$1,000,000	100%	28%	$280,000

Actual	Pipeline	Mix	CVR	Won
Marketing	$610,000	61%	22%	$134,200
Sales	$350,000	35%	30%	$105,000
Partner	$40,000	4%	27%	$10,800
Total	$1,000,000	100%	25%	$250,000

Figure 30: The contribution of each pipeline generation source and their related conversion rate impact the amount of revenue that can be delivered. A shift to a lower converting source will negatively impact revenue. The actual contribution and conversion rates KPIs should be tracked monthly, compared to plan, and used as an input to forecast the next month or quarter.

Pipeline Creation Capacity

To generate enough pipeline, you must have the needed pipeline generation capacity. There are two elements to ensure this capacity:

- **Plan by Source:** The first is creating a plan in which each source can deliver the needed pipeline creation goals per the above. For example, per the prior tables, Marketing needs to create and invest in programs that generate $231,400, $289,750, and $317,440 in January, February, and March. The same planning needs to be done for both the Partner team and the Sales team.
- **People Capacity:** The second is ensuring there are enough people resources to move and work the leads through the middle of the funnel to generate pipeline. This includes the various SDR teams you may have and pipeline generation expectations placed on sales reps.

Following is a headcount and capacity plan for inbound SDRs based on the pipeline generation:

Inbound SDR	Jan	Feb	Mar	Apr	May	June
Pipeline Generation Targets	$356,000	$415,000	$512,000	$530,000	$614,000	$718,000
SDRs	7	9	10	10	12	14
per SDR Quota	$70,000	$70,000	$70,000	$70,000	$70,000	$70,000
Attainment Factor	85%	85%	85%	85%	85%	85%
SDR Capacity with AF	$416,500	$535,500	$595,000	$595,000	$714,000	$833,000
Gap Capacity / Target	$60,500	$120,500	$83,000	$65,000	$100,000	$115,000
Attainment Factor Needed	85%	77%	86%	89%	86%	86%

Figure 31: Spreadsheet-based model and plan for SDR capacity to meet pipeline generation goals. This is executed in the exact manner that is used to develop a capacity plan for quota carrying sales reps.

This plan is created in the same manner in which a headcount and capacity plan is created for sales reps. It includes a hiring plan, attrition assumptions, ramps, and an Attainment Factor. You will want to track the same KPIs, including Hiring Gap, Attrition Gap, Reps In-Seat Gap, Ramped vs. Ramping Reps; attrition types; On-Time Hiring, and Hiring Velocity. A similar pipeline generation capacity plan is generated for each SDR type and for the sales reps. (For a refresher, you can review the Hiring and Attrition section in this book. And for Quota Capacity and Attainment KPIs, similar KPIs should be tracked that were described in that specific section.)

Open Pipeline and Weighted Pipeline

Everyone measures and reports on their Open Pipeline for the current quarter, and you should too. Open Pipeline progresses through the quarter – either moving to dead, to future quarters, or to later stages.

Each stage has its own unique Win Rates, so to truly understand the ability of your Open Pipeline to generate revenue in the current quarter, weights need to be added to the analysis. Having all of your Open Pipeline in early stages increases the risk of hitting your targets. Over the course of the quarter, enough pipeline needs to move to later stages, which have higher Win Rates, to be able to deliver against your goals.

Reporting both total Open Pipeline and total Open Weighted Pipeline along with the Created Pipeline helps develop and improve your quarterly forecasts as well as highlights areas of risk. Stage weights should be developed based on historical performance and be equal to the Win Rate of that stage. These should be done by sales segment or motion, as they will differ. Those stage-based conversions also change over time and may be seasonal, so it is okay to adjust them as you progress through the year to gain a more accurate and clear picture of the pipeline.

The following table shows the difference between total Open Pipeline and total Weighted Pipeline KPIs at various points in the quarter.

Stage	Weight
S0 - Discovery	0%
S1 - Qualification	10%
S2 - Validation	50%
S3 - Negotiation	75%
S4 - Final Close	90%

Pipeline	Day 1	Day 30	Day 60
S0	$2,200,000	$1,450,000	$200,000
S1	$1,800,000	$2,200,000	$850,000
S2	$1,100,000	$1,600,000	$950,000
S3	$370,000	$700,000	$1,225,000
S4	$65,000	$435,000	$900,000
Total Pipeline	$5,535,000	$6,385,000	$4,125,000
Closed Won	$0	$450,000	$1,625,000
Target	$3,000,000		

Weighted Pipeline	Day 1	Day 30	Day 60
S0	$0	$0	$0
S1	$180,000	$220,000	$85,000
S2	$550,000	$800,000	$475,000
S3	$277,500	$525,000	$918,750
S4	$58,500	$391,500	$810,000
Total Pipeline	$1,066,000	$1,936,500	$2,288,750
Closed Won	$0	$450,000	$1,625,000
Target	$3,000,000		

Figure 32: Each sales cycle stage is assigned a weight based on historical conversions, which is then applied to the total Open Pipeline in that stage. The sum of all the stages multiplied by their assigned weights provides the total Open Weighted Pipeline.

As you can see, on Day 1, there's not enough pipeline in the later sales stages (which puts achievement of your plan at risk), but then the KPIs improve as the quarter progresses. The action to take on Day 1 is to ensure that enough attention is being paid to the early-stage deals to progress them to later stages.

Coverage Ratios

Coverage Ratios (CR) are important indicators for how much pipeline you have and **how much you need** at any point prior to and in the current quarter – relative to your revenue targets – to achieve your revenue targets.

CRs are calculated by dividing the total amount of Open Pipeline by the remaining amount of revenue that needs to be closed to hit your target. For example, if your revenue target for the quarter is $2,000,000, and $500,000 has been closed won to date and there is $3,000,000 in Open Pipeline remaining for the quarter, your CR = $3,000,000 / ($2,000,000 - $500,000). This makes your CR equal to 2.0.

Analyzing historical Coverage Ratios to closed won determines, by sales stage and day in quarter, how much coverage you need if you're to hit your remaining revenue targets. These CRs then become your targets for the initial quarterly pipeline and for each day within the quarter. It is important to do this analysis by both stage and timing in a quarter, given deal velocity, as CRs will be variable throughout the quarter.

In the CR KPI table below, you can see that CRs for each sales stage at three different points in the quarter have been historically calculated:

Next Quarterly Target		$4,500,000

CR (Coverage Ratio)	Day 1	Day 30	Day 60
S0 - Discovery	0.7	0.5	0.1
S1 - Qualification	0.6	0.7	0.3
S2 - Validation	0.4	0.5	0.3
S3 - Negotiation	0.1	0.2	0.4
S4 - Final Close	0.0	0.1	0.3
Total Pipeline	1.8	2.1	1.4

Pipeline Targets	Day 1	Day 30	Day 60
S0 - Discovery	$3,300,000	$2,175,000	$300,000
S1 - Qualification	$2,700,000	$3,300,000	$1,275,000
S2 - Validation	$1,650,000	$2,400,000	$1,425,000
S3 - Negotiation	$555,000	$1,050,000	$1,837,500
S4 - Final Close	$97,500	$652,500	$1,350,000
Total Pipeline	$8,302,500	$9,577,500	$6,187,500

Figure 33: Coverage Ratio KPIs by stage by day in quarter are calculated using historical data from multiple quarters. These can then be used to set pipeline target KPIs by stage at those days in the quarter. The Coverage Ratios should be reviewed and updated at the end of every quarter.

CRs should be recalculated at the end of every quarter by including the just-finished quarter's data into the overall data set. They should then be used to reset the pipeline targets for the current and next quarter, as seen in the table on the right. Once you enter the quarter, the pipeline gap in each stage to

the target can be analyzed along with the positive or negative impact to provide an additional forecast and projection on where your quarter may eventually land.

