



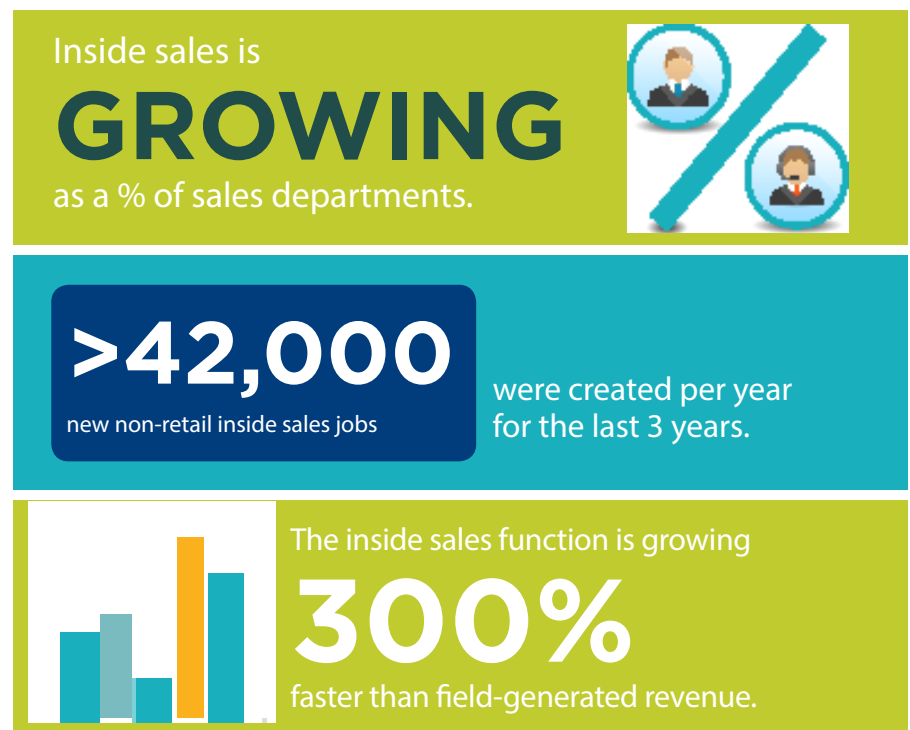
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**We recently brought inside sales professionals and thought leaders together in the first Norwest Venture Partners Inside Sales Summit. This white paper is distilled from the lessons learned at the Summit, and offers a guide for developing a more evolved inside sales organization.**

Access to new and innovative technology tools, big data, the expanding role of social media, and our increasing comfort with virtual meeting environments are converging to empower inside sales organizations as they expand their overall sales strategy role and importance in an organization. In fact, this convergence is altering the fundamental economics of selling, while dramatically transforming inside sales organizations into sales accelerators.

A recent Insidesales.com survey found that:



It's not surprising then that growth-oriented businesses are waking up to the need to maximize the potential of inside sales.

According to the same survey, this new breed of inside sales organization is a high-velocity, web-touch environment that handles five times more transactions per person in a given time period. Companies leading this trend are learning as they go, but best practices are starting to coalesce.

While some enterprises are struggling to adjust, others are moving away from field sales altogether. When veteran sales pro Shawn Naggiar joined Act-On Software in 2008 as its first non-engineer hire, he quickly realized that pure old-school sales (based on long-term relationship building) would not work.

**“We occasionally experiment with field sales but have come back to straight inside sales each time.”**

**Shawn Naggiar**

Chief Revenue Officer,  
Act-On Software

“It clearly was going to be pure-play inside sales from the start,” recalls Naggiar, now Act-On’s chief revenue officer. “We occasionally experiment with field sales but have come back to straight inside sales each time.”

This is the exception rather than the rule, however. More typically, startups add a field organization once they start attracting large enterprise customers, and field sales continue to play a paramount role in established enterprises where there’s a need for a massive land and expand strategy for key accounts. The inside-to-field ratio can vary markedly from industry to industry, but inside sales is particularly suited to companies offering SaaS-based solutions. The SaaS paradigm reduces acquisition risks dramatically and makes it very easy for customers to buy, especially enhancing evaluations and demos.

“What used to take six months of relationship building and on-site meetings in the field can now be accomplished in a couple of weeks by a remotely located inside sales rep,” says Shadi Baqleh, vice president of sales at Blue Jeans Network.