Remember that both the CR and pipeline projections exclude revenue that has been closed won. The pipeline target KPIs for the remainder of the quarter should be recalculated at least monthly, using the same CRs. So, if you close more revenue earlier in the quarter, the pipeline targets will decrease against the same CRs.

Created and Closed Pipeline

For many businesses, a material portion of closed won revenue in any quarter is from pipeline created and closed within the same quarter. This is especially true for high-velocity sales motions. For companies that have 30-day sales cycles, the majority of closed revenue may in fact be created and closed within the quarter. This reduces the CR and therefore the pipeline target KPIs needed earlier in the quarter, but it also means CRs and pipeline targets will be higher as you progress through the quarter.

The tables that follow illustrate how you can determine how much revenue each quarter your company has historically won – from the Day 1 starting pipeline for the quarter and pipeline created through each period based on number of days, with a close date in the quarter. This can be used to calculate CRs and to set targets by the number of days you are into the quarter for both Created and Closed Pipeline.

Closed Won	$2,000,000

	Day 1	Day 30	Day 60
Starting Pipeline	$1,300,000		
Created Pipeline		$1,200,000	$1,000,000
% of Closed Won	35%	40%	25%
Closed Won	$700,000	$800,000	$500,000

	Day 1	Day 30	Day 60
CR	1.9	1.5	2.0
Created Pipeline		$800,000	$600,000
% of Closed Won	30%	50%	20%

Figure 34: Use historic closed won revenue data that is closed from Day 1 Pipeline vs closed won revenue that is closed from Created and Close Pipeline in the quarter, to determine Coverage Ratios for Create and Close Pipeline needed on various days of the quarter. Those Coverage Ratios can be used to set Create and Close Pipeline targets for various days in future quarters.

When you enter each new quarter, you will want to track Created and Close KPIs, against targets, to determine if you are on, behind, or ahead of the pacing required to generate enough Create and Close Pipeline to hit your revenue targets.
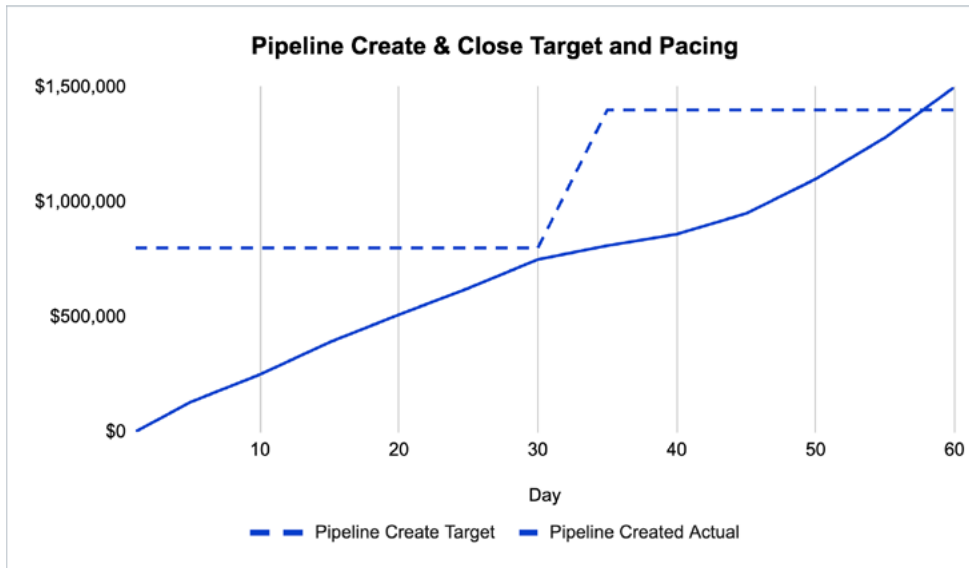
Figure 35: A KPI line chart used to track Create and Close Pipeline to target as the quarter progresses. The example above shows pacing through Day 60 of the current quarter.

Day 1 Pipeline and Pacing

As just described, CRs can be used to set a target for the amount of Open Pipeline you should have when entering each new quarter. The pacing KPIs toward this target – the next quarter's Day 1 Pipeline – can be tracked throughout the current quarter and should be incorporated into weekly forecast calls and pipeline reviews. It's also a great KPI to share and discuss with your other Pipeline Source channel stakeholders, mainly marketing and partnership teams.

Pacing is determined by analyzing the historical percentage to final attainment or where you end up for each day or week of the quarter. This pacing percentage is then set as a "percent to target" goal. It can then be multiplied by future quarterly revenue targets to determine the value of pipeline you should have, for next quarter, for each day or week during the current quarter. For example, if you started the current quarter with $1,000,000 in Day 1 Pipeline and, on Day 60 of the previous quarter you had $650,000 in Day 1 Pipeline for the current quarter, then your pacing for Day 60 is 65%. Multiple quarters should be analyzed to create these targets. If your Day 1 Pipeline target for next quarter is $1,500,000, then on Day 60 of the current quarter you should have created $975,000 in Day 1 Pipeline to be on pace.

Remember: This pipeline value includes **all open deals that have a close date of next quarter,** regardless of how it ended up in that bucket. It may be that a deal was pushed to next quarter, created with an initial close date of next quarter, or pulled forward into the next quarter from a future quarter.

Day 1 Pipeline Pacing
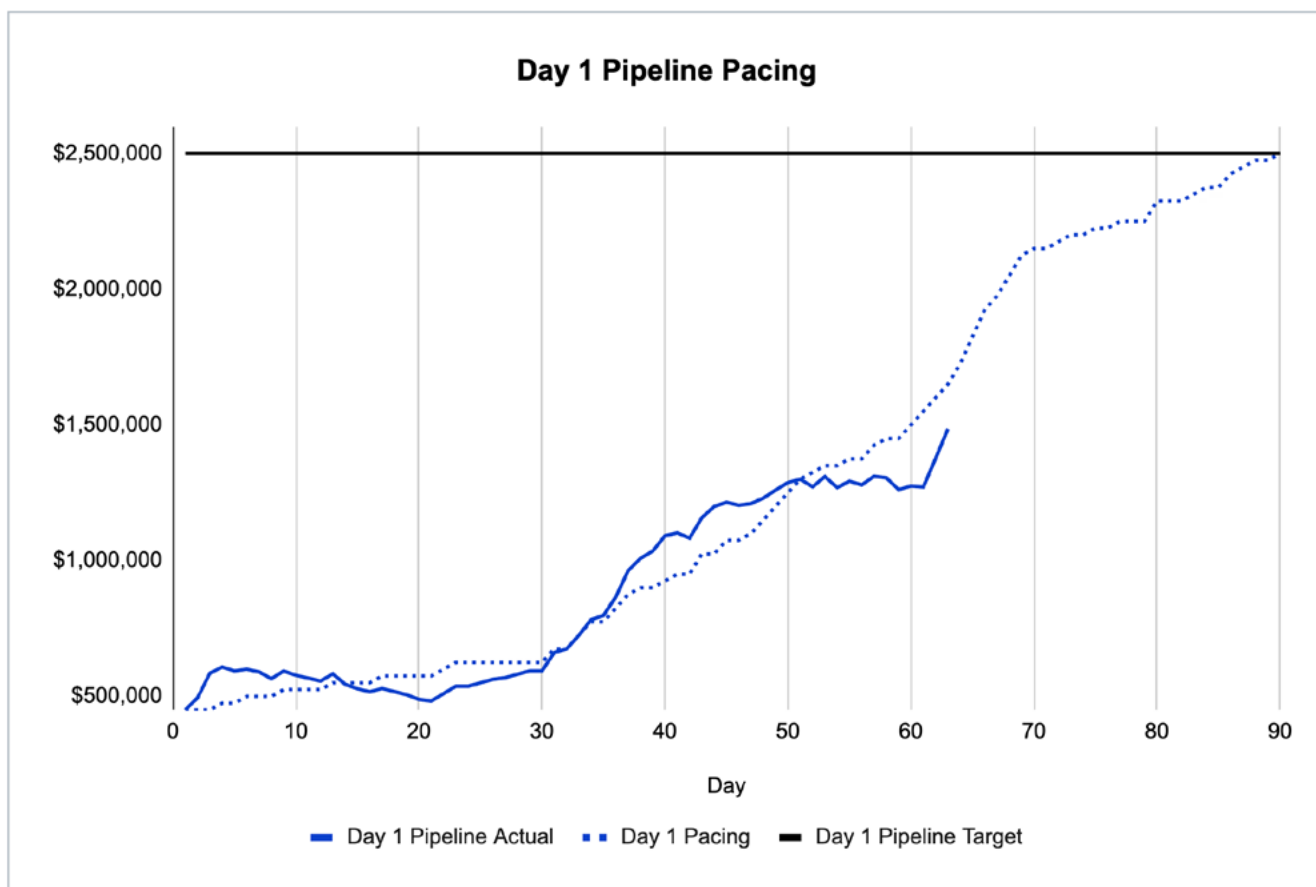
Figure 36: Day 1 Pipeline for next quarter is a key KPI to get an early read on next quarter's success. A line chart should be used to monitor the build-up (or pacing) compared to expected historical pacing, to next quarter's Day 1 Pipeline target.

Tracking this KPI provides early visibility into risks and opportunities for next quarter, allowing you and your pipeline stakeholders to take earlier action to close a gap or take advantage of overachievement.

All stakeholders need to agree on a cadence for review of these pipeline KPIs – ideally during weekly forecast or pipeline review meetings. An example scorecard for pipeline KPIs is shown on the next page.

Pipeline Scorecard			
Small Business Segment	**July 15th / 50% Through Q2**		
	Q2 Actual		
% Attainment	**Pipeline**	**Mix**	**CRV**
Pipeline Generation			
Inbound SDRs	● 103%	● 95%	● 100%
Outbound SDRs	● 92%	● 103%	● 89%
Sales Reps	● 81%	● 76%	● 105%
Pipeline Source			
Marketing / Inbound	● 104%	● 110%	● 101%
Sales / ABM	● 80%	● 89%	● 104%
Partner	● 70%	● 65%	● 86%
Generation Capacity	**Headcount**	**Quota Capacity**	
Inbound SDRs	● 100%	● 100%	
Outbound SDR	● 90%	● 85%	
Sales Reps	● 85%	● 79%	
Pipeline	**Total**	**Weighted**	
Open	● 103%	● 92%	
Coverage Ratio	**Day 1**	**Day 30**	**Day 60**
Early Stage (S0, S1, S2)	● 97%	● 105%	● 92%
Late Stage (S3, S4)	● 78%	● 86%	● 106%
Create & Close Pipeline Pacing	n/a	● 102%	● 93%
Day 1 (Next Quarter) Pacing	● 81%	● 96%	● 104%

Figure 37: A summary pipeline KPI scorecard should be regularly reviewed with stakeholders across the GTM effort, including marketing and partnership/business development teams.

Pipeline KPIs are the most complex but also the most important set of KPIs to constantly generate and analyze. You need the right amount of pipeline at the right time in the right sales stages to hit your revenue targets. There is no amount of overachievement in any other set of execution KPIs that can consistently make up the gap from a lack of pipeline. It's well worth spending the time to find a solution that accurately – and in real time – captures your Created Pipeline and Open Pipeline to calculate your Coverage Ratios and to use them to set the right targets.

Sales Cycle Execution

Sales cycle execution KPIs are a set that most of us are familiar with, thanks to reports and dashboards set up and reviewed regularly. These KPIs provide insights into our sales performance and trends for the year, quarter, and month, so we can formulate a forecast and identify areas of risk and opportunities.

The following sales cycle execution KPIs are discussed in this section:

- Revenue
- Revenue Pacing
- Average Selling Price (ASP)
- Deal Count
- Sales Velocity
- Win Rate

Revenue and Revenue Pacing

Tracking Revenue KPIs on a daily basis and reviewing at weekly forecast calls is typically done by sales segment and at times by teams within each sales segment. Revenue performance and attainment could be tracked against any element of the revenue plan – segment, geography, channel, or team – in which a revenue target is set.

Segment	Q1 Target	Q1 Actual	Attainment %	Q2 Target	Q2 to Date	Attainment %
Small Business	$1,600,000	$1,450,000	90.6%	$1,900,000	$150,000	7.9%
Mid-Market	$2,000,000	$2,060,000	103.0%	$2,500,000	$1,360,000	54.4%
Enterprise	$2,800,000	$2,440,000	87.1%	$3,600,000	$2,100,000	58.3%
EMEA	$900,000	$925,000	102.8%	$1,225,000	$650,000	53.1%
Partner	$350,000	$190,000	54.3%	$550,000	$280,000	50.9%
Total Revenue	$7,650,000	$7,065,000	92.4%	$9,775,000	$4,540,000	46.4%

Figure 38: Example KPI breakdown of revenue targets, actuals, and attainment for each sales segment, comparing Q1 historic performance vs. current Q2 in progress.

It is beneficial to produce and monitor a Revenue Pacing KPI chart (similar to the Day 1 Pipeline pacing chart) in order to obtain early signals within a quarter to assess how well the sales team's quarter-to-date performance is tracking both toward your target and against historical Won Revenue Pacing.
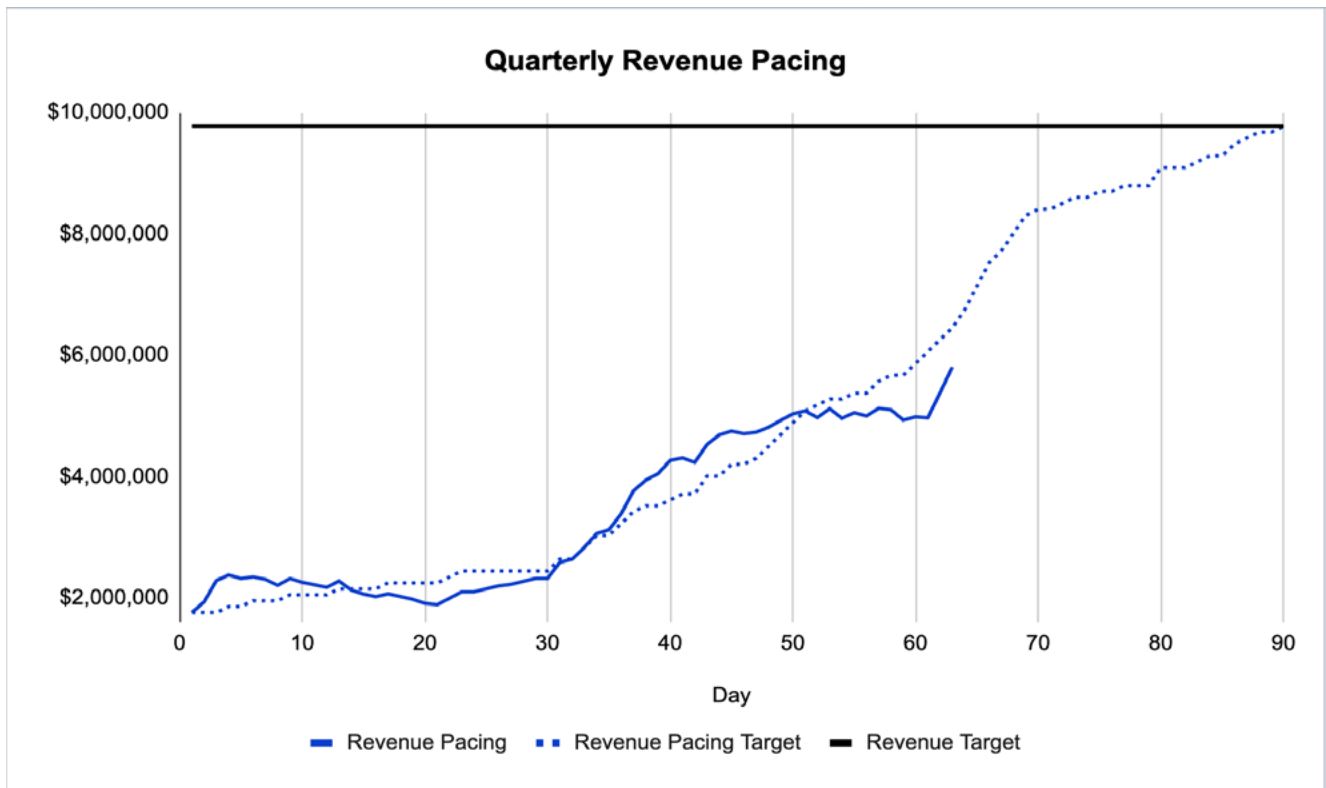
Figure 39: Revenue does not close at a consistent pace throughout the quarter. By creating an expected Closed Revenue Pacing KPI chart you can compare how you are tracking during the current quarter against these expectations to determine risk and incorporate into forecasts.