**“We’ve found that a winning culture is the biggest success differentiator, especially for an inside sales team.”**

**Jeff Williams**

VP of Worldwide Sales, FireEye

## Building the right inside sales culture

Serial entrepreneurs like Jeff Williams, vice president of worldwide sales at FireEye, speak from experience, “We’ve found that a winning culture is the biggest success differentiator, especially for an inside sales team. Start with natural leaders, promote from within, and use training and a judicious mix of incentives to create a powerful sales bench.”

Building an achievement-focused culture begins with staffing. Employee churn will kill you if you don’t get it under control. And, seasoned salespeople are the ones who come on board with a bigger purpose. “We once calculated the cost of hiring the wrong person is about \$500,000 over two years,” reports Meraki co-founder Hans Robertson. “And that’s just the direct hit to sales volume; it is doubtless compounded by the damage to morale.”

Inside sales is growing so fast that companies are having trouble finding experienced candidates. As a result, companies are casting a wider net and finding that in fact, intellectual curiosity and attitude are often more important than direct relevant background and education.

“It’s true that we’re selling technical products to IT professionals, but one of our best inside sales guys happens to have been a shoe salesman at Nordstrom,” said Robertson. He recommends explaining your product during the interview and having candidates pitch it back to you.

Meraki was still having trouble finding enough inside sales people, and came up with a couple of innovative recruiting programs:

**Happy Hour**

A regular happy hour event at popular watering holes for young people, somewhat like fraternity /sorority rushes.

You get to connect with candidates who would never come in and interview for a sales job.

**60 or 90 day trials**

to candidates who would be too risky as regular hires.

“It’s true that we’re selling technical products to IT professionals, but one of our best inside sales guys happens to have been a shoe salesman at Nordstrom.”

**Hans Robertson**  
Co-founder, Meraki

In the technology space, the reseller channel is a particularly fertile hunting ground for good salespeople. Individuals who were surviving at VARs in 100% commission positions tend to be excellent hires, reports Robertson.

Another suggestion is to break the account development representative (ADR) and sales rep positions down into multiple levels, and then reward performance by quickly moving people up the ranks. An ADR will grind out 80 to 100 calls a day as they qualify raw leads. Promoting a stellar performer from ADR III to ADR II to ADR I, for example, is a great morale booster.

Goals and incentives at the right level are a critical component of a successful culture. You don’t want the goals to be too hard to reach, or too easy. Keeping the goals calibrated at about 80% seems to work fairly well; at this level you are culling the non-performing minority while giving everyone else a sense of accomplishment.

SPIFs and contests help to maintain a fun and competitive environment and build team spirit. Coming up with the right prizes is a constant challenge; what works with one group can be completely lame to another. However, novelty—like driving the Tesla roadster for a day—can mean more than dollar value.

Traditional field sales people are working fairly independently, often offsite entertaining customers and prospects. With inside sales, you have an entire group of people in the same place doing the same thing. Team competitions can also help to promote camaraderie.



Trophies on display to peers convey bragging rights that can in some cases be more effective than cash bonuses.

## Technology is transforming inside sales

Inside sales organizations benefit disproportionately from emerging technologies. A proliferation of new tools streamlines the entire sales process, from lead generation and qualification to contract execution and post-sales customer management. Consequently, inside sales are much cheaper and faster.

The technology infrastructure for inside sales includes a CRM system like Salesforce. It also has a marketing automation solution for lead generation, lead scoring, and lead routing. Not investing in such platforms is false economy.

A confusing mix of more specialized tools is flooding the market, and it may help to reduce them to a few functional categories: intelligence, efficiency, morale and content sharing.

**Intelligence tools.** Technology is removing a lot of guesswork by harnessing and correlating a huge volume and variety of business intelligence in real or near-real time.

- Data services like Hoovers and InsideView enrich prospect lists with information about company size and geographic concentrations.



- Organizational intelligence tools like DiscoverOrg and RainKing help identify the right people within companies.

- Identity tools like LeadLander and Demandbase convert IP addresses of your site visitors to business names.
- Social tools like LinkedIn Sales Navigator aggregate connections of team members so you can replace cold calls with warm leads.