Average Selling Price and Deal Count

Revenue is a function of Average Selling Price (ASP) and Won Deal Count. Each sales segment or motion has its own expectations and performance, and these KPIs should be tracked at those levels.

ASPs and Won Deal Count are typically seasonal within a year, quarter, and month. For example, larger enterprise deals are typically closed at the end of the last month in Q2 and Q4, while a small business segment tends to be less seasonal. It is important to understand this seasonality when reviewing these as in-quarter and in-month KPIs. A model can be created using historical data to adjust for the seasonality, and it can even be built into the foundational elements of a revenue plan.

Alternatively, you can report on these KPIs using a short-term and long-term rolling average. For example, you may want to generate and review a rolling 30-day and 90-day ASP and Deal Count for a higher-velocity segment and a rolling 90-day and 180-day ASP and Deal Count for an enterprise motion.

There are several ways in which the following information can be analyzed beyond sales segments or sales motions:

Segment	Q1 Targets			Q1 Actual		
	Revenue	ASP	Deal Count	Revenue	ASP	Deal Count
Small Business	$1,600,000	$18,000	89	$1,450,000	$16,000	91
Mid-Market	$2,000,000	$45,000	44	$2,060,000	$51,000	40
Enterprise	$2,800,000	$170,000	16	$2,440,000	$210,000	12
EMEA	$900,000	$55,000	16	$925,000	$58,000	16
Partner	$350,000	$80,000	4	$190,000	$65,000	3
Total	$7,650,000	$44,857	171	$7,065,000	$43,744	162

Figure 40: Create a KPI snapshot, by segment, for previous quarter Revenue, ASP, and Deal Count performance and quarter to date for current quarter to review during forecast calls.

Alternative views of the above table can be created. ASPs and Deal Count can be bucketed into small, medium, and large deals. They can be shown by industry or lead generation channels or any other attribute of the customer or deal type where you want to isolate and identify trends. For example, understanding that a specific big-ticket industry conference sponsorship produces deals with the highest ASP compared to other lead generation channels can help justify the investment ROI.

Sales Velocity

Sales Velocity, or the amount of time it takes a deal to progress through the sales stages, provides several insights for both planning and execution.

For planning, Sales Velocity KPIs provide the offset to when pipeline needs to be created to when revenue needs to be delivered. If it takes 90 days to move a deal through the sales cycle from deal creation to closed won, then the pipeline generation plan needs to be one that generates enough pipeline 90 days prior to the revenue plan. An overly simplified example:

- If your revenue plan calls for $1,000,000 of closed revenue in June...
- And Sales Velocity from pipeline created to closed won is 90 days...
- And the conversion ratio (CR) is 2.5...
- Then $2,500,000 of pipeline needs to be created by March to support the June revenue target

Sales Velocity KPIs should be measured in two ways: from each stage to closed won revenue and from each stage to the next stage or time in stage. This is illustrated in the following tables for both small business and enterprise example sales teams:

Small Business Segment	Velocity to Closed Won	Velocity to Next Stage
S0 - Discovery	40	4
S1 - Qualification	36	11
S2 - Validation	25	15
S3 - Negotiation	10	8
S4 - Final Close	2	2

Enterprise Segment	Velocity to Closed Won	Velocity to Next Stage
S0 - Discovery	190	14
S1 - Qualification	176	24
S2 - Validation	152	97
S3 - Negotiation	55	40
S4 - Final Close	15	15

Figure 41: Sales Velocity KPIs are measured for two different sales segments, each looking at time to next stage and time from stage to closed won.

The first velocity measure, from each stage to closed won revenue, supports the pipeline generation planning as discussed above. This data also supports forecasting, by helping to determine the appropriate forecast category based on time left in the quarter. For the enterprise segment example above, it takes over 50 days to negotiate the commercials. If a deal just entered this stage, but there are only 20 days left in the quarter, this deal should not be in the forecast commit category, even if it has a very high likelihood of eventually being closed won.

The second velocity measure, from each stage to the next stage (or time in stage) helps identify areas in the sales methodology that may be inefficient. If effort is deployed to reduce the time between stages, efficiencies can be captured. For the enterprise segment, Stage 2 (Validation) is three months. An investigation into the drivers of this amount of time may uncover areas of opportunity and actions to take to reduce the time in this stage.

Sales Velocity is often evaluated in combination with other sales execution KPIs to determine if there is any correlation. Sales Velocity and ASP are two common pairs. The longer it takes to close a deal, the more costly that deal cycle is; therefore, the expectation is that ASPs are higher. Longer Sales Velocity enterprise motions and segments should have higher ASPs than shorter small business motions and segments. **The right balance of Sales Velocity vs ASP should be evaluated and determined during planning cycles.**

Win Rate

Win Rates show how efficiently sales is closing revenue from their Open Pipeline, what tactics are working, its seasonality, variations between sales motions, geography, lead channel, and other attributes. Win Rate is calculated by Deals Closed Won / (Deals Closed Won + Deals Closed Lost) in the time period used for evaluation:

Win Rate	Q1	Q2	Q3	Q4
Closed Won	54	68	60	82
Closed Lost	127	123	155	132
Total Closed	181	191	215	214
Win Rate	29.8%	35.6%	27.9%	38.3%

*Figure 42: The Win Rate KPI can be calculated by any time period and should be based on your sales motion(s).
Use a shorter time frame for velocity-based motions and a longer time frame for more upmarket motions.*

As with all KPIs, Win Rates should be measured and shown by sales segment or sales motion and can be calculated against a variety or attributes such as geography, industry, and lead or source channel. It is important to determine how you want to measure Win Rates and, therefore, which deals are included in calculating the KPIs and the corresponding narrative they tell and insights they deliver. Example of additional filters you can put on this analysis:

- Exclude deals lost to "no decision"
- Split out deals that are against specific competitors vs. total
- Only look at deals past a specific sales stage

For several KPIs, we mentioned that it is useful to calculate them by using a rolling average. This is also true with Win Rates. Win Rates can be lumpy and very seasonal. Using a rolling average helps smooth out this lumpiness and uncovers signals that may indicate trends needing to be further evaluated. Using a shorter-term and a long-term rolling average together provides the best analysis.

The following chart shows a 15-day and a 30-day rolling average for Win Rates. As you can see, the longer-term 30-day rolling average has less variability than the 15-day rolling average.
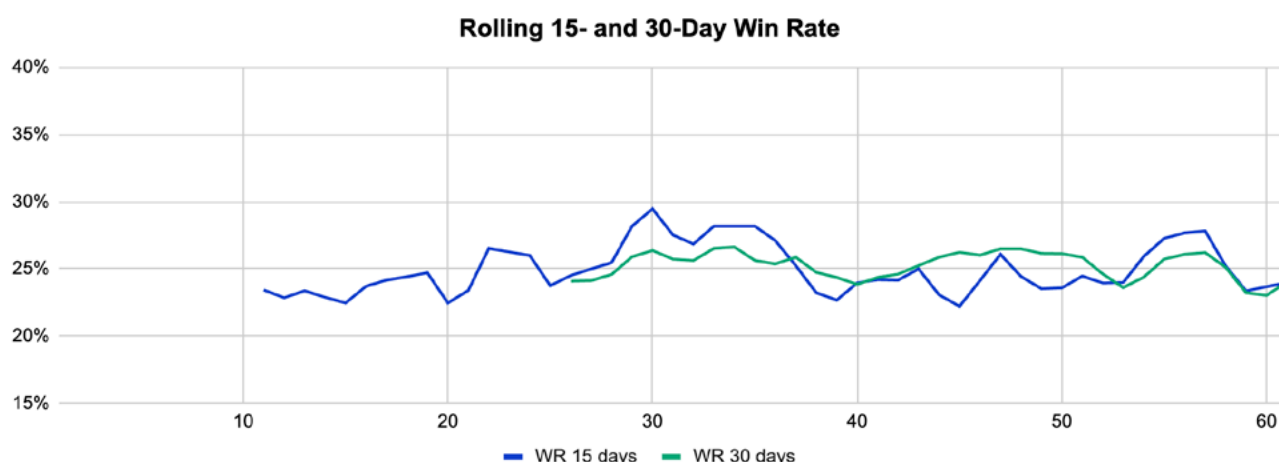
Figure 43: Visualizing Win Rate KPIs using a rolling average helps negate seasonality, and the time frame of rolling averages should be based on your sales motions.

How do you interpret this type of data analysis?

- When the shorter-term rolling average maps out at a higher Win Rate than the longer-term rolling average, the overall trend is positive and Win Rates are improving.

- When the shorter-term rolling average crosses below the longer-term rolling average, this is a signal that the longer-term Win Rate will start to decrease. It's a good time to evaluate the drivers behind the decrease in short-term Win Rates and identify and execute corrective action so this doesn't continue.

Sales cycle execution KPIs can also be constructed into a scorecard. An example of one follows:

Sales Cycle KPIs	Revenue Pacing	Revenue Pacing	ASP Rolling	ASP Rolling	Won Deal Count	Velocity Rolling	ASP Rolling	ASP Rolling
Time Period	Q1 Act	Q2 Week 6	30 days	60 days	Q1 Act	60 days	30 days	60 days
Small Business	●	●	$12,500	$14,000	145	42	26%	30%
Enterprise	●	●	$190,000	$165,000	32	170	21%	32%

Figure 44: An easy-to-digest KPI scorecard that includes Revenue Pacing, ASP rolling averages, Won Deal Counts, and Sales Velocity should be created for executive, QBR, and forecast review.

Sales cycle execution KPIs should be viewed during weekly and monthly cadences, so their performance can be evaluated alongside capacity and pipeline. They are a key leg of the table, and typically the easiest to enable in CRM and existing solutions.

KPI GROUP 6

Productivity

Growth at all costs is no longer an option in the current environment. Any plan and all plan options need to be evaluated against a set of productivity KPIs to help drive improvements year over year, to evaluate investment options, to compare across segments and motions and against industry benchmarks.

Ultimately, this is where the balancing act of growth vs. efficiency comes into play. You may have agreed to a strategy to grow revenue by increasing ASP through larger investments in an enterprise sales team and motion, but this can be costly. To pay for this investment, you may need to drive improved cost efficiencies in your more mature small business segments. Or, you may have realized that a specific marketing channel or partner channel isn't delivering enough ROI and growth, so you choose to disinvest in those areas.

The following productivity KPIs are the final group to be discussed:

- Output per Headcount
- Rep KPIs and Contribution
- Ratio Analysis
- Cost KPIs

Output per Headcount

Measuring the output or production per sales rep or SDR helps determine both the overall productivity trends and the relative productivity between reps or between segments, teams, and geographies. These measures can be anything in the overall GTM supply chain – from prospecting activities and meetings, to the number and value of opportunities created, to Open Pipeline, to deals closed. This can be applied to other functions within the GTM team, such as solution engineers for number of accounts worked and closed, to demos delivered, and even to RevOps for number of tickets closed or projects completed.

These output KPIs can also be evaluated against any other attribute, such as number of sales reps a sales manager is managing or by sales rep tenure to determine more macro conditions and trends.

In the tables that follow, the left side (Revenue and SDR Activity Productivity) shows actuals and an average performance KPIs for each group. On the right side, a KPI ratio is calculated against the average performance or expected revenue per rep, allowing for a better visualization of the productivity across reps.

These clearly show the variability across both reps and SDR – including seasonality with March and June, the last months of Q1 and Q2 having higher productivity. These insights help set better fundamental planning assumptions for future planning and also provide more accurate in-year forecasts.
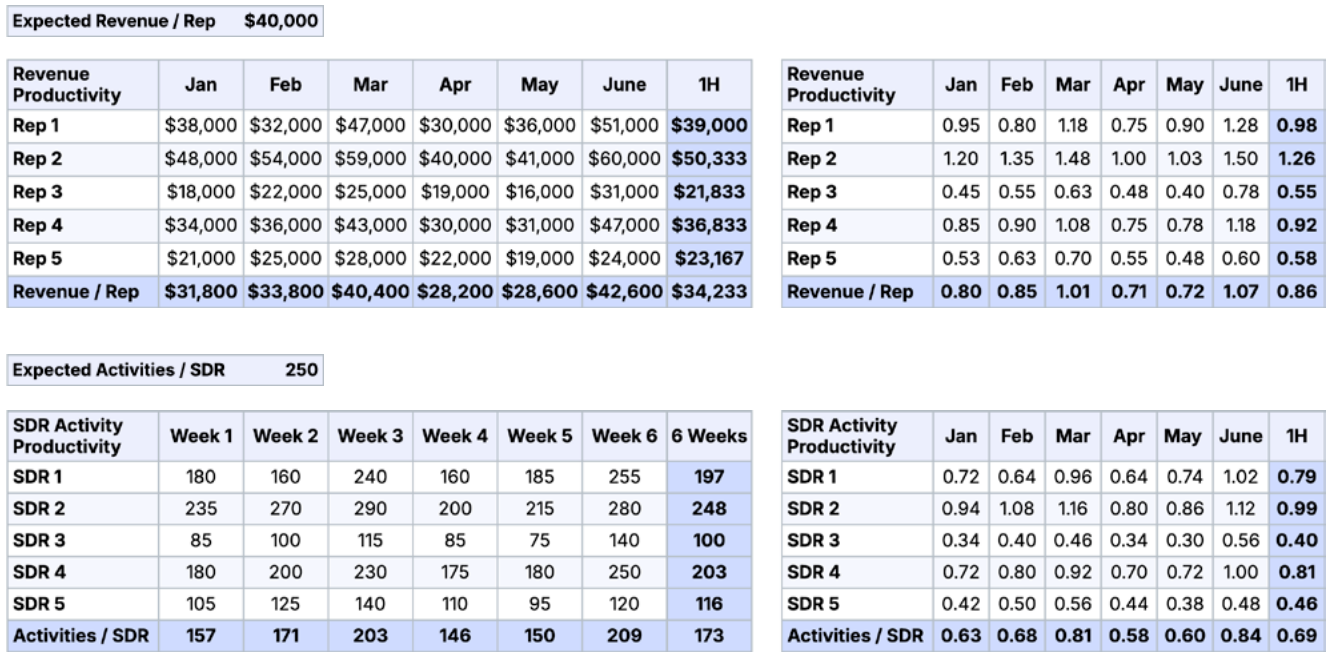
Expected Revenue / Rep $40,000