**Efficiency tools.** Inside sales is a numbers game. Streamlining workflow lets you pack more meetings with qualified leads into each sales period.

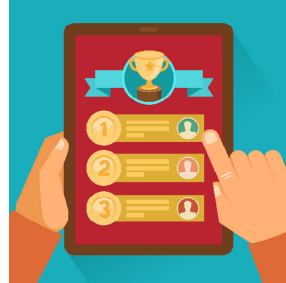
- Power dialer tools such as those from InsideSales.com and Shoretel call contacts in your CRM database, and can also provide the appearance of a local presence.
- Agent-assist services like ConnectAndSell, MonsterConnect and ConnectLeader let you offload calling labor to outsourced agents who dial through your phone list until they get a warm body they transfer to sales reps.
- E-mail tools like Yesware, Tout and Act-On Hot Prospects track communications, identify the best and worst prospects, and provide templates for personalized campaigns.

“It all boils down to getting your sales reps more at-bats and better at-bats.”

**Shadi Baqleh**

VP Sales, Blue Jeans Network

**Morale tools.** Culture makes or breaks an inside sales organization, so you must build morale, engender team spirit and provide the right incentives.



- Scoreboard tools like Hoopla integrate with your CRM system to create an ESPN-like leaderboard that recognizes top performers and can draw in the entire company.

- Gamification tools engage your salespeople in competitions that help achieve or exceed sales forecasts.
- Knowledge sharing tools like Yammer, Chatter or SAP Jam let reps share up-to-the-minute content, such as the best ways to overcome certain sales objections.

**Content sharing tools.** Nothing beats face-to-face encounters for conducting business, but virtual meetings and document exchanges in increasingly rich-media environments provide a very good simulation—and for a greatly reduced expenditure of time and money.

- Meeting and screen-sharing tools like Blue Jeans and join.me let inside sales reps gather with customers remotely and make highly visual presentations and product demos.
- Document tools like DocuSign and EchoSign reduce the friction of the contract process by eliminating the need to fax or overnight documents back and forth.

“There are a lot of good tools to choose from,” notes Shadi Baqleh, vice president of sales at Blue Jeans Network. “It all boils down to getting your sales reps more at-bats and better at-bats.”



## It's all about leads

The best inside sales organizations are not supported by marketing, or even just aligned with marketing. Sales and marketing operate as a single, continuous funnel.

Leads can be the source of continued friction between marketing and sales, so make an early investment in a lead-management system like Act-On, Eloqua or Marketo. Your reps must get to qualified prospects as quickly as possible. This means making data-driven decisions about which leads to pursue.



The typical ADR converts about

# 50 LEADS

into sales meetings per quarter.

Use technology to categorize leads more and more accurately. Inside sales is largely a numbers game, with the typical ADR converting about 50 leads into sales meetings each quarter. The better the leads are, the higher those conversions can be.

Note that callback frequency and persistence can greatly affect whether a lead gets converted or not. In one test, 6 calls in 24 hours produced much better results than calls with 2- or 3-day gaps between them. In general, it is important to establish a process for dealing with raw leads, or with qualified leads that are being generated faster than sales can consume them.

The no-show rate on these initial meetings can be fairly high, so don't reward people with points or pay until a meeting has actually happened. Offloading lead qualification to an ADR team keeps your salespeople selling. This ADR pool also becomes a farm team for developing new salespeople.

When your company gets big enough to segment sales by customer size, verticals and/or geographies, lead routing and lead identification become big issues. Your company's marketing operations people need to work very closely with sales at this point. And you should customize your CRM system so you can automate lead routing based on activity metrics.

## Virtual meetings

Virtual technologies continue to revolutionize inside sales, but they fall short of brick-and-mortar reality in at least one key aspect:



Even the strongest advocates of the new-and-improved inside sales organization report that face-to-face meetings are 40 to 60 percent more likely to be converted to product evaluations than their video-based counterparts.

“It was shocking to discover this, and we had to adjust our model and pay for those meetings,” said Foley. “We now give ADRs 1.5 points for setting up an in-person meeting, versus 1 point for a WebEx meeting.” Some inside sales organizations early on only compensate by paying for demos and billings to keep a team laser focused.

“Half our leads now come from people seeing or hearing about our products being used by our customers.”