Revenue Productivity	Jan	Feb	Mar	Apr	May	June	1H
Rep 1	$38,000	$32,000	$47,000	$30,000	$36,000	$51,000	$39,000
Rep 2	$48,000	$54,000	$59,000	$40,000	$41,000	$60,000	$50,333
Rep 3	$18,000	$22,000	$25,000	$19,000	$16,000	$31,000	$21,833
Rep 4	$34,000	$36,000	$43,000	$30,000	$31,000	$47,000	$36,833
Rep 5	$21,000	$25,000	$28,000	$22,000	$19,000	$24,000	$23,167
Revenue / Rep	$31,800	$33,800	$40,400	$28,200	$28,600	$42,600	$34,233

Revenue Productivity	Jan	Feb	Mar	Apr	May	June	1H
Rep 1	0.95	0.80	1.18	0.75	0.90	1.28	0.98
Rep 2	1.20	1.35	1.48	1.00	1.03	1.50	1.26
Rep 3	0.45	0.55	0.63	0.48	0.40	0.78	0.55
Rep 4	0.85	0.90	1.08	0.75	0.78	1.18	0.92
Rep 5	0.53	0.63	0.70	0.55	0.48	0.60	0.58
Revenue / Rep	0.80	0.85	1.01	0.71	0.72	1.07	0.86

Expected Activities / SDR 250

SDR Activity Productivity	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	6 Weeks
SDR 1	180	160	240	160	185	255	197
SDR 2	235	270	290	200	215	280	248
SDR 3	85	100	115	85	75	140	100
SDR 4	180	200	230	175	180	250	203
SDR 5	105	125	140	110	95	120	116
Activities / SDR	157	171	203	146	150	209	173

SDR Activity Productivity	Jan	Feb	Mar	Apr	May	June	1H
SDR 1	0.72	0.64	0.96	0.64	0.74	1.02	0.79
SDR 2	0.94	1.08	1.16	0.80	0.86	1.12	0.99
SDR 3	0.34	0.40	0.46	0.34	0.30	0.56	0.40
SDR 4	0.72	0.80	0.92	0.70	0.72	1.00	0.81
SDR 5	0.42	0.50	0.56	0.44	0.38	0.48	0.46
Activities / SDR	0.63	0.68	0.81	0.58	0.60	0.84	0.69

Figure 45: Data table KPI view of actual productivity (left) and ratio-based productivity (right) by sales role types of sales reps and SDRs.

Rep KPIs and Contribution

It is important to track many of the KPIs shared in this book at the individual rep level. This is for a couple of reasons. One is for performance management to determine overperforming and underperforming reps. This helps replicate the success of great reps and also helps drive individual improvements with coaching and enablement, and at times provide the data-driven signals to proceed with separation. Performance discussions will be data driven, with consistency of KPIs and how they are measured leading to better individual rep-level decisions by sales leadership.

Another is to identify the outliers, both on the upside but also on the downside. Does one rep consistently close deals with higher Average Selling Price (ASP) than the others? If so, what other KPIs are impacted such as velocity?
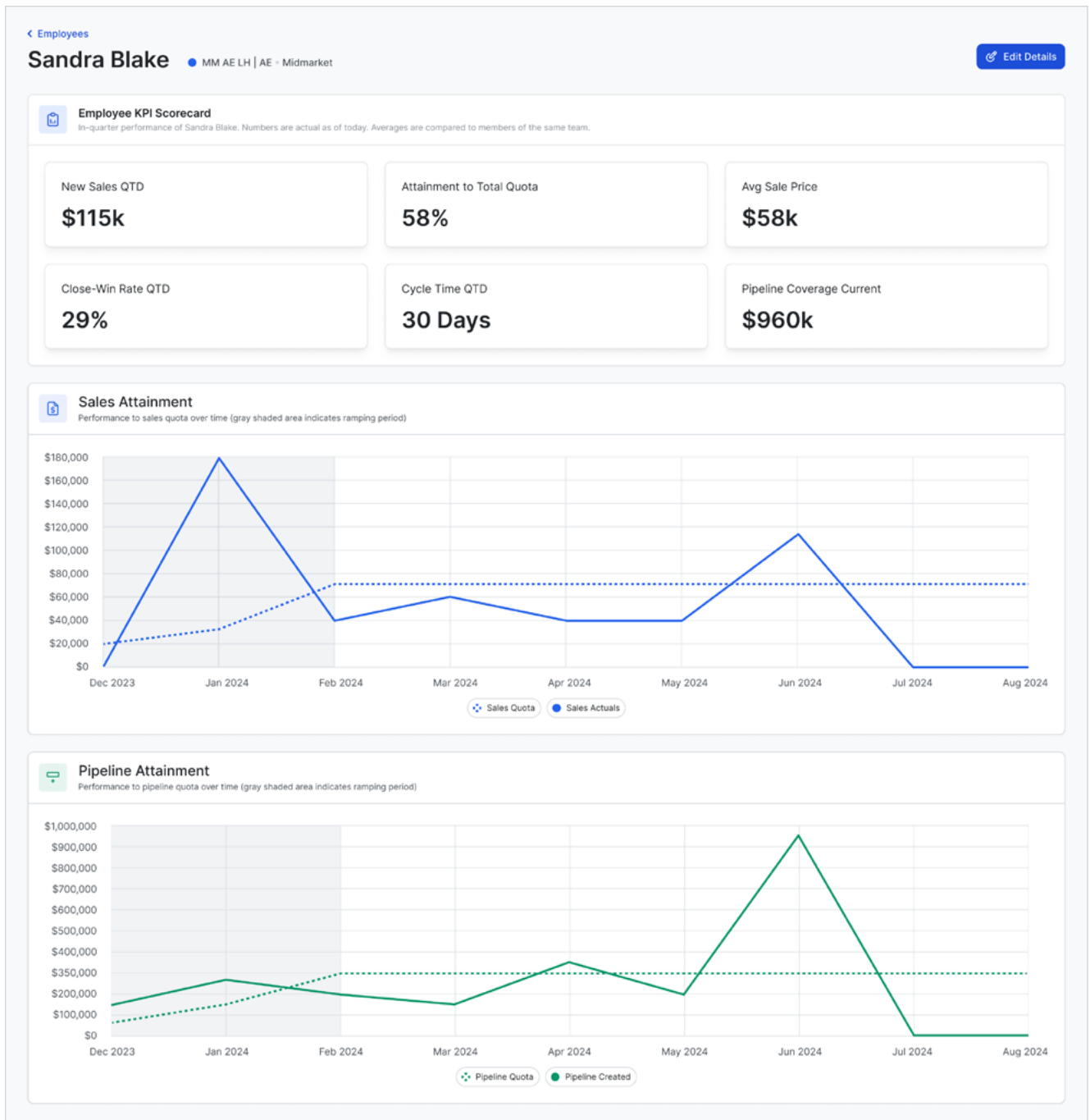
Figure 46: An example of an individual sales rep's performance KPIs, as captured in the Revcast solution. A summary scorecard is at the top, followed by attainment actuals vs. plan for sales contribution and pipeline generation.

Rep contribution KPIs were discussed in the Quota Capacity and Attainment section, but viewing these in a Pareto chart may help you visualize the distribution of Revenue Attainment productivity.