**Shadi Baqleh**

VP Sales, Blue Jeans Network

## Social selling

Social selling is another tool that benefits inside sales disproportionately, in part by facilitating internal collaboration and knowledge sharing.

“We’re using tools like YesWare and Tout externally for selling, but our team also uses them internally to share customized templates that are working well,” says Baqleh.

Social selling is also displacing cold calls somewhat. Cold calling is still part of a lead-generation strategy, and thus part of how people should be measured, but it is losing ground to warmer tactics enabled by social media connections.

“We mine Twitter and LinkedIn, and do a lot of LinkedIn connections,” adds Baqleh. I pay for premium LinkedIn accounts so my reps can send InMail. We get a much, much higher response from it compared to traditional e-mail. The recipient can click on your name and see your profile and your connections and use it to validate you.”



Externally, social platforms enable news and customer comments to go viral.

“I’d say half our leads now come from people seeing or hearing about our products being used by our customers,” concludes Baqleh.

“We draw the line at 2,000 employees and below—what I call the hug line.”

**Jeff Williams**

VP of Worldwide Sales, FireEye

## Zeroing in on segmentation



Segmentation is a key factor inside sales organizations must get right. Field sales professionals are already threatened by the encroachment of inside sales, and you need clear lines of demarcation.

“We draw the line at 2,000 employees and below—what I call the hug line,” says Williams of FireEye. Companies bigger than that tend to expect on-site visits, plus market research data on companies is often segmented at the 2,000 employee level.

Draw a line in the sand, pick a single data source like Hoovers or InsideView for determining company size, and leave very little room for interpretation, advises Williams. “Once you start making exceptions, it never works out.”

Williams and other sales experts tell startups to focus initially on the sub-2,000 SMB market, and on certain verticals within that segment. Triangulate your limited resources on the most appropriate verticals, score some successes and establish your proof points, and only then consider taking a more horizontal approach and adding field sales.

“Selling to the Fortune-500 is sexy, but it will suck up your time,” says Baqleh. “Those companies want every feature and lots of customization, and that just doesn’t scale.” Moving up comes with time.

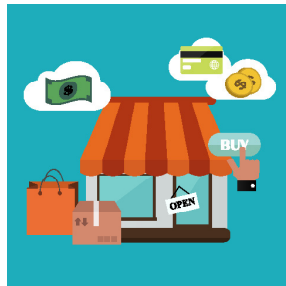
SMBs represent 95% of all companies and account for 44% of IT spend. Also, there are thousands of potential channel partners who specialize on this segment and can help SMBs scale.

## Buying personas

Avoiding conflict between inside and outside sales is only one reason for segmentation. Selling to SMBs is very different from selling to enterprises. SMBs can be less complex buyers who find and consume information differently, and require simpler pricing plans and different messaging.

When Christina Foley was hired to build an inside sales organization at FireEye, she contacted key stakeholders in each business unit to gain their buy in. “Make sure your products and services are literally built for this market size, and are priced for this market size, and your marketing team can align its messaging with this market size.”

The SMB segment itself has multiple buying personas, and additional segmentation may make sense as your company grows.



The mom-and-pop shops probably consume your messaging, products and services very differently from SMBs with thousands of employees, and creating a separate sub-500 group for them can be very effective.

## What's in a name?

As the inside sales function transforms, a title re-branding may be in order. “Inside sales” carries too much stigma, and doesn't give reps the gravitas they need to bring to their expanded mandate. Indeed, inside sales is becoming a compelling career path as its increasing role attracts more talent. Hence, it deserves a new title.

FireEye is using the designation “account manager” instead since the title commands more respect from customers. New terminology hasn't standardized yet, but inside sales organizations are being variously called “commercial sales,” “corporate sales,” and “virtual sales.” Why dilute the total customer experience?

It's clear that constant tweaking is the norm in an effective inside sales organization. What functions like a well-oiled machine one day could blow up the next when you add channel or field, or move into international markets. Flexibility may be the ultimate competitive advantage in today's world.

## Conclusion

Inside sales teams are an essential part of most enterprise companies' sales infrastructures and continue to gain ground as sales accelerators. This trend points to a sustained and invigorated function that will lead to new sales innovations in the coming years.

To realize these benefits and begin planning for a successful Inside Sales transformation, a useful first step is to identify and assess the specific objectives of your own Inside Sales function and the corresponding expected benefits of transformation.