In the following chart, the example shows that over 80% of revenue is delivered by four sales reps, or half the team. This is not ideal. The other half of the team is delivering only 20% of the revenue, which is very inefficient and costly.
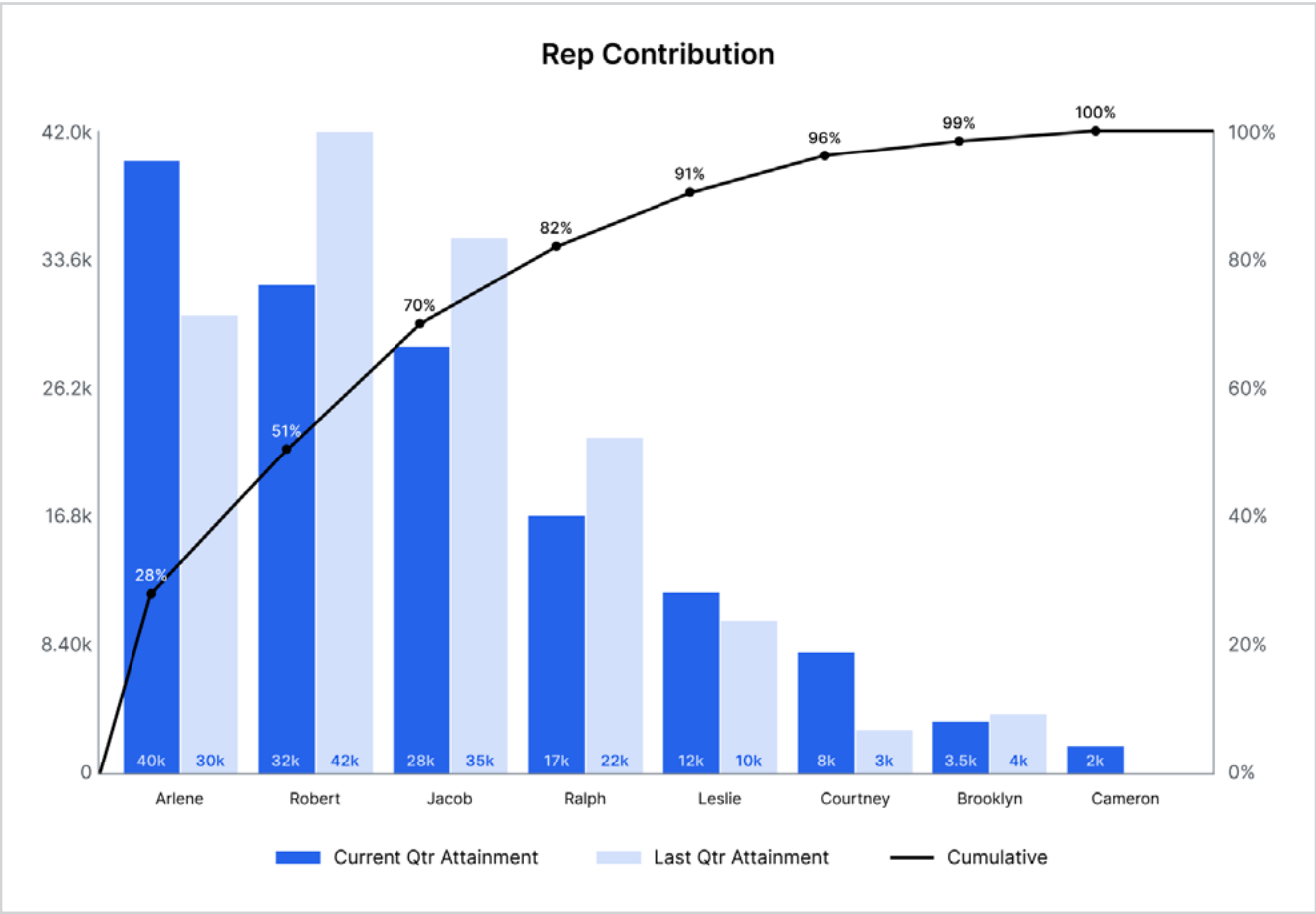

Figure 47: A Pareto chart showing cumulative Rep Contribution to closed revenue for current and last quarter.

An investigation should take place to understand why this is the case – and corrective action should be identified and actioned. It may sound unintuitive to sales leaders, but parting ways with drastically underperforming sales reps and not backfilling them immediately may result in very little loss of revenue – but a big gain in efficiency and overall company performance (and sometimes even morale). Again, the balance between growth and efficiency should always be considered, not just each individually.

Ratio Analysis

Headcount ratio targets for the number of sales reps to managers, SDRs or solution engineers to sales reps, and sales reps to total sales team headcount are typically set during planning. This not only ensures the availability of the needed resources to support sales reps as they are executing deal cycles, but also has a large impact on cost and overall revenue organization productivity.

For example, if you determine that a sales manager can effectively lead up to eight sales reps – but past that amount, their team's average productivity suffers – then tracking this ratio is important for managing risk. Monitoring these KPIs allows you to prioritize hiring efforts or pause hiring for certain areas if the ratios go below the targets.

Role Ratios	Target	Q1	Q2	Q3	Q4
Sales Reps / Manager	8	6.8	7.5	9.7	8.6
Sales Reps / SDRs	2.5	3.2	2.9	2.6	2.9
Sales Reps / SEs	4	3.2	3.8	4.5	4.1
Revenue Org / Sales Reps	2	2.4	2.2	1.8	2.1

Figure 48: Quarterly snapshot of target headcount ratio KPIs for various relationship dependencies in the revenue organization.

Staying on top of these headcount ratios also allows you to use them in combination with other performance and productivity KPIs to determine if the ratios should be revised. For example, you may find that there is not enough solution engineering capacity to adequately support all opportunities – causing an increase in Sales Velocity. The ratio of solution engineers to sales reps may be adjusted down, both in the plan and in execution through future staffing decisions. Or you may find that a sales manager leading 10 reps delivers the same productivity per sales rep as one leading eight sales reps, so you may revise the ratio of sales managers to sales reps up.

Cost KPIs

Layering in cost to the productivity KPIs brings them to the next level and allows you to understand which cost levers can be pulled to increase growth and efficiency as well as evaluate investment tradeoffs. CAC, LTV, and similar KPIs are difficult for a GTM team to internalize and take action against. From an operational standpoint, a cost model that incorporates levers that GTM leadership has the ability to pull provides the most valuable insights.

An example of a cost KPI is Cost Per Revenue Dollar (CPRD). This is a measure of how much it costs to earn each dollar of new revenue generated. An example for both a high-velocity small business team and a large deal enterprise team are illustrated on the next page.

Small Business: Cost Inputs Per Rep	
Salary OTE	**$135,000**
Base	$75,000
Commissions	$60,000
Spiffs	**3%**
Tax & Benefits	**16%**
Promo & Raises	**3%**
T&E	**$4,000**
Allocated Overhead	**$13,900**
Facilities / Equipment / Software	$10,000
Recruiting	$1,000
RevOps	$2,000
Sales Club	$500
Enablement	$400

Enterprise Team: Cost Inputs Per Rep	
Salary OTE	**$225,000**
Base	$125,000
Commissions	$100,000
Spiffs	**3%**
Tax & Benefits	**16%**
Promo & Raises	**5%**
T&E	**$10,000**
Allocated Overhead	**$15,900**
Facilities / Equipment / Software	$10,000
Recruiting	$3,000
RevOps	$2,000
Sales Club	$500
Enablement	$400

Figure 49: Side-by-side comparison of example costs for different sales segments.

For each, the specifics of compensation are included as well as uplifts for SPIFFs, taxes, and raises. Several expenses need to be allocated per headcount, including travel, facilities, equipment, software, and the cost of the RevOps team. These will be inputs based on the planning that is done in those areas, the investment decisions being made, and the tradeoffs. Nonetheless, they are still levers that can be pulled that impact cost efficiency.

There are additional expense buckets or breakouts you may want to add for your business. The take-away from the above example is that sales leadership can adjust compensation or SPIFF budget, can invest in more or less third-party software, can revise their budget for Sales Club or enablement, or choose to have a larger or smaller RevOps team. Of course, these all come with tradeoffs, but for the most part they can be controlled by sales leadership decisions.

The costs are then connected to the model being built for the sales plan, including growth and revenue, headcount, and fundamental assumptions that drive capacity such as quota, ramp, and Attainment Factor.

Small Business	Total FY	Q1	Q2	Q3	Q4
Revenue	$3,580,000	$380,000	$700,000	$1,050,000	$1,450,000
Cost	$3,019,258	$480,970	$667,798	$855,639	$1,014,851
CPRD	$0.84	$1.27	$0.95	$0.81	$0.70
Revenue per FTE	$359,741	$63,333	$84,000	$98,438	$114,474
Cost per FTE	$320,629	$80,162	$80,136	$80,216	$80,120
Average FTE		6.00	8.33	10.67	12.67
Achievement Factor %		82%	82%	82%	82%
Salary	$706,250	$112,500	$156,250	$200,000	$237,500
Commissions	$462,850	$73,750	$102,250	$131,600	$155,250
SPIFFs	$16,950	$2,700	$3,750	$4,800	$5,700
Tax & Benefits	$189,768	$30,232	$41,960	$53,824	$63,752
Promo & Raises	$35,073	$5,588	$7,755	$9,948	$11,783
T&E	$37,667	$6,000	$8,333	$10,667	$12,667
Overhead	$1,570,700	$250,200	$347,500	$444,800	$528,200

Figure 50: Using the small business sales team as the example, this data table for each quarter combines the costs of that team with their revenue targets to determine and set a target for the Cost Per Revenue Dollar KPI.

CPRD is cost/revenue, which means the smaller the ratio, the more efficient a segment or team. The small business team in the previous data chart becomes more cost efficient as the fiscal year progresses and has a blended annual CPRD of $0.84, meaning $84 is spent for each $100 that is generated in revenue. Profitable!

The same exercise was executed with the enterprise team and a comparison between the two follows:

Small Business	Total FY	Q1	Q2	Q3	Q4
CPRD	$0.84	$1.27	$0.95	$0.81	$0.70
Revenue per FTE	$359,741	$63,333	$84,000	$98,438	$114,474
Cost per FTE	$320,629	$80,162	$80,136	$80,216	$80,120

Enterprise Business	Total FY	Q1	Q2	Q3	Q4
CPRD	$1.14	$1.45	$1.28	$1.14	$0.96
Revenue per FTE	$488,689	$99,600	$112,500	$126,316	$150,000
Cost per FTE	$575,628	$143,938	$143,852	$144,001	$143,848

Figure 51: Comparing Cost Per Revenue Dollar KPIs and targets across sales segments by quarter.

You see that the enterprise segment is spending $114 for each $100 generated. This is where the discussions around variations between segments and motions take place and investment decisions are made. The larger the companies to whom you are selling into and the more "enterprise" the sales motion is, the more costly and inefficient they are than a higher-velocity segment or sales motion. This can be observed in the CPRD ratios above.

This is okay as long as you are making the right decisions for your company, based on where you are on the maturity curve as an organization, what your growth objectives are, how efficient you need to be with your capital, and a view of multi-year goals and projections. For example, you may be at the beginning of your journey: moving upmarket, creating an enterprise sales team, and perfecting the associated sales motion. This requires investment. You may drive improved CPRD with your mature small business segment to provide the investment needed for the less efficient enterprise segment with a goal of the enterprise segment hitting a CPRD target of 1.0 or better in 3 years.

A similar approach can be leveraged for calculating cost efficiencies for other teams such as SDR and solution engineers and other KPIs such as Cost per Lead, Cost per Opportunity Created or Cost per Opportunity Closed Won. Integrating these KPIs into your planning will help you better understand the balance between growth and efficiency and ultimately exit with a better plan. Monitoring them throughout the year will help you determine whether you are on track and help you investigate the drivers of over- or under-performance.

If you only plan for growth, you are ignoring half of the equation that leads to successful companies. Combining growth and performance KPIs with efficiency and cost KPIs leads to a fuller picture and understanding of your organization. It helps to support decisions that everyone needs to make on where to invest. It leads to improved plans, accountability, and better performance.

Bringing It All Together

If, after reading about all of those KPIs, you're feeling overwhelmed and overloaded – rest assured, there's no need to be. You won't be using them all!

Ultimately, which KPIs you use and how you use them depends on your organization's goals and objectives. KPIs equip you with insights into performance, faulty assumptions, and market shifts –allowing decision makers to adjust with informed agility and gain stakeholder buy-in to those adjustments as the year progresses.

There are several things you can do to make this effort as successful as possible:

Start with Company Strategy and Objectives: During planning, you should align on your company's priorities and growth levers for the next fiscal year. You should also identify how you are going to measure success and performance. If you don't do this during planning, you will not be focused once the year starts and won't capture, report, and gain insights into the right set of KPIs.

Identify Questions to Be Answered

List the questions you want to be able to answer. That simple action helps you identify the KPIs you should track and the scorecards to construct. Do you care about the differences between teams? How are you going to determine if you should continue to hire to plan or make adjustments? What are your business's key efficiency and cost considerations? What attributes do you need to analyze the KPIs against? Understanding and anticipating the insights you want to obtain – based on the questions you want to be able to answer – leads to defining the right set of KPIs and scorecards to monitor.

Don't Boil the Ocean

You would never use (or want to use) all the KPIs outlined in this book – or dozens of others not included. That would only create confusion, data overload, and mask your ability to identify risks and opportunities. You should take the outputs of your planning strategy that relate to your main priorities and growth levers, and then determine which top-level KPIs you need to measure to give you the best insights. This is not a list of dozens of KPIs or dashboards; it is a subset specifically linked to your priorities and growth drivers.

Create Scorecards

All KPIs are connected in some way. KPIs must be viewed and analyzed in sets based on the questions to be answered and the insights desired. Create the templates and formats for how you want to view these interconnected sets of KPIs. Do it at the end of planning: Gain alignment

and buy-in from all key partners and use that set of KPIs for the entire year. If you don't, you will be in a constant state of editing, revising, decommissioning, and creating scorecards – spending too much time on administrative work and not enough on analysis to gain insights.

Define Your KPIs

KPIs must be defined and their data needs to be determined – and the definition needs to be clearly communicated to your stakeholders. How are you going to measure Win Rates? Which buckets of Attrition are you going to track? What goes into the calculation for Cost per Lead? This drives consistency and standardization for the KPIs so you are constantly comparing apples to apples and not having to deal with validating the KPIs or understanding the differences in measurements between multiple people reporting on them.

Improve Infrastructure

Once the scorecard templates are agreed upon along with the KPI list and the definition of the KPIs, the work begins on creating the infrastructure to efficiently and regularly measure, report, and populate the scorecards. This may involve system work and/or third-party solution exploration for enabling the ability to capture the source data for each KPI, automation and workflows for calculating KPIs, merging of online and offline data sets, and population of scorecards. This should be a roadmap project for systems and data teams to ensure the readiness of the organization to measure their performance and gain insights. This again reduces the administrative effort – allowing for more focus on gaining insights.

Establish Cadences

For each scorecard, determine when and where they will be reviewed, who will be in the room, the timing of review, and who is responsible for facilitating the communication of initial insights and the follow-up discussions. Some of these cadences may be in person at a forecast call or QBR. Others may be async, with an email going out with a specific scorecard summarizing performance with commentary on insights revealed. Stick to these cadences, keep them focused, and standardize the presentation flow and elements. Don't skip these important reviews; if you do, you will not be proactive, which increases the chance you will miss or take too long to spot risks and opportunities that require action.

Plans typically deviate starting on day 1 of the new fiscal year. Assumptions are flawed, you don't start off where you expected to, and you find that performance is variable and seasonal. You will discover new insights during the year, implement new strategies and tactics, experiment, and constantly work to improve performance.

In short, things change. This should be embraced. A plan is one path to get to your goals; the reality is that there are many paths. No one should stick to a plan just because it's the plan. Each scorecard and KPI review should result in the identification of an action to drive improvement. You should be constantly looking to make tweaks and adjustments, and, if necessary, enter into a replanning cycle.

Monitoring the right KPIs at the right cadence gives you GTM agility and informed actions to optimize your performance – and maximize your chance for revenue target achievement. We hope this in-depth Big Book of Great Revcasting has given you valuable practical information and best practice guidance to chart a better path to success!

Thank you for reading.

Don't be overwhelmed. Revcast gives you and your team a central, always-available trusted source for tracking, understanding and acting on your GTM key performance indicators. Schedule a 1:1 demo at **revcast.com** to see what our solution can do using your own data.

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